

KAJIMA CORPORATION

The Consolidated and the Non-Consolidated Financial Statements

(For the Period from 1 April 2006 to 30 September 2006)

Financial Highlights

Consolidated

Contract Awards

	1st Half FY2005	1st Half FY2006	Full-Year FY2006 (Projection)
	JPY m	JPY m	JPY m
Contract Awards (Construction)	647,233	766,101	1,530,000

Operating Performance

	1st Half FY2005	1st Half FY2006	Full-Year FY2006 (Projection)
	JPY m	JPY m	JPY m
Revenues	784,494	804,969	1,820,000
Gross Profit	66,970	64,294	156,000
Operating Income	19,463	16,186	58,500
Net Income	3,797	18,556	40,000
Basic Net Income per Share	¥3.61	¥17.65	¥38.05

Assets and Equity

As at	31 Mar 06	30 Sep 06
	JPY m	JPY m
Total Assets	1,905,964	1,881,154
Total Equity	297,921	314,091
Equity / Assets Ratio	15.6%	16.2%
Equity per Share	¥283.05	¥289.92

Cash Flows

	1st Half FY2005	1st Half FY2006
	JPY m	JPY m
Operating Activities	17,557	(47,408)
Investing Activities	(10,564)	30,762
Financing Activities	(11,977)	(13,529)
Cash and Cash Equivalents at the end of the Period	135,223	113,735

Non-Consolidated

Contract Awards

	1st Half FY2005	1st Half FY2006	Full-Year FY2006 (Projection)
	JPY m	JPY m	JPY m
Contract Awards	589,863	655,806	1,330,000

Operating Performance

	1st Half FY2005	1st Half FY2006	Full-Year FY2006 (Projection)
	JPY m	JPY m	JPY m
Revenues	588,826	613,871	1,380,000
Gross Profit	52,655	48,946	119,500
Operating Income	20,765	17,317	54,500
Net Income	2,719	12,689	31,000
Basic Net Income per Share	¥2.58	¥12.02	¥29.37

Assets and Equity

As at	31 Mar 06	30 Sep 06
	JPY m	JPY m
Total Assets	1,547,153	1,550,939
Total Equity	306,671	309,486
Equity / Assets Ratio	19.8%	20.0%
Equity per Share	¥290.49	¥293.25

We will soon release 'Information Package' about the interim results, in which further details, together with historical data, are contained.

Income Statements (Consolidated)

	1st Half FY2005		1st Half FY2006		Change	Full-Year FY2005	
	JPY m	%	JPY m	%	JPY m	JPY m	%
Revenues	784,494	100%	804,969	100%	20,475	1,775,273	100%
Construction Projects	664,238	100%	671,336	100%	7,097	1,512,699	100%
Real Estate and Other	120,255	100%	133,633	100%	13,377	262,574	100%
Cost of Revenues	717,523	91.5%	740,674	92.0%	23,151	1,621,358	91.3%
Construction Projects	615,325	92.6%	624,826	93.1%	9,501	1,397,631	92.4%
Real Estate and Other	102,198	85.0%	115,847	86.7%	13,649	223,726	85.2%
Gross Profit	66,970	8.5%	64,294	8.0%	(2,675)	153,915	8.7%
Construction Projects	48,913	7.4%	46,509	6.9%	(2,403)	115,067	7.6%
Real Estate and Other	18,057	15.0%	17,785	13.3%	(271)	38,848	14.8%
Selling, General and Administrative Expenses	47,507	6.0%	48,108	6.0%	601	98,180	5.6%
Operating Income	19,463	2.5%	16,186	2.0%	(3,277)	55,734	3.1%
Non-Operating Income	6,817	0.9%	8,518	1.1%	1,700	15,609	0.9%
Interest Income	756		1,246		490	1,989	
Dividends Income	2,239		2,190		(48)	4,115	
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	431		1,683		1,251	1,711	
Other	3,390		3,397		7	7,792	
Non-Operating Expenses	7,501	1.0%	6,883	0.9%	(618)	15,989	0.9%
Interest Expense	3,978		4,133		155	8,480	
Foreign Currency Exchange Loss	-		865		865	-	
Other	3,522		1,883		(1,639)	7,508	
Recurring Profit	18,779	2.4%	17,821	2.2%	(958)	55,354	3.1%
Extraordinary Profit	1,015	0.1%	27,608	3.5%	26,593	2,776	0.1%
Gain on Sales of Operating Business, Assets and Other	-		25,835		25,835	-	
Other	1,015		1,772		757	2,776	
Extraordinary Loss	6,605	0.8%	15,070	1.9%	8,465	7,773	0.4%
Valuation Loss on Inventories	-		7,554		7,554	-	
Provision for Loss on Development Projects	-		2,406		2,406	-	
Loss on Investments in Affiliates	-		3,320		3,320	-	
Loss on Restructuring of Business	5,579		-		(5,579)	6,052	
Other	1,025		1,789		764	1,721	
Income before Income Taxes and Minority Interests	13,189	1.7%	30,359	3.8%	17,169	50,357	2.8%
Income Taxes	10,132	1.3%	12,570	1.6%	2,437	26,472	1.5%
Current	4,621		4,691		70	3,644	
Deferred	5,511		7,878		2,367	22,827	
Minority Interests	740	0.1%	768	0.1%	27	(1,378)	(0.0%)
Net Income	3,797	0.5%	18,556	2.3%	14,758	22,506	1.3%

Balance Sheets (Consolidated)

As at	31 Mar 06	30 Sep 06	Change	30 Sep 05
	JPY m	JPY m	JPY m	JPY m
(ASSETS)				
Current Assets	1,132,929	1,129,369	(3,560)	1,067,992
Cash and Cash in Banks	144,895	114,809	(30,086)	136,916
Notes and Accounts Receivable - Trade	468,386	450,145	(18,241)	360,394
Marketable Securities	454	425	(28)	330
Inventories:				
Construction Projects in Progress	115,255	152,856	37,600	151,879
Development Projects in Progress, Real Estate and Other	242,822	238,445	(4,377)	230,339
Deferred Income Taxes	63,188	66,065	2,877	75,467
Other	108,598	112,279	3,680	120,107
Allowance for Doubtful Accounts	(10,672)	(5,657)	5,015	(7,442)
Fixed Assets	773,034	751,784	(21,250)	727,943
Tangible Fixed Assets	344,184	339,481	(4,703)	348,848
Buildings and Structures	133,874	116,807	(17,067)	142,038
Machinery and Equipment	17,176	15,951	(1,225)	16,396
Land	158,357	165,567	7,209	158,030
Other	34,776	41,155	6,379	32,383
Intangible Fixed Assets	12,245	11,379	(866)	11,921
Investments and Other Assets	416,604	400,923	(15,680)	367,173
Investments in Securities	336,114	334,187	(1,927)	266,778
Long-term Loans Receivable	24,237	18,723	(5,513)	27,411
Deferred Income Taxes	5,798	3,081	(2,716)	25,026
Other	77,885	66,574	(11,310)	80,359
Allowance for Doubtful Accounts	(27,431)	(21,643)	5,787	(32,401)
Total Assets	1,905,964	1,881,154	(24,810)	1,795,935

Balance Sheets (Consolidated) - continued

As at	31 Mar 06	30 Sep 06	Change	30 Sep 05
	JPY m	JPY m	JPY m	JPY m
(LIABILITIES)				
Current Liabilities	1,148,318	1,128,400	(19,918)	1,128,189
Notes and Accounts Payable - Trade	538,771	500,471	(38,299)	448,853
Short-term Borrowings	130,607	157,061	26,454	145,474
Commercial Paper	24,000	34,000	10,000	25,000
Current Portion of Bonds	35,808	5,570	(30,238)	52,201
Income Taxes Payable	3,735	7,010	3,274	5,583
Advances Received:				
Construction Projects in Progress	157,249	170,705	13,456	196,218
Development Projects in Progress, Real Estate and Other	63,036	39,574	(23,461)	57,038
Deposits Received	99,388	118,547	19,159	103,681
Allowance for Warranty on Completed Construction Projects	936	1,199	262	887
Allowance for Foreseeable Losses on Construction Projects	4,211	5,118	907	4,319
Liability for Bonuses - Directors	-	145	145	-
Other	90,572	88,994	(1,578)	88,932
Long-Term Liabilities	449,012	438,662	(10,349)	411,835
Bonds Payable	103,402	103,477	74	88,358
Long-term Debt	164,686	146,899	(17,787)	163,448
Deferred Income Taxes	14,193	12,669	(1,524)	32
Deferred Income Taxes on Revaluation of Land	13,958	18,926	4,968	16,065
Liability for Retirement Benefits - Employees	64,252	65,232	979	63,675
Liability for Retirement Benefits - Directors and Corporate Auditors	6,133	1,106	(5,027)	5,891
Allowance for Loss on Development Projects	11,435	11,435	0	11,435
Equity Loss in excess of Investments in and Loans to Unconsolidated Subsidiaries and Affiliates	5,137	8,575	3,437	5,113
Negative Goodwill	-	5	5	-
Other	65,810	70,334	4,523	57,815
Total Liabilities	1,597,330	1,567,062	(30,268)	1,540,025
(EQUITY)				
Owner's Equity		185,681		-
Common Stock		81,447		-
Additional Paid-in Capital		49,485		-
Retained Earnings		56,638		-
Treasury Stock - At cost		(1,889)		-
Valuation and Translation Adjustments		119,121		-
Unrealized Gain on Available-for-sale Securities		92,467		-
Deferred Gain (loss) on Derivatives under Hedge Accounting		(573)		-
Revaluation Surplus of Land		25,660		-
Foreign Currency Translation Adjustments		1,567		-
Minority Interests		9,288		-
Total Equity		314,091		-
Total Liabilities and Equity		1,881,154		-
(MINORITY INTERESTS)				
Minority Interests	10,712			14,578
(STOCKHOLDERS' EQUITY)				
Stockholders' Equity	297,921			241,331
Common Stock	81,447			81,447
Additional Paid-in Capital	49,485			49,485
Retained Earnings	48,745			30,547
Revaluation Surplus of Land	18,361			21,003
Unrealized Gain on Available-for-sale Securities	98,748			60,426
Foreign Currency Translation Adjustments	2,785			(21)
Treasury Stock - At cost	(1,651)			(1,555)
Total Liabilities, Minority Interests and Stockholders' Equity	1,905,964			1,795,935

Cash Flow Statements (Consolidated)

	1st Half	1st Half	Full-Year
	FY2005	FY2006	FY2005
	JPY m	JPY m	JPY m
OPERATING ACTIVITIES			
Income before Income Taxes and Minority Interests	13,189	30,359	50,357
Adjustments for:			
Depreciation and Amortization	8,906	8,044	17,884
Loss on Impairment of Long-lived Assets	-	1,056	-
Provision for Doubtful Accounts	2,229	1,268	3,056
Increase (Decrease) in Liability for Retirement Benefits	654	979	1,232
Increase (Decrease) in Liability for Retirement Benefits - Directors and Corporate Auditors	78	(1,410)	321
Interest and Dividends	(2,995)	(3,437)	(6,104)
Interest Expense	3,978	4,133	8,480
Foreign Currency Exchange Loss (Gain)	(485)	(1,129)	(1,742)
Equity in earnings of Unconsolidated Subsidiaries and Affiliates	(431)	(1,683)	(1,711)
Loss (Gain) on Sales or Disposals of Property and Equipment - Net	650	(1,263)	785
Gain on Sales of Operating Business, Assets and Other	-	(25,835)	-
Loss on Investments in Affiliates	-	3,320	-
Increase (Decrease) in Allowance for Loss on Development Projects	(9,004)	-	(9,004)
(Increase) Decrease in Receivables	98,503	16,988	(9,877)
(Increase) Decrease in Inventories - Construction Projects in Progress	(4,332)	(37,117)	32,369
(Increase) Decrease in Other Inventories	(36,313)	(8,867)	(35,305)
Increase (Decrease) in Payables	(74,440)	(37,685)	10,390
Increase (Decrease) in Advances Received	14,895	(9,962)	(17,769)
Increase (Decrease) in Deposits Received	15,799	20,355	12,685
Other	(8,790)	(4,045)	5,343
Sub-total	22,091	(45,932)	61,391
Interest and Dividends Received	3,202	3,529	6,152
Interest Paid	(4,013)	(4,265)	(8,553)
Income Taxes - Paid	(3,723)	(739)	(5,588)
Net Cash provided by (used in) Operating Activities	17,557	(47,408)	53,402
INVESTING ACTIVITIES			
Payment for Purchases of Marketable and Investment Securities	(7,137)	(10,142)	(13,201)
Proceeds from Sales and Redemption of Marketable and Investment Securities	2,704	3,500	8,313
Payment for Purchases of Property and Equipment	(8,279)	(24,497)	(19,701)
Proceeds from Sales of Property and Equipment	1,660	3,861	3,597
Increase in Cash and Cash Equivalents of Subsidiaries Included in Consolidation	535	-	535
Disbursements for Loans	(2,918)	(1,509)	(7,282)
Proceeds from Collection of Loans	4,015	1,864	12,540
Proceeds from Sales of Operating Business, Assets and Other	-	57,821	-
Other - Net	(1,145)	(135)	353
Net Cash provided by (used in) Investing Activities	(10,564)	30,762	(14,844)
FINANCING ACTIVITIES			
Increase (Decrease) in Short-term Borrowings	10,557	6,033	221
Net Repayment of Commercial Paper	(1,000)	10,000	(2,000)
Proceeds from Issuance of Long-term Debt	40,268	25,656	34,362
Repayment of Long-term Debt	(47,624)	(21,768)	(48,024)
Proceeds from Issuance of Bonds	12,840	-	43,827
Redemption of Bonds	(23,184)	(30,128)	(57,295)
Cash Dividends Paid	(3,678)	(3,151)	(6,830)
Other - Net	(157)	(171)	(260)
Net Cash provided by (used in) Financing Activities	(11,977)	(13,529)	(35,999)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	611	52	1,702
Net Increase (Decrease) in Cash and Cash Equivalents	(4,373)	(30,123)	4,261
Cash and Cash Equivalents - Beginning of the Period	139,597	143,858	139,597
Cash and Cash Equivalents - End of the Period	135,223	113,735	143,858

Income Statements (Non-Consolidated)

	1st Half FY2005		1st Half FY2006		Change	Full-Year FY2005	
	JPY m	%	JPY m	%	JPY m	JPY m	%
Revenues	588,826	100%	613,871	100%	25,044	1,341,282	100%
Construction Projects	550,328	100%	555,929	100%	5,601	1,256,777	100%
Real Estate and Other	38,497	100%	57,941	100%	19,443	84,504	100%
Cost of Revenues	536,170	91.1%	564,925	92.0%	28,754	1,218,252	90.8%
Construction Projects	501,632	91.2%	510,990	91.9%	9,358	1,141,800	90.9%
Real Estate and Other	34,538	89.7%	53,934	93.1%	19,395	76,452	90.5%
Gross Profit	52,655	8.9%	48,946	8.0%	(3,709)	123,029	9.2%
Construction Projects	48,696	8.8%	44,939	8.1%	(3,757)	114,977	9.1%
Real Estate and Other	3,959	10.3%	4,006	6.9%	47	8,051	9.5%
Selling, General and Administrative Expenses	31,890	5.4%	31,629	5.2%	(260)	65,513	4.9%
Operating Income	20,765	3.5%	17,317	2.8%	(3,448)	57,516	4.3%
Non-Operating Income	4,620	0.8%	5,487	0.9%	867	7,860	0.6%
Interest Income	162		173		10	481	
Dividends Income	3,042		2,518		(524)	4,892	
Foreign Currency Exchange Gain	553		1,333		780	1,076	
Other	861		1,462		601	1,411	
Non-Operating Expenses	5,637	0.9%	3,851	0.6%	(1,786)	10,631	0.8%
Interest Expense	1,552		1,677		125	3,096	
Interest Expense on Bonds	901		732		(168)	1,780	
Provision for Doubtful Accounts	2,069		414		(1,655)	3,632	
Other	1,113		1,025		(87)	2,122	
Recurring Profit	19,748	3.4%	18,953	3.1%	(794)	54,745	4.1%
Extraordinary Profit	587	0.1%	26,767	4.3%	26,179	1,924	0.1%
Liquidation Dividend on a Consolidated Subsidiary	-		25,168		25,168	-	
Other	587		1,598		1,010	1,924	
Extraordinary Loss	15,366	2.7%	22,929	3.7%	7,563	21,835	1.6%
Valuation Loss on Investment Securities	9,646		826		(8,820)	9,882	
Valuation Loss on Inventories	-		7,398		7,398	-	
Provision for Loss on Investments in Subsidiaries and Affiliates	4,951		8,107		3,155	10,767	
Other	767		6,598		5,830	1,185	
Income before Income Taxes	4,970	0.8%	22,791	3.7%	17,820	34,834	2.6%
Income Taxes							
Current	3,377		74		(3,303)	930	
Deferred	(1,126)		10,027		11,153	15,319	
Net Income	2,719	0.5%	12,689	2.1%	9,970	18,584	1.4%
Unappropriated Retained Earnings - Prior	6,413					6,413	
Transfer of Revaluation Surplus of Land	57					3,153	
Interim Cash Dividends Paid	-					3,166	
Unappropriated Retained Earnings	9,189					24,984	

Balance Sheets (Non-Consolidated)

As at	31 Mar 06	30 Sep 06	Change	30 Sep 05
	JPY m	JPY m	JPY m	JPY m
(ASSETS)				
Current Assets	869,112	857,680	(11,432)	832,759
Cash and Cash in Banks	102,144	66,464	(35,679)	100,800
Notes Receivable - Trade	14,921	20,413	5,492	11,349
Accounts Receivable - Trade	358,921	349,368	(9,553)	268,220
Inventories:				
Real Estate for Sale	38,596	32,224	(6,371)	42,728
Construction Projects in Progress	76,644	108,920	32,275	108,228
Development Projects in Progress and Other	119,546	116,552	(2,994)	117,143
Deferred Income Taxes	61,545	64,389	2,844	73,840
Other	104,225	101,880	(2,345)	114,376
Allowance for Doubtful Accounts	(7,433)	(2,534)	4,899	(3,928)
Fixed Assets	678,041	693,259	15,218	639,956
Tangible Fixed Assets	222,222	234,017	11,794	222,361
Land	138,236	147,717	9,480	137,945
Other	83,986	86,300	2,314	84,416
Intangible Fixed Assets	8,122	7,807	(315)	8,522
Investments and Other Assets	447,695	451,434	3,738	409,072
Investments in Securities	360,877	356,744	(4,133)	293,985
Long-term Loans Receivable	32,905	44,776	11,871	32,707
Deferred Income Taxes	21,834	18,408	(3,426)	53,927
Other	59,853	48,655	(11,198)	60,605
Allowance for Doubtful Accounts	(27,775)	(17,149)	10,625	(32,152)
Total Assets	1,547,153	1,550,939	3,786	1,472,716

Balance Sheets (Non-Consolidated) - continued

As at	31 Mar 06	30 Sep 06	Change	30 Sep 05
	JPY m	JPY m	JPY m	JPY m
(LIABILITIES)				
Current Liabilities	918,846	898,358	(20,488)	920,538
Notes Payable - Trade	3,419	2,202	(1,216)	4,126
Accounts Payable - Trade	426,848	401,419	(25,428)	344,969
Short-term Borrowings	78,973	78,184	(788)	89,610
Commercial Paper	24,000	34,000	10,000	25,000
Current portion of Bonds	10,000	-	(10,000)	40,000
Income Tax Payable	1,859	1,117	(741)	4,089
Advances received:				
Construction Projects in Progress	141,403	147,564	6,161	180,864
Development Projects in Progress and Other	61,036	36,337	(24,699)	53,934
Deposits Received	102,412	126,130	23,717	114,049
Allowance for Warranty on Completed Construction Projects	760	989	229	740
Allowance for Foreseeable Losses on Construction Projects	4,000	4,780	780	4,060
Liability for Bonuses - Directors	-	59	59	-
Other	64,132	65,572	1,440	59,092
Long-term Liabilities	321,636	343,095	21,459	296,068
Bonds Payable	85,000	85,000	-	65,000
Long-term Debt	90,178	98,730	8,552	86,711
Deferred Income Taxes on Revaluation of Land	12,197	17,165	4,968	14,304
Liability for Retirement Benefits - Employees	56,148	57,365	1,216	55,073
Liability for Retirement Benefits - Directors and Corporate Auditors	4,943	-	(4,943)	4,822
Allowance for Loss on Development Projects	5,904	5,904	-	5,904
Allowance for Loss on Investments in Subsidiaries and Affiliates	17,863	25,970	8,107	15,359
Other	49,400	52,959	3,558	48,891
Total Liabilities	1,240,482	1,241,453	970	1,216,607
(EQUITY)				
Owner's Equity		192,890		
Common Stock		81,447		
Additional paid-in Capital		49,485		
Additional paid-in Capital		49,485		
Retained Earnings		62,707		
Retained Earnings		62,707		
Special Depreciation Reserve		206		
Advanced Depreciation Reserve		10,768		
Other Reserve		38,997		
Unappropriated		12,736		
Treasury Stock - At cost		(749)		
Valuation and Translation Adjustments		116,595		
Unrealized Gain on Available-for-sale Securities		91,833		
Deferred Gain (loss) on Derivatives under Hedge Accounting		(455)		
Revaluation Surplus of Land		25,217		
Total Equity		309,486		
Total Liabilities and Equity		1,550,939		
(STOCKHOLDERS' EQUITY)				
Stockholders' Equity	306,671			256,108
Common Stock	81,447			81,447
Additional paid-in Capital	49,485			49,485
Additional Paid-in Capital	49,485			49,485
Retained Earnings	60,548			44,754
Reserve	35,564			35,564
Unappropriated	24,984			9,189
Revaluation surplus of land	17,919			21,015
Unrealized Gain on Available-for-sale Securities	97,953			59,993
Treasury Stock - At cost	(682)			(586)
Total Liabilities and Stockholders' Equity	1,547,153			1,472,716