

# Selected Financial Data (Consolidated and Non-Consolidated)

For the years ended March 31, 2009, 2008, 2007, 2006, 2005 and 2004

	Millions of Yen (except per share data)						Thousands of U.S. Dollars (except per share data)
	2009	2008 As restated (Note 3)	2007 As restated (Note 3)	2006 As restated (Note 3)	2005 As restated (Note 3)	2004 As restated (Note 3)	2009
<b>Consolidated:</b>							
Revenues	¥1,948,540	¥1,894,045	¥1,891,367	¥1,770,835	¥1,682,499	¥1,616,127	\$19,883,061
Operating Income	19,696	18,097	55,416	55,633	47,008	46,300	200,980
Net Income (Loss)	(6,297)	40,709	41,311	22,108	13,111	(4,876)	(64,255)
Total Assets	1,885,427	1,918,396	2,107,222	1,905,965	1,817,730	1,870,279	19,239,051
Total (Stockholders') Equity	239,046	305,449	350,969	297,012	219,231	216,107	2,439,245
Interest-bearing Debt	540,537	473,801	463,859	458,506	475,820	543,262	5,515,684
Per Share:							
Basic Net Income (Loss)	¥(6.20)	¥39.13	¥39.29	¥20.81	¥12.18	¥(5.01)	\$(0.063)
Cash Dividends	6.00	7.00	7.00	6.00	6.00	5.00	0.062
Thousand Shares							
Number of Shares Issued (Including treasury stock)	1,057,312	1,057,312	1,057,312	1,057,312	1,057,312	1,057,312	

	Millions of Yen						Thousands of U.S. Dollars
	2009	2008	2007	2006	2005	2004	2009
<b>Non-Consolidated:</b>							
Contract Awards	¥1,387,640	¥1,463,688	¥1,387,865	¥1,374,000	¥1,484,455	¥1,178,155	\$14,159,592
Revenues	1,491,937	1,423,144	1,444,925	1,341,282	1,296,227	1,172,432	15,223,847
Net Income (Loss)	(7,548)	5,871	29,466	18,585	10,976	(14,492)	(77,020)
Total Assets	1,530,350	1,534,354	1,741,948	1,547,154	1,510,848	1,586,815	15,615,816
Total (Stockholders') Equity	215,946	265,026	341,257	306,671	237,991	236,473	2,203,531
Interest-bearing Debt	396,242	314,216	310,845	288,151	325,049	383,883	4,043,276

Notes: 1. The U.S. dollar amounts included herein are presented solely for convenience of the reader. Such dollar amounts have been translated from yen at the approximate exchange rate in Tokyo on March 31, 2009 of ¥98=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.

2. Basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for each fiscal year.

3. On September 5, 2008, the Company announced that inappropriate transactions on computer software trading had been conducted at Taiko Trading Co., Ltd. ("Taiko"), a consolidated subsidiary of the Company. After the investigation, the Company determined that the accumulated total loss on circular transactions that occurred at Taiko was ¥6,742 million (U.S.\$68,796 thousand), and allocated this loss to respective fiscal years. As a result, the consolidated financial statements for the years ended March 31, 2008, 2007, 2006, 2005 and 2004 have been restated. Regarding the effects of these restatements, please refer to the announcement by the Company on October 21, 2008.

# Summary and Forecast of Business Performance

## Overview of Business Performance

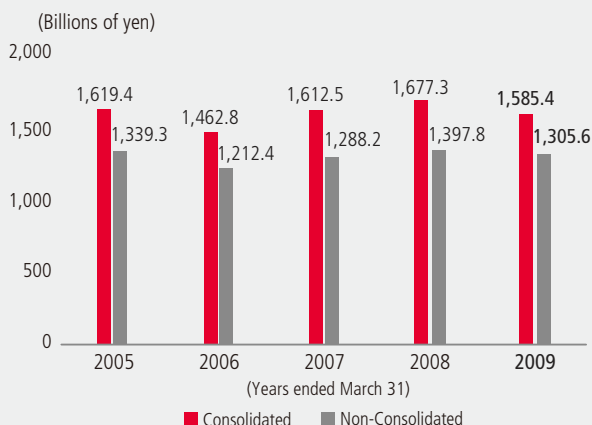
During the fiscal year ended March 31, 2009, the credit crunch and recession spread dramatically in the global economy against the backdrop of the deepening financial crisis. The Japanese economy also deteriorated rapidly, as private capital investment plummeted and consumer spending weakened amid increasingly severe employment and income conditions.

In the construction market in Japan, the operating environment for construction companies became even more challenging. In addition to the impact of worldwide volatility in material prices and exchange rates, construction demand fell substantially toward the end of the fiscal year.

In these conditions, the Kajima Group's consolidated results for the fiscal year ended March 31, 2009 were as follows.

Consolidated construction contract awards decreased 5.5 percent compared with the previous fiscal year to ¥1,585.4 billion, primarily due to a decrease in building construction work at the parent company. Non-consolidated construction contract awards decreased 6.6 percent year on year to ¥1,305.6 billion. Of this total, ¥392.5 billion came from civil engineering, a year-on-year increase of 15.5 percent, and ¥913.2 billion came from building construction, a year-on-year decrease of 13.7 percent.

### Construction Contract Awards

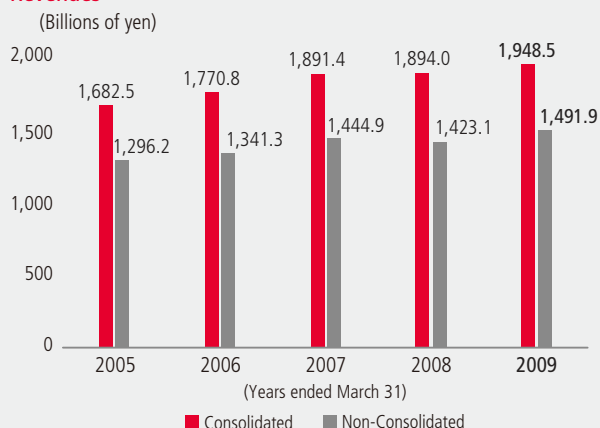


Consolidated revenues increased 2.9 percent compared with the previous fiscal year to ¥1,948.5 billion, mainly due to an increase in revenues from construction projects at the parent company.

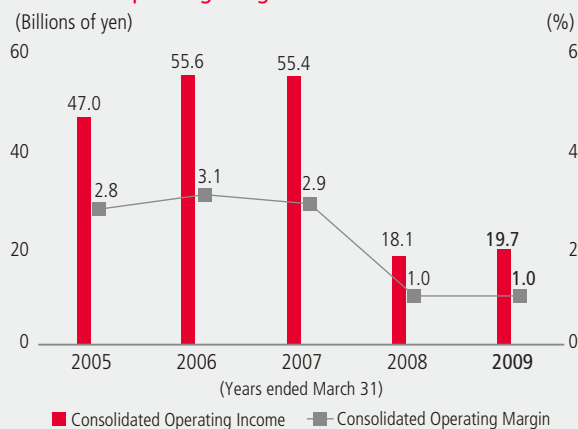
Operating income did not recover strongly, increasing 8.8 percent compared with the previous fiscal year to ¥19.7 billion. Principal factors were a downturn in real estate markets overseas and a continued low gross profit margin on construction projects at the parent company. Loss before income taxes and minority interests was ¥0.9 billion, compared with income of ¥49.4 billion in the previous fiscal year, due to total extraordinary loss of ¥30.1 billion that included loss in connection with inappropriate transactions at a subsidiary, in addition to provision for doubtful

accounts and a valuation loss on marketable and investment securities against the backdrop of financial concerns and falling stock prices. Net loss was ¥6.3 billion, compared with net income of ¥40.7 billion for the previous fiscal year.

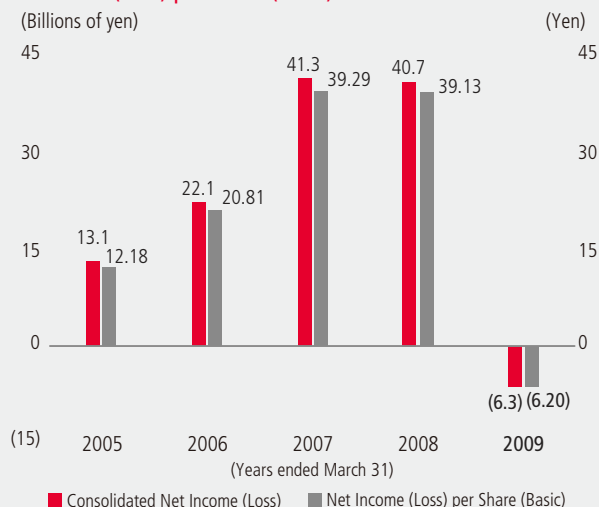
### Revenues



### Consolidated Operating Income / Consolidated Operating Margin



### Consolidated Net Income (Loss) / Net Income (Loss) per Share (Basic)



## Segment Performance

### Construction Operations

Consolidated revenues from construction operations increased 7.3 percent year on year to ¥1,716.1 billion, primarily due to the increase at the parent company. The gross profit margin was unchanged from the previous fiscal year at 4.1 percent, but consolidated gross profit increased 11.3 percent to ¥83.1 billion because of the increase in revenues.

As a result of the increase in gross profit, consolidated operating income was ¥3.1 billion, compared with operating loss of ¥5.0 billion for the previous fiscal year.

(Billions of yen)			
(Years ended March 31)	2009	2008	2009/2008 (%)
Revenues	1,716.1	1,599.6	7.3
Operating income	3.1	(5.0)	
Assets	1,463.2	1,511.2	(3.2)
Depreciation	9.5	8.5	12.6
Capital expenditures	14.2	16.4	(13.6)

### Real Estate Operations

Consolidated revenues from real estate operations decreased 34.9 percent year on year to ¥125.3 billion, reflecting the one-time delivery of large-scale development projects in the previous fiscal year. Operating income decreased 33.5 percent year on year to ¥13.9 billion, primarily because of a substantial decline in gross profit of real estate operations in North America.

(Billions of yen)			
(Years ended March 31)	2009	2008	2009/2008 (%)
Revenues	125.3	192.4	(34.9)
Operating income	13.9	20.9	(33.5)
Assets	479.8	521.1	(7.9)
Depreciation	7.4	7.3	1.5
Capital expenditures	6.1	12.8	(52.5)

### Other Operations

Consolidated revenues from other operations, which include the processing and sale of construction materials, design, engineering and property management, increased 5.0 percent year on year to ¥107.1 billion. Operating income increased 174.9 percent year on year to ¥3.0 billion.

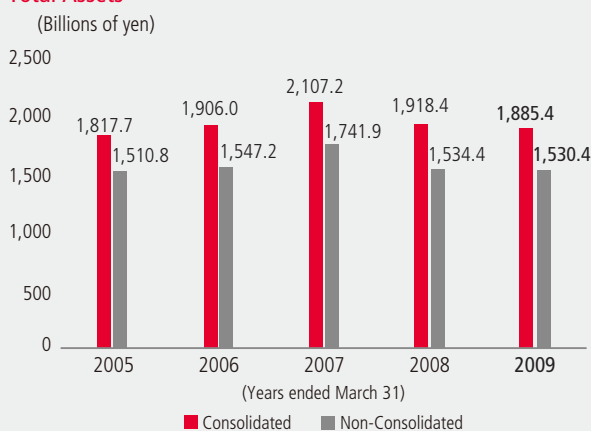
(Billions of yen)			
(Years ended March 31)	2009	2008	2009/2008 (%)
Revenues	107.1	102.0	5.0
Operating income	3.0	1.1	174.9
Assets	89.2	81.2	9.9
Depreciation	2.9	1.5	91.2
Capital expenditures	3.2	5.1	(37.0)

## Analysis of Financial Position

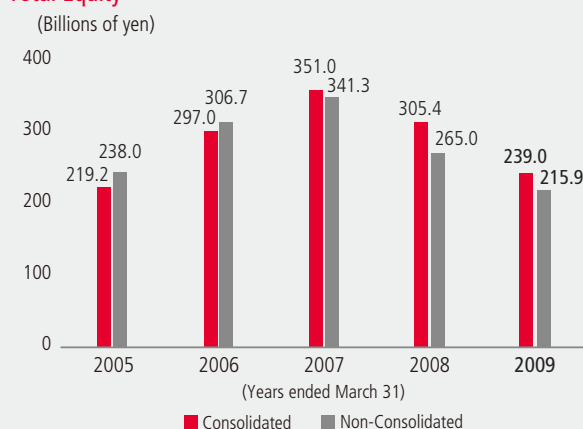
### Assets, Liabilities and Equity

Total assets as of March 31, 2009 decreased ¥33.0 billion from a year earlier to ¥1,885.4 billion, mainly due to a decrease in investments in securities. Total liabilities increased ¥33.4 billion from a year earlier to ¥1,646.4 billion, primarily because of an increase in interest-bearing debt to bolster cash reserves in response to the tight financial situation. Total equity decreased ¥66.4 billion from a year earlier to ¥239.0 billion, mainly due to a decrease in unrealized gain on available-for-sale securities. The decrease in total equity resulted in a decrease in the stockholders' equity/assets ratio to 12.3 percent from 15.5 percent as of March 31, 2008.

### Total Assets



### Total Equity



### Cash Flows

Operating activities provided net cash of ¥16.1 billion. In the previous fiscal year, operating activities used net cash of ¥52.5 billion. Main positive components of cash flow were adjustments to the ¥0.9 billion loss before income taxes and minority interests, including depreciation and amortization of ¥19.6 billion and provision for doubtful accounts of ¥13.1 billion, and a

decrease in receivables of ¥51.5 billion. Main negative components included an increase of ¥10.5 billion in operational investments in securities and a ¥36.6 billion increase in inventories.

Investing activities used net cash of ¥30.6 billion. In the previous fiscal year, investing activities provided net cash of ¥3.0 billion. Main components of cash flow included payment for purchases of property and equipment totaling ¥17.9 billion and payment for purchases of marketable and investment securities totaling ¥19.6 billion.

Financing activities provided net cash of ¥74.6 billion. In the previous fiscal year, financing activities used net cash of ¥7.7 billion. Net proceeds from short-term borrowings, long-term debt, commercial paper and bonds totaled ¥83.9 billion. Cash dividends paid totaled ¥7.1 billion.

As a result, cash and cash equivalents at the end of the period increased ¥51.1 billion from a year earlier to ¥151.4 billion.

#### Statements of Cash Flows Highlights

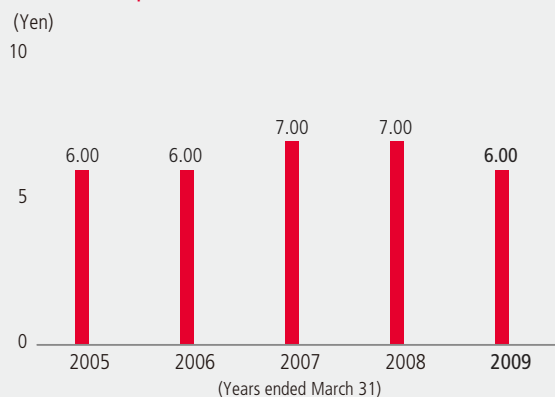
	(Billions of yen)		
(Years ended March 31)	2009	2008	2007
Net cash (used in) provided by operating activities	16.1	(52.5)	(4.1)
Net cash provided by (used in) investing activities	(30.6)	3.0	22.1
Net cash used in financing activities	74.6	(7.7)	(4.8)
Cash and cash equivalents at end of year	151.4	100.3	158.1

## Basic Policy for Profit Allocation

Our 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. We use internal reserves to reinforce our financial structure and raise capital efficiency.

We considered our performance and the outlook for the operating environment in paying cash dividends per share for the fiscal year ended March 31, 2009 of ¥6.00, consisting of an interim dividend of ¥3.50 per share and a year-end dividend of ¥2.50 per share. We also plan to pay cash dividends totaling ¥6.00 per share in the fiscal year ending March 31, 2010, including an interim dividend of ¥3.00 per share.

### Cash Dividends per Share



## Forecast for the Fiscal Year Ending March 31, 2010

A full recovery in the Japanese economy is expected to take time due to weakness in corporate earnings and capital investment amid concerns about a prolonged global recession. Therefore, the outlook continues to warrant close attention to trends in the global economy, especially the economy of the United States.

In the Japanese construction market, an unavoidable decline in private-sector demand is projected, and credit concerns will also be difficult to dispel in the near term. Consequently, the operating environment for construction companies is expected to become even more severe.

Given these conditions, for the year ending March 31, 2010, we forecast that consolidated revenues will decrease 9.2 percent year on year to ¥1,770.0 billion. However, based on an anticipated increase in gross profit in the construction business of the parent company, we forecast that operating income will increase 47.2 percent year on year to ¥29.0 billion. We also forecast that recurring profit will increase 100.0 percent year

on year to ¥32.0 billion, and that net income will be ¥16.0 billion, compared to net loss of ¥6.3 billion in the previous fiscal year.

\* Please note that the above projections are based on information available as of May 15, 2009, and are subject to risks 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, 2009. The Kajima Group precludes, diversifies and hedges these and other risks to the extent practically possible to mitigate their impact on performance.

### 1. Changes in Market Conditions

Unexpectedly drastic adverse changes in the operating environments for construction and real estate development, including a steep decrease in demand for construction, a rapid increase in the cost of 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 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

Significant political, economic and regulatory changes in the countries and regions where the Kajima Group operates could affect the 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 environ-

ment 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's Group's results and financial position.

### 8. Counterparty Credit Risk

Bad debts, construction delays or other problems resulting from credit problems of customers, subcontractors, suppliers, joint venture partners or other counterparties 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, 2009 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 construction industry, which is subject to a variety of laws and regulations including the Construction Business Act, the revised Building Standard Law, the Real Estate Business Transaction Act, the Land Use Planning Act, the Urban Planning Act and the Antitrust Law. 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. Any litigation against the Kajima Group could affect the Kajima Group's results and financial position if the outcome differs from the Kajima Group's assertion or prediction.

# Consolidated Balance Sheets

KAJIMA Corporation and Consolidated Subsidiaries

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008 As restated (Note 1)	2009
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents.....	¥ 151,412	¥ 100,291	\$ 1,545,020
Marketable securities (Note 3) .....	354	258	3,612
Operational investments in securities (Note 3).....	23,348	—	238,245
Notes and accounts receivable—trade (Notes 7 and 17) .....	528,416	586,070	5,392,000
Allowance for doubtful accounts.....	(6,085)	(5,009)	(62,092)
Inventories:			
Construction projects in progress.....	130,791	111,578	1,334,602
Development projects in progress, real estate and other (Note 7) .....	227,952	229,807	2,326,041
Deferred income taxes (Note 13) .....	67,225	66,580	685,969
Other current assets (Note 7) .....	142,020	130,594	1,449,185
Total current assets.....	<b>1,265,433</b>	<b>1,220,169</b>	<b>12,912,582</b>
<b>PROPERTY AND EQUIPMENT:</b>			
Land (Notes 4, 5 and 7) .....	193,426	194,682	1,973,735
Buildings and structures (Notes 5 and 7).....	116,154	128,053	1,185,245
Machinery, equipment and other (Note 5) .....	18,356	16,282	187,306
Construction in progress.....	4,348	8,744	44,367
Total property and equipment .....	<b>332,284</b>	<b>347,761</b>	<b>3,390,653</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments in securities (Note 3).....	173,377	247,945	1,769,153
Investments in unconsolidated subsidiaries and affiliates (Note 7) .....	20,864	24,701	212,898
Long-term loans receivable (Note 6).....	19,505	9,040	199,031
Long-term loans to unconsolidated subsidiaries and affiliates (Note 7).....	5,966	11,059	60,877
Allowance for doubtful accounts.....	(21,057)	(13,569)	(214,867)
Deferred income taxes (Note 13) .....	35,779	15,133	365,092
Other (Note 7) .....	53,276	56,157	543,632
Total investments and other assets .....	<b>287,710</b>	<b>350,466</b>	<b>2,935,816</b>
<b>TOTAL.....</b>	<b>¥1,885,427</b>	<b>¥1,918,396</b>	<b>\$19,239,051</b>

See notes to consolidated financial statements.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008 As restated (Note 1)	2009
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings (Notes 7 and 8) .....	¥ 142,207	¥ 111,160	\$ 1,451,092
Commercial paper (Note 9).....	92,000	77,000	938,776
Current portion of long-term debt (Notes 7 and 8).....	60,610	51,360	618,469
Notes and accounts payable–trade .....	560,452	562,720	5,718,898
Advances received:			
Construction projects in progress (Notes 10 and 14) .....	160,215	170,937	1,634,847
Development projects in progress, real estate and other (Note 14).....	30,018	19,769	306,306
Income taxes payable .....	3,881	3,428	39,602
Accrued expenses .....	24,177	28,790	246,704
Other current liabilities (Note 7) .....	173,630	186,796	1,771,734
Total current liabilities.....	1,247,190	1,211,960	12,726,428
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt (Notes 7, 8 and 19.a).....	250,478	234,280	2,555,898
Deferred income taxes (Note 13) .....	14	22	143
Deferred income taxes on revaluation of land (Note 4) .....	20,013	20,441	204,214
Liability for retirement benefits (Note 11).....	63,429	64,021	647,235
Allowance for loss on development projects.....	—	5,904	—
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates.....	2,179	2,163	22,235
Other long-term liabilities (Note 7).....	63,078	74,156	643,653
Total long-term liabilities.....	399,191	400,987	4,073,378
<b>COMMITMENTS AND CONTINGENT LIABILITIES (Notes 15, 16 and 17)</b>			
<b>EQUITY (Notes 12 and 19.b.c):</b>			
Common stock, authorized, 2,500,000,000 shares; issued, 1,057,312,022 shares .....	81,447	81,447	831,092
Additional paid-in capital.....	49,485	49,485	504,949
Retained earnings.....	89,199	106,104	910,194
Unrealized gain on available-for-sale securities (Note 3).....	14,875	49,493	151,786
Deferred gain (loss) on derivatives under hedge accounting.....	(1,384)	(768)	(14,123)
Revaluation surplus of land (Note 4) .....	25,552	26,161	260,735
Foreign currency translation adjustments.....	(13,656)	(327)	(139,347)
Treasury stock—at cost, 41,742,624 shares in 2009 and 41,422,242 shares in 2008 .....	(14,414)	(14,315)	(147,082)
Total .....	231,104	297,280	2,358,204
Minority interests (Note 4) .....	7,942	8,169	81,041
Total equity .....	239,046	305,449	2,439,245
<b>TOTAL.....</b>	<b>¥1,885,427</b>	<b>¥1,918,396</b>	<b>\$19,239,051</b>

# Consolidated Statements of Operations

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008 As restated (Note 1)	2009
<b>REVENUES (Note 14):</b>			
Construction projects .....	¥1,716,109	¥1,599,627	\$17,511,316
Real estate and other.....	232,431	294,418	2,371,745
Total revenues .....	1,948,540	1,894,045	19,883,061
<b>COST OF REVENUES (Note 14):</b>			
Construction projects .....	1,633,059	1,525,037	16,663,867
Real estate and other.....	200,141	253,318	2,042,255
Total cost of revenues.....	1,833,200	1,778,355	18,706,122
Gross profit .....	115,340	115,690	1,176,939
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b> .....	95,644	97,593	975,959
Operating income.....	19,696	18,097	200,980
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividends.....	7,698	8,122	78,551
Interest expense.....	(9,060)	(9,356)	(92,449)
Foreign currency exchange loss.....	(4,016)	(6,540)	(40,980)
Equity in earnings of unconsolidated subsidiaries and affiliates .....	989	10,584	10,092
Equity in earnings of partnership .....	839	5,533	8,561
Loss on sales or disposals of property and equipment—net .....	(2,503)	(3,635)	(25,541)
Gain on sales of marketable and investment securities—net (Note 3).....	935	315	9,541
Valuation loss on marketable and investment securities .....	(8,620)	(2,214)	(87,959)
Gain on sales of investment in affiliates. ....	8,323	30,532	84,929
Provision for doubtful accounts .....	(12,218)	—	(124,673)
Reversal of allowance for doubtful accounts .....	—	3,176	—
Loss on liquidation of subsidiaries and affiliates .....	(1,661)	—	(16,949)
Loss on impairment of long-lived assets (Note 5) .....	(2,063)	(2,970)	(21,051)
Settlement received .....	3,692	—	37,673
Litigation settlement.....	(292)	(5)	(2,980)
Loss on circular transactions (Note 1).....	(3,610)	(1,684)	(36,837)
Other—net .....	978	(560)	9,980
Other (expenses) income—net.....	(20,589)	31,298	(210,092)
<b>(LOSS) INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b> .....	(893)	49,395	(9,112)
<b>INCOME TAXES (Note 13):</b>			
Current.....	4,569	8,667	46,623
Deferred .....	1,947	52	19,867
Total income taxes.....	6,516	8,719	66,490
<b>MINORITY INTERESTS IN NET LOSS</b> .....	1,112	33	11,347
<b>NET (LOSS) INCOME</b> .....	¥ (6,297)	¥ 40,709	\$ (64,255)
<b>PER SHARE OF COMMON STOCK (Note 18):</b>			
Basic net (loss) income.....	¥ (6.20)	¥ 39.13	\$ (0.063)
Cash dividends applicable to the year .....	6.00	7.00	0.062

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2009 and 2008 as restated (Note 1)

	Thousands			Millions of Yen		
	Outstanding Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting
BALANCE, APRIL 1, 2007	1,051,142	¥ 81,447	¥ 49,485	¥ 75,058	¥110,725	¥ (311)
Net income	—	—	—	40,709	—	—
Cash dividends paid:						
Final for prior year, ¥4.00 per share	—	—	—	(4,195)	—	—
Interim for current year, ¥3.50 per share	—	—	—	(3,670)	—	—
Transfer due to sales of revalued land	—	—	—	(120)	—	—
Repurchase of treasury stock	(35,252)	—	—	—	—	—
Adjustment of retained earnings for exclusion of equity method affiliates	—	—	—	(678)	—	—
Net change in the year	—	—	—	—	(61,232)	(457)
BALANCE, MARCH 31, 2008	1,015,890	81,447	49,485	106,104	49,493	(768)
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)	—	—	—	(4,123)	—	—
Net loss	—	—	—	(6,297)	—	—
Cash dividends paid:						
Final for prior year, ¥3.50 per share	—	—	—	(3,547)	—	—
Interim for current year, ¥3.50 per share	—	—	—	(3,547)	—	—
Transfer due to sales of revalued land	—	—	—	609	—	—
Repurchase of treasury stock	(321)	—	—	—	—	—
Net change in the year	—	—	—	—	(34,618)	(616)
BALANCE, MARCH 31, 2009	1,015,569	¥ 81,447	¥ 49,485	¥ 89,199	¥ 14,875	¥ (1,384)

	Millions of Yen					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2007	¥ 26,944	¥ 345	¥ (1,993)	¥340,700	¥ 10,269	¥350,969
Net income	—	—	—	40,709	—	40,709
Cash dividends paid:						
Final for prior year, ¥4.00 per share	—	—	—	(4,195)	—	(4,195)
Interim for current year, ¥3.50 per share	—	—	—	(3,670)	—	(3,670)
Transfer due to sales of revalued land	(783)	—	—	(903)	—	(903)
Repurchase of treasury stock	—	—	(12,322)	(12,322)	—	(12,322)
Adjustment of retained earnings for exclusion of equity method affiliates	—	—	—	(678)	—	(678)
Net change in the year	—	(672)	—	(62,361)	(2,100)	(64,461)
BALANCE, MARCH 31, 2008	26,161	(327)	(14,315)	297,280	8,169	305,449
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)	—	—	—	(4,123)	—	(4,123)
Net loss	—	—	—	(6,297)	—	(6,297)
Cash dividends paid:						
Final for prior year, ¥3.50 per share	—	—	—	(3,547)	—	(3,547)
Interim for current year, ¥3.50 per share	—	—	—	(3,547)	—	(3,547)
Transfer due to sales of revalued land	(609)	—	—	—	—	—
Repurchase of treasury stock	—	—	(99)	(99)	—	(99)
Net change in the year	—	(13,329)	—	(48,563)	(227)	(48,790)
BALANCE, MARCH 31, 2009	¥ 25,552	¥ (13,656)	¥ (14,414)	¥231,104	¥ 7,942	¥239,046

See notes to consolidated financial statements.

## Consolidated Statements of Changes in Equity

Year Ended March 31, 2009

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting
BALANCE, MARCH 31, 2008 .....	\$ 831,092	\$ 504,949	\$ 1,082,694	\$ 505,031	\$ (7,837)
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b) .....	—	—	(42,071)	—	—
Net loss .....	—	—	(64,255)	—	—
Cash dividends paid:					
Final for prior year, \$0.036 per share .....	—	—	(36,194)	—	—
Interim for current year, \$0.036 per share .....	—	—	(36,194)	—	—
Transfer due to sales of revalued land .....	—	—	6,214	—	—
Repurchase of treasury stock .....	—	—	—	—	—
Net change in the year .....	—	—	—	(353,245)	(6,286)
<b>BALANCE, MARCH 31, 2009 .....</b>	<b>\$ 831,092</b>	<b>\$ 504,949</b>	<b>\$ 910,194</b>	<b>\$ 151,786</b>	<b>\$ (14,123)</b>

	Thousands of U.S. Dollars (Note 1)					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2008 .....	\$ 266,949	\$ (3,337)	\$ (146,071)	\$ 3,033,470	\$ 83,357	\$ 3,116,827
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b) .....	—	—	—	(42,071)	—	(42,071)
Net loss .....	—	—	—	(64,255)	—	(64,255)
Cash dividends paid:						
Final for prior year, \$0.036 per share .....	—	—	—	(36,194)	—	(36,194)
Interim for current year, \$0.036 per share .....	—	—	—	(36,194)	—	(36,194)
Transfer due to sales of revalued land .....	(6,214)	—	—	—	—	—
Repurchase of treasury stock .....	—	—	(1,011)	(1,011)	—	(1,011)
Net change in the year .....	—	(136,010)	—	(495,541)	(2,316)	(497,857)
<b>BALANCE, MARCH 31, 2009 .....</b>	<b>\$ 260,735</b>	<b>\$ (139,347)</b>	<b>\$ (147,082)</b>	<b>\$ 2,358,204</b>	<b>\$ 81,041</b>	<b>\$ 2,439,245</b>

# Consolidated Statements of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008 As restated (Note 1)	2009
<b>OPERATING ACTIVITIES:</b>			
(Loss) income before income taxes and minority interests .....	¥ (893)	¥ 49,395	\$ (9,112)
Adjustments for:			
Income taxes–paid .....	(3,700)	(19,619)	(37,755)
Depreciation and amortization .....	19,566	17,178	199,653
Provision for doubtful accounts .....	13,144	(3,696)	134,122
Foreign currency exchange loss .....	3,182	5,147	32,469
Equity in earnings of unconsolidated subsidiaries and affiliates .....	(989)	(10,584)	(10,092)
Loss on liquidation of subsidiaries and affiliates .....	1,661	—	16,949
Valuation loss on marketable and investment securities .....	8,620	2,214	87,959
Loss on sales or disposals of property and equipment–net .....	2,503	3,635	25,541
Gain on sales of marketable and investment securities–net .....	(935)	(315)	(9,541)
Loss on impairment of long-lived assets .....	2,063	2,970	21,051
Gain on sales of investment in affiliates .....	(8,323)	(30,532)	(84,929)
Changes in operating assets and liabilities:			
Decrease in receivables .....	51,544	42,892	525,959
Increase in inventories .....	(36,641)	(8,133)	(373,888)
Increase in operational investments in securities .....	(10,530)	—	(107,449)
Decrease in payables .....	(588)	(68,098)	(6,000)
Decrease in advances received .....	(9,799)	(13,505)	(99,990)
(Decrease) increase in accrued expenses .....	(1,268)	1,030	(12,939)
Decrease in liability for retirement benefits .....	(679)	(1,327)	(6,929)
(Increase) decrease in other assets .....	(232)	7,933	(2,367)
Decrease in other liabilities .....	(11,277)	(44,076)	(115,070)
Other–net .....	(303)	14,950	(3,091)
Net cash provided by (used in) operating activities .....	16,126	(52,541)	164,551
<b>INVESTING ACTIVITIES:</b>			
Increase of time deposits excluding cash equivalents .....	(516)	(879)	(5,265)
Payment for purchases of marketable and investment securities .....	(19,639)	(18,079)	(200,398)
Proceeds from sales and redemption of marketable and investment securities .....	12,853	3,656	131,153
Payment for purchases of property and equipment .....	(17,856)	(30,409)	(182,204)
Proceeds from sales of property and equipment .....	767	13,057	7,826
Disbursements for loans .....	(6,665)	(5,165)	(68,010)
Proceeds from collection of loans .....	4,315	4,872	44,031
Payment for purchase of intangible assets .....	(1,643)	(2,323)	(16,765)
Proceeds from investments in affiliates .....	8,721	40,667	88,990
Cash and cash equivalents (paid) acquired due to increase in consolidated subsidiaries .....	(294)	3,738	(3,000)
Other–net .....	(10,615)	(6,114)	(108,317)
Net cash (used in) provided by investing activities .....	(30,572)	3,021	(311,959)
<b>FINANCING ACTIVITIES:</b>			
Increase in short-term borrowings .....	34,566	7,011	352,714
Net issuance of commercial paper .....	15,000	27,000	153,061
Proceeds from issuance of long-term debt .....	88,961	70,918	907,765
Repayment of long-term debt .....	(54,604)	(102,501)	(557,184)
Proceeds from issuance of bonds .....	—	10,200	—
Repayment of finance lease obligations .....	(1,972)	—	(20,122)
Cash dividends paid .....	(7,094)	(7,865)	(72,388)
Other–net .....	(212)	(12,442)	(2,162)
Net cash provided by (used in) financing activities .....	74,645	(7,679)	761,684
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS .....</b>			
	(9,326)	(610)	(95,164)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>	<b>50,873</b>	<b>(57,809)</b>	<b>519,112</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....</b>	<b>100,291</b>	<b>158,100</b>	<b>1,023,378</b>
<b>CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR .....</b>	<b>248</b>	<b>—</b>	<b>2,530</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR .....</b>	<b>¥151,412</b>	<b>¥ 100,291</b>	<b>\$1,545,020</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2009 and 2008

## 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Kajima Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards (IFRSs).

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98 to \$1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

### Restatement of Consolidated Financial Statements

On September 5, 2008, the Company announced that inappropriate transactions had been conducted at Taiko Trading Co., Ltd. ("Taiko"), a consolidated subsidiary of the Company. Taiko reported to the Company on August 21, 2008 that as a result of its investigation into certain accounts receivables in arrears on computer software trading, it had found presumably circular transactions on computer software trading. Immediately upon receiving the report from Taiko, the Company established an investigation committee to conduct further investigation.

On October 21, 2008, the Company announced the investigation results of circular transactions. The Company has since investigated said transactions and their causes, ascertained effects on the past financial statements and considered measures to prevent recurrence of such transactions. And the Company has submitted the results of the investigation to the Independent Committee formed on September 17, 2008 for its review and advice.

Finally, the Company determined that the accumulated total loss on circular transactions occurred at Taiko was ¥6,742 million (\$68,796 thousand), and allocated this loss to respective financial years. As a result, the consolidated financial statements and related notes for the year ended March 31, 2008 have been restated.

The summary of the effects of such restatement is as follows:

	Millions of Yen		
	2008 After restated	2008 Before restated	Variance
Revenues.....	¥1,894,045	¥1,894,187	¥ (142)
Operating Income .....	18,097	18,239	(142)
Net Income .....	40,709	42,163	(1,454)
Total assets .....	¥1,918,396	¥1,918,510	¥ (114)
Total equity.....	305,449	308,581	(3,132)

The beginning balance of retained earnings as of April 1, 2007 was restated from ¥75,096 million, as previously reported, to ¥74,058 million. In addition, the variance to total equity in the above figure includes an adjustment to minority interest amounting to ¥640 million.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**a. Consolidation** — The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 86 (76 in 2008) significant subsidiaries.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Another 53 (57 in 2008) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 52 (50 in 2008) affiliates were accounted for using the equity method.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary and affiliate at the date of acquisition is being amortized over a period of 5 years.

All significant inter-company balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from inter-company transactions is eliminated.

On March 29, 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Implementation Guidance No. 15, "Implementation Guidance on Disclosures about Certain Special Purpose Entities". This standard permits companies to avoid consolidation of certain special purpose entities which were established and are being operated for the purpose of liquidation of real estate. The Company had 4 special purpose entities (4 in 2008) which are not consolidated under Guidance No. 15 as of March 31, 2009. The total assets and liabilities of such special purpose entities as of March 31, 2009 and 2008 were ¥65,307 million (\$666,398 thousand) and ¥63,910 million, ¥65,287 million (\$666,194 thousand) and ¥63,891 million, respectively. The Company recognized lease payments of ¥5,477 million (\$55,888 thousand) and ¥5,565 million based on lease agreements of real estate for the years ended March 31, 2009 and 2008, respectively. The investment in anonymous association was ¥7,703 million (\$78,602 thousand) and ¥7,262 million, respectively, and its related distributed profit was ¥2,116 million (\$21,592 thousand) and ¥1,413 million, respectively, as of and for the years ended March 31, 2009 and 2008.

The breakdown and changes of fully consolidated companies and companies accounted for using the equity method are summarized below:

i) Breakdown as of March 31, 2009

① Number of consolidated subsidiaries:	86: Kajima Road Co., Ltd., Chemical Grouting Co., Ltd., Kajima Leasing Corporation, Kajima Mechatro Engineering Co., Ltd., Taiko Trading Co., Ltd., Kajima U.S.A. Inc. (KUSA) and its 28 subsidiaries, Kajima Europe Ltd. (KEL) and its 5 subsidiaries, Kajima Europe B.V. (KE) and its 9 subsidiaries, Kajima Europe U.K. Holding Ltd. (KEUK) and its 12 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 12 subsidiaries and 10 subsidiaries of the Company
② Number of unconsolidated subsidiaries accounted for using the equity method:	53: ARTES Corporation, Japan Sea Works Co., Ltd. and 51 other companies
③ Number of affiliates accounted for using the equity method:	52: Katabami Kogyo Co., Ltd., Yaesu Book Center Co., Ltd., and 50 other companies

ii) Changes for the year ended March 31, 2009

① Newly consolidated companies:	7 subsidiaries of KUSA, KEL and its 2 subsidiaries, 1 subsidiary of KEUK and 1 subsidiary of KOA due to acquisition, new establishments and transfer from affiliates
② Companies excluded from consolidation:	East West Development Corporation and 1 subsidiary of KOA due to liquidations
③ Companies newly accounted for using the equity method:	1 subsidiary and 4 affiliates due to new establishments
④ Companies excluded from the equity method:	7 subsidiaries due to merger, liquidations, sales of shares, and transfer to consolidated companies

**b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements** — On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either IFRSs or the generally accepted accounting principles in the United States ("U.S. GAAP") tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the statements of income where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No.18 was effective for financial years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. There is no material effect on the consolidated statements of operations. In addition, the Company decreased the beginning balance of retained earnings at April 1, 2008 by ¥4,123 million (\$42,071 thousand) as if this accounting standard had been retrospectively applied.

**c. 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.

**d. Inventories** — Construction projects in progress are stated at cost as determined on a specific project basis. Related general and administrative expenses and financial charges are principally excluded from such costs.

On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories", which is effective for financial years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company and its consolidated domestic subsidiaries adopted the new accounting standard for measurement of inventories in the year ended March 31, 2007.

As a result of the measurement, gross profit for the years ended March 31, 2009 and 2008 decreased by ¥908 million (\$9,265 thousand) and ¥1,525 million, respectively.

However, in the case of certain overseas subsidiaries, construction projects in progress and real estate for sale are stated at cost, when not in excess of net realizable value.

**e. Capitalization of Interest** — Interest costs incurred for real estate development projects (including property and equipment) conducted by certain overseas subsidiaries have been capitalized as a part of the development cost of such projects. Interest expense capitalized was ¥1,773 million (\$18,092 thousand) and ¥3,269 million for the years ended March 31, 2009 and 2008, respectively.

**f. Marketable Securities, Operational Investments in Securities and Investments in Securities** — Marketable securities, operational investment in securities and investments in securities are classified and accounted for, depending on management's intent, as follows:

- i) Trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings;
- ii) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost;
- iii) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

All securities held by the Companies are classified as available-for-sale securities. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at amortized cost or at cost determined by the moving-average method according to their nature. For other than temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

**g. Property and Equipment** — Property and equipment are principally stated at cost, net of accumulated depreciation. Depreciation has been principally 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, equipment and other range from 2 to 20 years.

However, in the accounts of certain overseas subsidiaries, depreciation is principally calculated using the straight-line method over the estimated useful lives of the respective assets.

Accumulated depreciation totaled ¥234,723 million (\$2,395,133 thousand) and ¥240,671 million as of March 31, 2009 and 2008, respectively.

**h. Long-lived Assets** — The Company and its consolidated subsidiaries review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**i. Allowance for Doubtful Accounts** — Allowance for doubtful accounts provided by the Company and its consolidated domestic subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding. However, the consolidated overseas subsidiaries provide for such possible losses using management's estimate.

**j. Retirement Benefits** — Under the employees' retirement benefit plans, the Company, its consolidated domestic subsidiaries and certain overseas subsidiaries have funded and/or unfunded retirement benefit plans covering all of their employees. Certain overseas subsidiaries have defined contribution plans.

The liability for employees' retirement benefits is based on projected benefit obligations and plan assets at the balance sheet date in conformity with the accounting standard for employees' retirement benefits.

**k. Allowance for Loss on Development Projects** — The Company provided for foreseeable losses arising from certain real estate projects.

**i. Recognition of Revenues and Related Costs** — In the Company and its consolidated domestic subsidiaries, individual construction projects, whose contract amounts are not less than ¥100 million and whose contract periods are beyond one year, are recorded using the percentage-of-completion method, while individual construction projects, except the aforementioned, are recorded using the completed-contract method.

In the consolidated overseas subsidiaries, construction projects are principally recorded using the percentage-of-completion method.

The revenues posted by way of the percentage-of-completion method for the years ended March 31, 2009 and 2008 were ¥1,260,073 million (\$12,857,888 thousand) and ¥1,068,542 million, respectively.

The Companies provided for foreseeable losses on a contract backlog which was recorded in other current liabilities. The accrual for foreseeable losses on the contract backlog was ¥19,656 million (\$200,571 thousand) and ¥20,785 million as of March 31, 2009 and 2008, respectively.

**m. 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 for the years ended March 31, 2009 and 2008 totaled ¥9,994 million (\$101,980 thousand) and ¥9,641 million, respectively.

**n. Leases** — On March 30, 2007, the ASBJ issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions”, which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for financial years beginning on or after April 1, 2008 with early adoption permitted for financial years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the note to the lessee’s financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the obligations under finance leases at the transition date and recorded as acquisition cost of lease assets.

The Company and its consolidated domestic subsidiaries applied the revised accounting standard effective April 1, 2008. In addition, the Company and its consolidated domestic subsidiaries accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the obligations under finance leases at the transition date. There is no material effect on the consolidated statements of operations.

All other leases are accounted for as operating leases.

**o. Bonuses to Directors and Corporate Auditors** — Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

**p. Income Taxes** — The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income taxes are measured by applying currently enacted tax laws to the temporary differences.

The Company files a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

**q. Foreign Currency Transactions** — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts or currency swaps.

**r. Foreign Currency Financial Statements** — The balance sheet accounts and revenue and expense accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of each balance sheet date except for equity, which is translated at the historical exchange rate.

Differences arising from such translation are shown in “Equity” as foreign currency translation adjustments in the accompanying consolidated balance sheets.

**s. Derivatives and Hedging Activities** — The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange, interest rates and the value of listed equity securities. Foreign exchange forward contracts, currency swaps, interest rate swaps and contracts for future delivery of the equity securities are principally utilized by the Companies to reduce the risks arising from the factors mentioned above. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

- i) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of operations, and
- ii) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions, however, the contracts for future delivery engaged in to hedge fluctuations in listed equity securities are measured at fair value and the unrealized gains and losses are charged to income.

The derivative instruments applied for forecasted or committed transactions are also measured at the fair value, but the unrealized gains/losses are deferred until the underlying transactions are completed.

The monetary debts and credits denominated in foreign currencies, for which foreign exchange forward contracts or currency swaps are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts or currency swaps qualify for hedge accounting.

The interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differentials paid or received under the swap agreements are charged to income.

**t. Per Share Information** — Basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because of the net loss position of the Companies for the year ended March 31, 2009 and because the Companies have nothing which might dilute the per share information for the years ended March 31, 2009 and 2008.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the financial year.

#### **u. New Accounting Pronouncements**

- i) Unification of Accounting Policies Applied to Foreign Affiliates for the Equity Method

The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign affiliates which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

On December 26, 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the affiliate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign affiliates in accordance with either IFRSs or U.S. GAAP tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the statements of income where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for investments effective on or after April 1, 2010 with early adoption permitted for financial years beginning on or after April 1, 2009.

- ii) Asset Retirement Obligations

On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any

subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for financial years beginning on or after April 1, 2010 with early adoption permitted for financial years beginning on or before March 31, 2010.

iii) Construction Contracts

Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. On December 27, 2007, the ASBJ published a new accounting standard for construction contracts. Under this accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for financial years beginning on or after April 1, 2009 with early adoption permitted for financial years beginning on or before March 31, 2009 but after December 27, 2007.

### 3. MARKETABLE SECURITIES, OPERATIONAL INVESTMENTS IN SECURITIES AND INVESTMENTS IN SECURITIES

Marketable securities, operational investments in securities and investments in securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Current:			
Government and corporate bonds .....	¥ 187	¥ 159	\$ 1,908
Fund trusts and other .....	23,515	99	239,949
<b>Total</b> .....	<b>¥ 23,702</b>	<b>¥ 258</b>	<b>\$ 241,857</b>
Non-Current:			
Equity securities .....	¥149,669	¥213,693	\$1,527,235
Government and corporate bonds .....	1,391	429	14,194
Fund trusts and other .....	22,317	33,823	227,724
<b>Total</b> .....	<b>¥173,377</b>	<b>¥247,945</b>	<b>\$1,769,153</b>

On April 1, 2008, the outstanding balance of investment securities in special purpose entities established for real estate development business, in the amount of ¥13,399 million (\$136,724 thousand), was reclassified from investments in securities to operational investments in securities. This reclassification was to better reflect the economic substance of these investments, which are expanding under the recent diversification of the real estate development business.

Information regarding the category of the securities classified as available-for-sale as of March 31, 2009 and 2008 was as follows:

As of March 31, 2009	Millions of Yen			Fair Value (Carrying Amount)
	Cost	Unrealized Gain	Unrealized Loss	
Available-for-sale:				
Equity securities .....	¥113,134	¥ 32,250	¥ (6,769)	¥138,615
Government and corporate bonds .....	561	16	0	577
Fund trusts and other .....	1,137	1	(160)	978
<b>Total</b> .....	<b>¥114,832</b>	<b>¥ 32,267</b>	<b>¥ (6,929)</b>	<b>¥140,170</b>
As of March 31, 2008				
Available-for-sale:				
Equity securities .....	¥118,057	¥ 89,263	¥ (5,139)	¥202,181
Government and corporate bonds .....	577	12	0	589
Fund trusts and other .....	2,082	70	(442)	1,710
<b>Total</b> .....	<b>¥120,716</b>	<b>¥ 89,345</b>	<b>¥ (5,581)</b>	<b>¥204,480</b>

As of March 31, 2009

	Thousands of U.S. Dollars			Fair Value (Carrying Amount)
	Cost	Unrealized Gain	Unrealized Loss	
Available-for-sale:				
Equity securities.....	\$1,154,429	\$ 329,082	\$ (69,071)	\$1,414,440
Government and corporate bonds.....	5,724	163	0	5,887
Fund trusts and other.....	11,602	10	(1,633)	9,979
<b>Total.....</b>	<b>\$1,171,755</b>	<b>\$ 329,255</b>	<b>\$ (70,704)</b>	<b>\$1,430,306</b>

The above figure includes marketable equity securities temporarily lent to financial institutions based on a securities lending agreement in the amount of ¥38,365 million (\$391,480 thousand) and ¥167 million as of March 31, 2009 and 2008, respectively.

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		Thousands of U.S. Dollars
	Millions of Yen		
	2009	2008	2009
Available-for-sale:			
Equity securities.....	¥11,054	¥11,511	\$112,796
Fund trusts and other.....	45,855	32,212	467,908
<b>Total.....</b>	<b>¥56,909</b>	<b>¥43,723</b>	<b>\$580,704</b>

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009 and 2008 were ¥2,832 million (\$28,898 thousand) and ¥1,012 million, respectively. Realized gains and losses on these sales, computed using the moving-average cost method, were ¥982 million (\$10,020 thousand) and ¥46 million (\$469 thousand) for the year ended March 31, 2009 and ¥312 million and ¥8 million for the year ended March 31, 2008, respectively.

The carrying values of bonds, fund trusts and other securities by contractual maturity for securities classified as available-for-sale as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Due within one year.....	¥ 354
Due after one year through five years.....	359	3,663
Due after five years through ten years.....	31	317
Due after ten years.....	1,001	10,214
<b>Total.....</b>	<b>¥1,745</b>	<b>\$17,806</b>

#### 4. REVALUATION OF LAND

Under the "Law of Land Revaluation," the Company and a domestic subsidiary adopted a one-time revaluation of their own-use land in Japan to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes and minority interests, as a component of equity. There is no effect on the consolidated statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account, related deferred tax liabilities and minority interests.

#### 5. LONG-LIVED ASSETS

For the year ended March 31, 2009, the Company and consolidated subsidiaries recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business.....	Buildings and structures, Others	New York, U.S.A and others	4
Idle properties.....	Land, Buildings and structures	Hiroshima Prefecture and others	6

For purposes of evaluating and measuring impairment, domestic assets used for business are considered to constitute a group by each branch. An overseas asset used for business and idle properties are individually evaluated.

Carrying amounts of certain assets used for business and idle properties were devalued to their recoverable amounts, due to substantial declines in the fair market value and profitability.

As a result, the Company and consolidated subsidiaries recognized an impairment loss of ¥2,063 million (\$21,051 thousand), which consisted of assets used for business of ¥1,164 million (\$11,878 thousand) and idle properties of ¥899 million (\$9,173 thousand) for the year ended March 31, 2009.

Recoverable amounts of certain assets were the anticipated net selling price at disposition. The Company and consolidated subsidiaries principally used appraisal value, less the cost of disposal, for calculating net selling price at disposition.

For the year ended March 31, 2008, the Company and consolidated domestic subsidiaries recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business .....	Land, Buildings and structures, Machinery and equipment	Tokushima Prefecture and others	9
Assets used for rent .....	Land, Buildings and structures	Aichi Prefecture and other	2
Idle properties .....	Land, Buildings and structures	Kanagawa Prefecture and other	2

For purposes of evaluating and measuring impairment, assets used for business are considered to constitute a group by each branch. Assets used for rent and idle properties are individually evaluated.

Carrying amounts of certain assets used for business, asset used for rent and idle properties were devalued to their recoverable amounts, due to substantial declines in the fair market value and profitability.

As a result, the Company and consolidated domestic subsidiaries recognized an impairment loss of ¥2,970 million, which consisted of assets used for business ¥840 million, asset used for rent ¥2,046 million and idle properties ¥84 million for the year ended March 31, 2008.

Recoverable amounts of certain assets were the anticipated net selling price at disposition. The Company and consolidated domestic subsidiaries principally used appraisal value, less the cost of disposal, for calculating net selling price at disposition.

## 6. LONG-TERM LOANS RECEIVABLE

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

## 7. PLEDGED ASSETS

As of March 31, 2009, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥721 million (\$7,357 thousand), current portion of long-term debt of ¥1,555 million (\$15,867 thousand), other current liabilities of ¥22 million (\$224 thousand), long-term debt of ¥12,239 million (\$124,888 thousand) and other long-term liabilities of ¥660 million (\$6,735 thousand) and to assure the performance by the Companies under certain agreements.

	Millions of Yen	Thousands of U.S. Dollars
Notes and accounts receivable—trade .....	¥ 260	\$ 2,653
Inventories:		
Development projects in progress, real estate and other .....	17,179	175,296
Other current assets .....	36	368
Land .....	35	357
Buildings and structures .....	2,309	23,561
Investments in unconsolidated subsidiaries and affiliates .....	554	5,653
Long-term loans to unconsolidated subsidiaries and affiliates .....	1,549	15,806
Investments and other assets – Other .....	155	1,582
<b>Total .....</b>	<b>¥22,077</b>	<b>\$225,276</b>

## 8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings were generally represented by 365-day notes in 2009 and 2008 issued by the Companies and bore interest principally at the short-term primary interest rate of 1.475% and 1.875% in effect as of March 31, 2009 and 2008, respectively.

Long-term debt as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
1.0558% to 7.5674% loans from banks, due 2009 – 2016 .....	¥232,923	¥187,489	\$2,376,765
0.885% to 2.9% loans from insurance companies and other financial institutions, due 2010 – 2021 .....	12,510	12,060	127,653
4.209% to 5.75% medium-term notes, due 2009 .....	697	15,891	7,112
0.58% to 2.9% bonds, due 2010 – 2013 .....	60,200	70,200	614,286
Lease obligations.....	4,758	—	48,551
Total.....	311,088	285,640	3,174,367
Current portion included in current liabilities .....	(60,610)	(51,360)	(618,469)
<b>Total</b> .....	<b>¥250,478</b>	<b>¥234,280</b>	<b>\$2,555,898</b>

Substantially all of the short-term and long-term loans from banks are made under agreements which, as is customary in Japan, provide that the bank may, under certain conditions, require the borrower to provide collateral (or additional collateral) or guarantors with respect to the loans, and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. However, the Company and its consolidated domestic subsidiaries have never received such a request.

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2009 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010.....	¥ 60,610	\$ 618,469
2011.....	59,809	610,296
2012.....	40,287	411,092
2013.....	62,215	634,847
2014.....	77,139	787,133
2015 and thereafter.....	11,028	112,530
<b>Total</b> .....	<b>¥311,088</b>	<b>\$3,174,367</b>

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million (\$1,530,612 thousand) with several Japanese banks. There was no outstanding balance under the committed loan facility agreements as of March 31, 2009.

## 9. COMMERCIAL PAPER

Commercial paper was represented by 67 to 123-day paper issued by the Company with interest at 1.25% to 1.6% and 60 to 63-day paper at 0.73% to 0.745% as of March 31, 2009 and 2008, respectively.

## 10. ADVANCES RECEIVED ON CONSTRUCTION PROJECTS IN PROGRESS

The Companies normally receive payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

## 11. RETIREMENT BENEFITS

The Company, consolidated domestic subsidiaries and certain overseas subsidiaries have retirement benefit plans for employees. The Company's retirement benefit plan consists of a defined contribution pension plan, a point-based benefit plan and closed qualified pension plan. Under the point-based benefit system, benefits are calculated based on accumulated points allocated each month according to an employee's job classification and performance.

Certain overseas subsidiaries have defined contribution plans.

The information for employees' retirement benefits was as follows:

**a. The Liability for Employees' Retirement Benefits as of March 31, 2009 and 2008**

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation .....	¥ 97,492	¥102,046	\$ 994,816
Fair value of plan assets.....	(12,508)	(15,726)	(127,633)
Unrecognized prior service cost .....	(15,702)	(19,298)	(160,224)
Unrecognized actuarial loss .....	(5,853)	(3,001)	(59,724)
<b>Net liability .....</b>	<b>¥ 63,429</b>	<b>¥ 64,021</b>	<b>\$ 647,235</b>

**b. The Components of Net Periodic Benefit Costs for the Years Ended March 31, 2009 and 2008**

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost .....	¥ 4,616	¥ 5,072	\$ 47,102
Interest cost .....	1,975	2,031	20,153
Expected return on plan assets .....	(304)	(303)	(3,102)
Amortization of prior service cost .....	3,224	3,261	32,898
Amortization of actuarial loss .....	557	514	5,684
Other .....	2,291	2,794	23,377
<b>Net periodic benefit costs.....</b>	<b>¥12,359</b>	<b>¥13,369</b>	<b>\$126,112</b>

"Other" in the above table consists principally of the cost of defined contribution plans.

**c. Assumptions Used for the Years Ended March 31, 2009 and 2008**

	2009	2008
Discount rate.....	2.0%	2.0%
Expected rate of return on plan assets .....	0% to 2.5%	1.0% to 2.5%
Amortization period of prior service cost.....	10 years	10 years
Recognition period of actuarial gain/loss.....	10 years	10 years

## 12. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

**a. Dividends**

Under the Companies Act, companies can pay dividends at any time during the financial year in addition to the year-end dividend upon resolution at the stockholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the financial year if the company has prescribed so in its articles of incorporation.

However, the Company cannot do so because it does not meet all the above criteria. Semiannual interim dividends can be paid once a year upon resolution by the Board of Directors as stipulated in the articles of incorporation of the Company.

**b. Increases / Decreases and Transfer of Common Stock, Reserve and Surplus**

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

### c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

## 13. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.5% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
<b>Deferred Tax Assets:</b>			
Liability for retirement benefits .....	¥ 25,859	¥ 26,076	\$ 263,867
Inventories .....	25,023	25,041	255,337
Property and equipment .....	11,585	12,663	118,214
Other .....	73,831	70,240	753,378
Subtotal .....	136,298	134,020	1,390,796
Valuation allowance .....	(12,456)	(8,243)	(127,102)
<b>Total .....</b>	<b>123,842</b>	<b>125,777</b>	<b>1,263,694</b>
<b>Deferred Tax Liabilities:</b>			
Unrealized gain on available-for-sale securities .....	(12,842)	(36,028)	(131,041)
Other .....	(8,011)	(8,080)	(81,745)
<b>Total .....</b>	<b>(20,853)</b>	<b>(44,108)</b>	<b>(212,786)</b>
<b>Net Deferred Tax Assets .....</b>	<b>¥102,989</b>	<b>¥ 81,669</b>	<b>\$1,050,908</b>

As of March 31, 2009, the Company had tax loss carryforwards of approximately ¥4,962 million (\$50,633 thousand) which will expire in the financial year ending March 31, 2016 to the extent they remain unutilized. Certain consolidated subsidiaries of the Company have tax loss carryforwards whose expiration dates range from 2010 to 2016. Due to the uncertainty of the realization of such tax loss carryforwards, the Companies have established a valuation allowance to offset most of the related deferred tax assets in the amount of ¥5,795 million (\$59,133 thousand) and ¥1,268 million as of March 31, 2009 and 2008, respectively.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2009 and 2008 was as follows:

	2009	2008 As restated (Note 1)
Normal effective statutory tax rate .....	40.5%	40.5%
Expenses not deductible for income tax purposes .....	(208.2)	5.0
Non-taxable income .....	58.4	(5.9)
Inhabitant taxes .....	(52.5)	1.3
Valuation allowance .....	(635.7)	(10.0)
Tax benefits not recognized on equity in earnings or losses of unconsolidated subsidiaries and affiliates .....	46.3	(5.6)
Difference of statutory tax rate between the Company and consolidated subsidiaries .....	27.6	(8.3)
Tax benefits not recognized on loss on circular transactions .....	—	1.5
Other—net .....	(6.2)	(0.8)
<b>Actual effective tax rate .....</b>	<b>(729.8)%</b>	<b>17.7%</b>

## 14. RELATED PARTY TRANSACTIONS

Transactions with unconsolidated subsidiaries and affiliates for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Construction and other revenues .....	¥14,683	¥14,473	\$149,827
Purchases .....	26,847	35,528	273,949

In addition, during the financial year ended March 31, 2008, the Company entered into a construction contract of ¥720 million, a development contract of ¥35 million and a design contract of ¥16 million with a corporation owned by the family of a director of the Company. Based on the contracts, revenue recognized through the percentage-of-completion method for construction projects and advances received on construction projects in progress for the years ended March 31, 2009 and 2008 were ¥355 million (\$3,622 thousand) and ¥80 million (\$816 thousand), ¥68 million and ¥184 million, respectively. Revenue recognized for real estate and other for the year ended March 31, 2008 was ¥133 million and advances received on development projects in progress, real estate and other for the year ended March 31, 2009 was ¥18 million (\$184 thousand).

Also, during the financial year ended March 31, 2009, the Company sold a condominium amounting to ¥182 million (\$1,857 thousand) to a director of the Company.

The above contracts are on an arm's-length basis and in the normal course of business.

## 15. LEASES

### a. Finance Leases as a Lessee

The Companies have 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 ¥6,767 million (\$69,051 thousand) and ¥7,161 million, including total lease payments of ¥1,972 million (\$20,122 thousand) and ¥1,216 million for the years ended March 31, 2009 and 2008, respectively, in connection with finance leases as described in Note 2.n.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, 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 an "as if capitalized" basis for the year ended March 31, 2008 was as follows:

	Millions of Yen		
	2008 As restated (Note 1)		
	Machinery and Equipment	Other	Total
Acquisition cost .....	¥ 5,238	¥ 804	¥ 6,042
Accumulated depreciation .....	(3,748)	(726)	(4,474)
Accumulated impairment loss .....	(145)	—	(145)
Net lease property .....	¥ 1,345	¥ 78	¥(1,423)

Obligations under finance leases:

	Millions of Yen
	2008 As restated (Note 1)
Due within one year .....	¥ 891
Due after one year .....	1,651
Total .....	¥2,542

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

Allowance for impairment loss on leased property of ¥145 million is deducted from the obligations under finance leases as of March 31, 2008.

Depreciation equivalent, interest equivalent and other information under finance leases were as follows:

	Millions of Yen 2008 As restated (Note 1)
Depreciation equivalent .....	¥1,049
Interest equivalent.....	156
Reversal of allowance for impairment loss on leased property.....	7
Impairment loss.....	151

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

Depreciation equivalent and interest equivalent are not reflected in the accompanying consolidated statements of operations for the year ended March 31, 2008.

#### b. Finance Leases as a Lessor

The Companies also have a number of lease agreements, primarily for computer equipment, which are renewable upon expiration and mainly cancelable. Lease income earned on such leases in connection with finance leases as described in Note 2.n. was approximately ¥2,674 million (\$27,286 thousand) and ¥2,062 million for the years ended March 31, 2009 and 2008, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, receivables under finance leases, depreciation and interest equivalent of finance leases that do not transfer ownership of the leased property to the lessee for the year ended March 31, 2008 was as follows:

	Millions of Yen 2008			
	Buildings and Structures	Machinery and Equipment	Other	Total
Acquisition cost.....	¥ 8,667	¥ 4,685	¥ 1,017	¥14,369
Accumulated depreciation.....	(2,722)	(2,220)	(209)	(5,151)
Net lease property.....	¥ 5,945	¥ 2,465	¥ 808	¥ 9,218

Receivables under finance leases:

	Millions of Yen 2008
Due within one year .....	¥ 979
Due after one year .....	9,079
Total.....	¥10,058

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

Depreciation and interest equivalent under finance leases were as follows:

	Millions of Yen 2008
Depreciation.....	¥1,225
Interest equivalent.....	1,058

#### c. Operating Leases as a Lessee

The minimum rental commitments under noncancellable operating leases as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year .....	¥10,918	¥15,624	\$111,408
Due after one year.....	56,840	75,759	580,000
Total .....	¥67,758	¥91,383	\$691,408

**d. Operating Leases as a Lessor**

The minimum rental receivables under noncancellable operating leases as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year .....	¥ 9,967	¥12,891	\$101,704
Due after one year.....	67,589	69,433	689,684
<b>Total .....</b>	<b>¥77,556</b>	<b>¥82,324</b>	<b>\$791,388</b>

**16. DERIVATIVES**

The Companies enter into derivative financial instruments (“derivatives”), including principally foreign exchange forward contracts, currency swaps, interest rate swap agreements and contracts for future delivery of equity securities.

The Companies do not hold or issue derivatives for trading or speculative purposes and it is the Companies’ policy to use derivatives only for the purpose of reducing market risks and financing costs in accordance with internal regulations.

Derivative transactions entered into by the Companies, such as interest rate swaps that convert a U.S. dollar floating rate to a 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 rates to floating interest rates. Contracts for future delivery of equity securities are also subject to market risk.

The Companies do not anticipate any losses resulting from default by counterparties, as the counterparties are limited to major domestic or overseas financial institutions.

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

The Companies have the following derivatives contracts outstanding as of March 31, 2009 and 2008:

	Millions of Yen							
	2009				2008			
	Contract / Notional Principal Amount		Fair Value	Unrealized Gain (Loss)	Contract / Notional Principal Amount		Fair Value	Unrealized Gain (Loss)
Within One Year	After One Year	Within One Year			After One Year			
Foreign exchange forward contracts								
Buying:								
U.S. Dollar forward .....	¥ —	¥ —	¥ —	¥ —	¥5,759	¥ —	¥5,176	¥ (583)
Poland Zloty forward.....	263	—	261	(2)	—	—	—	—
STG Pound forward.....	2,635	—	2,691	56	1,846	—	1,847	1
Selling:								
New Taiwan Dollar forward..	1,742	—	1,608	(134)	—	—	—	—
Euro forward.....	837	—	815	(22)	—	—	—	—
Currency swaps								
Buy-Japanese Yen /								
Sell-U.S. Dollar .....	—	—	—	—	1,900	—	(194)	(194)
<b>Total .....</b>	<b>¥5,477</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ (102)</b>	<b>¥9,505</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ (776)</b>

	Thousands of U.S. Dollars			
	2009			
	Contract / Notional Principal Amount		Fair Value	Unrealized Gain (Loss)
Within One Year	After One Year	Within One Year		
Foreign exchange forward contracts				
Buying:				
Poland Zloty forward.....	\$ 2,684	\$ —	\$ 2,663	\$ (21)
STG Pound forward.....	26,888	—	27,459	571
Selling:				
New Taiwan Dollar forward..	17,775	—	16,408	(1,367)
Euro forward.....	8,541	—	8,317	(224)
<b>Total .....</b>	<b>\$55,888</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$(1,041)</b>

Foreign exchange forward contracts and currency swaps that qualify for hedge accounting for the years ended March 31, 2009 and 2008 are excluded from the disclosure of market value information.

## 17. COMMITMENTS AND CONTINGENT LIABILITIES

The Company sold accounts receivable-trade to financial institutions. As of March 31, 2009, accounts receivable-trade amounting to ¥53,721 million (\$548,173 thousand) were excluded from the consolidated balance sheets.

As of March 31, 2009, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥24,178 million (\$246,714 thousand).

## 18. NET (LOSS) INCOME PER SHARE

The basis of calculation of the basic net (loss) income per share ("EPS") for the years ended March 31, 2009 and 2008 was as follows:

	Millions of Yen	Thousand of Shares Weighted Average Shares	Yen	U.S. Dollars
			EPS	
<b>For the year ended March 31, 2009:</b>				
Basic EPS				
Net income attributable to common stockholders.....	¥ (6,297)	1,015,735	¥ (6.20)	\$(0.063)
<b>For the year ended March 31, 2008:</b>				
As restated (Note 1)				
Basic EPS				
Net income attributable to common stockholders.....	¥40,709	1,040,232	¥ 39.13	

## 19. SUBSEQUENT EVENTS

**a. Issuance of Bonds** — The board of directors of the Company resolved at its meeting held on April 14, 2009 to issue corporate bonds with the following terms and conditions.

- i) Amount: Maximum of ¥30,000 million
- ii) Duration: 3 to 10 years
- iii) Issue price: ¥100 for face value of ¥100
- iv) Redemption price: ¥100 for face value of ¥100
- v) Interest payment: At the end of every 3 months or 6 months period
- vi) Redemption schedule: Scheduled repayment or redemption at maturity
- vii) Issue date: On or before September 30, 2009
- viii) Placement of bonds: Private placement

On June 22, 2009, in accordance with the above resolution, the Company issued ¥20,000 million unsecured 1.60% bonds due June 20, 2014.

**b. Appropriation of Retained Earnings** — On June 26, 2009, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥2.50 (\$0.026) per share (final for the year ended March 31, 2009) for a total amount of ¥2,549 million (\$26,010 thousand).

**c. Reduction in Additional Paid-in Capital** — On June 26, 2009, for more flexible and efficient use of equity, the stockholders of the Company approved a reduction in additional paid-in capital by ¥29,000 million (out of ¥49,485 million) and an increase in other capital surplus by ¥29,000 million effective as of August 5, 2009.

## 20. SEGMENT INFORMATION

## a. Business Segments

Business segments are principally composed of the following:

Construction.....	Civil engineering and architectural construction
Real Estate.....	Development and sale of land and buildings
Other.....	Architecture, engineering, financing and any other relevant business

## Year Ended March 31, 2009

	Millions of Yen					
	Construction	Real Estate	Other	Total	Elimination	Consolidated
Revenues:						
Customers .....	¥1,716,109	¥ 125,305	¥ 107,126	¥1,948,540	¥ —	¥1,948,540
Inter-segment .....	5,926	2,059	10,763	18,748	(18,748)	—
<b>Total</b> .....	<b>1,722,035</b>	<b>127,364</b>	<b>117,889</b>	<b>1,967,288</b>	<b>(18,748)</b>	<b>1,948,540</b>
Operating expenses.....	1,718,896	113,432	114,929	1,947,257	(18,413)	1,928,844
Operating income .....	¥ 3,139	¥ 13,932	¥ 2,960	¥ 20,031	¥ (335)	¥ 19,696
Assets .....	¥1,463,204	¥ 479,844	¥ 89,208	¥2,032,256	¥ (146,829)	¥1,885,427
Depreciation.....	9,546	7,414	2,852	19,812	(246)	19,566
Impairment loss.....	921	1,137	5	2,063	—	2,063
Capital expenditures.....	14,207	6,055	3,215	23,477	(331)	23,146

Year Ended March 31, 2008  
As restated (Note 1)

	Millions of Yen					
	Construction	Real Estate	Other	Total	Elimination	Consolidated
Revenues:						
Customers .....	¥1,599,627	¥ 192,432	¥ 101,986	¥1,894,045	¥ —	¥1,894,045
Inter-segment .....	2,589	1,698	16,776	21,063	(21,063)	—
<b>Total</b> .....	<b>1,602,216</b>	<b>194,130</b>	<b>118,762</b>	<b>1,915,108</b>	<b>(21,063)</b>	<b>1,894,045</b>
Operating expenses.....	1,607,257	173,189	117,685	1,898,131	(22,183)	1,875,948
Operating income (loss).....	¥ (5,041)	¥ 20,941	¥ 1,077	¥ 16,977	¥ 1,120	¥ 18,097
Assets .....	¥1,511,160	¥ 521,087	¥ 81,177	¥2,113,424	¥ (195,028)	¥1,918,396
Depreciation.....	8,476	7,306	1,492	17,274	(96)	17,178
Impairment loss.....	446	2,046	478	2,970	—	2,970
Capital expenditures.....	16,434	12,754	5,107	34,295	231	34,526

## Year Ended March 31, 2009

	Thousands of U.S. Dollars					
	Construction	Real Estate	Other	Total	Elimination	Consolidated
Revenues:						
Customers .....	\$17,511,316	\$ 1,278,622	\$ 1,093,123	\$19,883,061	\$ —	\$19,883,061
Inter-segment .....	60,470	21,010	109,826	191,306	(191,306)	—
<b>Total</b> .....	<b>17,571,786</b>	<b>1,299,632</b>	<b>1,202,949</b>	<b>20,074,367</b>	<b>(191,306)</b>	<b>19,883,061</b>
Operating expenses.....	17,539,755	1,157,469	1,172,745	19,869,969	(187,888)	19,682,081
Operating income .....	\$ 32,031	\$ 142,163	\$ 30,204	\$ 204,398	\$ (3,418)	\$ 200,980
Assets .....	\$14,930,653	\$ 4,896,367	\$ 910,286	\$20,737,306	\$ (1,498,255)	\$19,239,051
Depreciation.....	97,408	75,653	29,102	202,163	(2,510)	199,653
Impairment loss.....	9,398	11,602	51	21,051	—	21,051
Capital expenditures.....	144,969	61,786	32,806	239,561	(3,377)	236,184

## b. Geographical Segments

Each area primarily refers to the following countries:

North America .....	U.S.A.
Europe.....	United Kingdom and France
Asia .....	Singapore and Taiwan

Year Ended March 31, 2009		Millions of Yen					
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Revenues:							
Customers.....	¥1,710,406	¥ 144,321	¥ 23,550	¥ 70,263	¥1,948,540	¥ —	¥1,948,540
Inter-segment.....	867	—	9	1	877	(877)	—
<b>Total .....</b>	<b>1,711,273</b>	<b>144,321</b>	<b>23,559</b>	<b>70,264</b>	<b>1,949,417</b>	<b>(877)</b>	<b>1,948,540</b>
Operating expenses .....	1,694,445	145,109	24,005	66,171	1,929,730	(886)	1,928,844
Operating income (loss)...	¥ 16,828	¥ (788)	¥ (446)	¥ 4,093	¥ 19,687	¥ 9	¥ 19,696
Assets.....	¥1,818,938	¥ 142,510	¥ 15,103	¥ 68,816	¥2,045,367	¥ (159,940)	¥1,885,427

Year Ended March 31, 2008 As restated (Note 1)		Millions of Yen					
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Revenues:							
Customers.....	¥1,649,482	¥ 163,812	¥ 25,640	¥ 55,111	¥1,894,045	¥ —	¥1,894,045
Inter-segment.....	1,543	—	8	4	1,555	(1,555)	—
<b>Total .....</b>	<b>1,651,025</b>	<b>163,812</b>	<b>25,648</b>	<b>55,115</b>	<b>1,895,600</b>	<b>(1,555)</b>	<b>1,894,045</b>
Operating expenses .....	1,639,190	158,137	27,925	52,259	1,877,511	(1,563)	1,875,948
Operating income (loss)...	¥ 11,835	¥ 5,675	¥ (2,277)	¥ 2,856	¥ 18,089	¥ 8	¥ 18,097
Assets.....	¥1,805,875	¥ 154,022	¥ 44,273	¥ 81,492	¥2,085,662	¥ (167,266)	¥1,918,396

Year Ended March 31, 2009		Thousands of U.S. Dollars					
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Revenues:							
Customers.....	\$17,453,122	\$ 1,472,663	\$ 240,306	\$ 716,970	\$19,883,061	\$ —	\$19,883,061
Inter-segment.....	8,847	—	92	10	8,949	(8,949)	—
<b>Total .....</b>	<b>17,461,969</b>	<b>1,472,663</b>	<b>240,398</b>	<b>716,980</b>	<b>19,892,010</b>	<b>(8,949)</b>	<b>19,883,061</b>
Operating expenses .....	17,290,255	1,480,704	244,949	675,214	19,691,122	(9,041)	19,682,081
Operating income (loss)...	\$ 171,714	\$ (8,041)	\$ (4,551)	\$ 41,766	\$ 200,888	\$ 92	\$ 200,980
Assets.....	\$18,560,592	\$ 1,454,184	\$ 154,112	\$ 702,204	\$20,871,092	\$ (1,632,041)	\$19,239,051

### c. Overseas Revenues

Each area primarily refers to the following countries:

North America .....	U.S.A.
Europe.....	United Kingdom, The Czech Republic and Poland
Asia .....	Singapore and Taiwan
Other Area.....	Algeria and United Arab Emirates

Year Ended March 31, 2009		Millions of Yen				
	North America	Europe	Asia	Other Area	Total	
Overseas Revenues .....	¥ 144,102	¥ 24,391	¥ 86,899	¥ 141,571	¥ 396,963	
Consolidated Revenues..	—	—	—	—	1,948,540	
Overseas / Consolidated Ratio (%) .....	7.4	1.2	4.5	7.3	20.4	

Year Ended March 31, 2008 As restated (Note 1)		Millions of Yen				
	North America	Europe	Asia	Other Area	Total	
Overseas Revenues .....	¥ 163,862	¥ 26,216	¥ 79,794	¥ 80,700	¥ 350,572	
Consolidated Revenues..	—	—	—	—	1,894,045	
Overseas / Consolidated Ratio (%) .....	8.6	1.4	4.2	4.3	18.5	

Year Ended March 31, 2009		Thousands of U.S. Dollars				
	North America	Europe	Asia	Other Area	Total	
Overseas Revenues .....	\$ 1,470,429	\$ 248,888	\$ 886,724	\$ 1,444,602	\$ 4,050,643	
Consolidated Revenues..	—	—	—	—	19,883,061	



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Kajima Corporation:

We have audited the accompanying consolidated balance sheets of Kajima Corporation (the "Company") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kajima Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 1 to the consolidated financial statements, the accompanying consolidated financial statements and related notes for the year ended March 31, 2008 have been restated to correct a misstatement.

As discussed in Note 19.c to the consolidated financial statements, on June 26, 2009, the stockholders of the Company approved a reduction in additional paid-in capital effective as of August 5, 2009.

Our audits 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 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu*

June 26, 2009