

KAJIMA CORPORATION

Consolidated Financial and Operating Results as at the end of the 3rd Quarter / FY2007 (31 December 2007)

1. Summary of Operating Results (consolidated) Q1-3/FY2007 (1 April - 31 December 2007)

(1) Operating Results (consolidated)

	Revenues		Operating Income		Recurring Profit		Net Income	
	¥ Mil	%	¥ Mil	%	¥ Mil	%	¥ Mil	%
Q1-3 / FY'07	1,220,010	(2.3)	6,174	(80.3)	15,436	(56.3)	20,703	(29.2)
Q1-3 / FY'06	1,248,693	-	31,332	-	35,306	-	29,262	-
Full-Year / FY'06	1,891,465		55,515		58,713		41,439	

#: Representing increase (decrease) from Q1-3 / FY2006

	Basic Net Income per Share
	¥
Q1-3 / FY'07	19.75
Q1-3 / FY'06	27.83
Full-Year / FY'06	39.41

(2) Assets and Equity (consolidated)

As at	Assets	Equity	Equity/Assets Ratio	Equity per Share
	¥ Mil	¥ Mil	%	¥
31 Dec '07	2,049,544	307,791	14.6	294.44
31 Dec '06	1,994,799	326,657	15.9	302.22
31 Mar '07	2,107,222	352,274	16.2	325.11

2. Forecasts of Operating Results (consolidated / non-consolidated) Full-year FY2007 (1 April 2007 - 31 March 2008)

	Revenues		Operating Income		Recurring Profit		Net Income	
	¥ Mil	%	¥ Mil	%	¥ Mil	%	¥ Mil	%
Consolidated	1,850,000	(2.2)	17,000	(69.4)	27,000	(54.0)	27,000	(34.8)
Non-consolidated	1,400,000	(3.1)	9,000	(82.4)	13,000	(75.0)	500	(98.3)

#: Representing increase (decrease) from Full-year / FY2006

	Basic Net Income per Share
	¥
Consolidated	25.96
Non-consolidated	0.48

Attention:

Projections contained herein are based on information available as at the date of this announcement, and are subject to risks and uncertainties that may cause the actual results to vary.

Qualitative Information/Financial Statements etc.

1. Operating Results (consolidated)

The Japanese economy maintained its gradual recovery during the first 3 quarters of the current financial year (Q1-3/FY2007) against a backdrop of expanding private-sector capital investment, underpinned by the improvement in corporate earnings. The outlook for the Japanese economy, however, remains uncertain due to such factors as rising prices of crude oil and other raw materials, and increasing risks of economic downturn in the U.S. triggered by the prevailing subprime crisis.

In the Japanese construction market, despite the firm private-sector investment trend, the business environment remained tough on the whole, as a result of 1) escalating material, labour, and other construction costs, 2) persisting price competition, and 3) the enactment of revised Building Standard Law.

In this business environment, our operating performance during the first 3 quarters progressed as below;

- Revenues totalled over ¥1,220 billion, down 2.3% from the equivalent period during the previous year.
- Operating income dropped 80.3% to about ¥6.1 billion, and recurring profit slid 56.3% to approximately ¥15.4 billion, both principally due to a decline in gross profit of the parent company.
- Net income ended up a fall of 29.2% to about ¥20.7 billion in spite of Gain on Sales of Marketable and Investment Securities, posted by an overseas subsidiary, and other extraordinary profit in the total amount of ¥19.8 billion.

Due to the seasonality of our mainstay Japanese construction business that completions of construction works are concentrated mainly on Q4, operating results during Q1-3 tend to progress slowly toward the annual projection.

2. Change of Assets and Equity (consolidated)

Assets decreased by more than ¥57.6 billion from the end of the last financial year to about ¥2,049.5 billion as at 31 December 2007. Liabilities also decreased by over ¥13.1 billion to ¥1,741.7 billion. These are primarily attributable to the business seasonality, by which both recovery of receivables and disbursement of payables progressed during the period under review.

Equity shrank by about ¥44.4 billion to over ¥307.7 billion, caused mainly by a decrease in Unrealized Gain on Available-for-sale Securities. Consequently, the equity/assets ratio dropped to 14.6%, down 1.6 percentage points from the end of the last financial year.

3. Forecasts of Operating Results (FY2007)

No revisions have been made to our forecasts of full-year operating results both on a consolidated and a non-consolidated basis, which we announced on 13 November 2007.

The result of treasury stock acquisition, which the parent company made in accordance with its board resolution on 13 November 2007, is reflected in the calculation of basic net income per share for the full-year.

Consolidated Balance Sheet (condensed)

as at 31 December 2007

As at	31 December '06		31 December '07		31 March '07		Change
	¥ Mil	%	¥ Mil	%	¥ Mil	%	¥ Mil
(ASSETS)							
Current Assets	1,244,203	62.4%	1,307,352	63.8%	1,322,928	62.8%	(15,575)
Cash and Cash in Banks	108,352		110,547		158,951		(48,404)
Notes and Accounts Receivable - Trade	516,330		534,666		630,044		(95,377)
Marketable Securities	290		293		298		(4)
Inventories:							
Construction Projects in Progress	174,785		168,322		106,009		62,313
Development Projects in Progress, Real Estate and Other	253,305		284,248		229,542		54,705
Deferred Income Taxes	62,212		64,773		65,750		(976)
Other	134,621		149,459		137,618		11,840
Allowance for Doubtful Accounts	(5,694)		(4,958)		(5,286)		327
Fixed Assets	750,596	37.6%	742,191	36.2%	784,293	37.2%	(42,101)
Tangible Fixed Assets	338,719		344,076		343,195		880
Buildings and Structures	114,194		125,806		112,806		12,999
Machinery and Equipment	15,636		15,773		16,505		(731)
Land	165,014		194,743		164,883		29,860
Other	43,875		7,754		49,001		(41,247)
Intangible Fixed Assets	10,346		13,352		10,583		2,768
Investments and Other Assets	401,529		384,762		430,514		(45,751)
Investments in Securities	345,121		310,408		370,145		(59,737)
Long-term Loans Receivable	17,521		29,541		16,987		12,554
Deferred Income Taxes	2,826		2,893		4,897		(2,003)
Other	56,605		55,396		57,328		(1,932)
Allowance for Doubtful Accounts	(20,544)		(13,477)		(18,845)		5,367
Total Assets	1,994,799	100.0%	2,049,544	100.0%	2,107,222	100.0%	(57,677)

As at	31 December '06		31 December '07		31 March '07		Change
	¥ Mil	%	¥ Mil	%	¥ Mil	%	¥ Mil
(LIABILITIES)							
Current Liabilities	1,228,009	61.5%	1,367,739	66.7%	1,318,243	62.6%	49,495
Notes and Accounts Payable - Trade	530,149		528,210		628,263		(100,053)
Short-term Borrowings	202,988		196,235		155,323		40,912
Commercial Paper	70,000		205,000		50,000		155,000
Current Portion of Bonds	17,156		25,997		28,178		(2,181)
Income Taxes Payable	2,881		3,401		14,309		(10,908)
Advance Received:							
Construction Projects in Progress	177,668		175,434		166,605		8,828
Development Projects in Progress, Real Estate and Other	38,839		41,144		35,253		5,891
Allowance for Warranty on Completed Construction Projects	1,188		1,730		1,318		412
Allowance for Foreseeable Losses on Construction Projects	6,781		14,295		8,613		5,682
Liabilities for Bonuses - Directors	217		94		176		(81)
Other	180,138		176,195		230,199		(54,004)
Long-Term Liabilities	440,133	22.1%	374,014	18.3%	436,704	20.7%	(62,690)
Bonds Payable	86,864		61,216		76,355		(15,138)
Long-term Debt	156,918		138,663		154,001		(15,338)
Deferred Income Taxes on Revaluation of Land	19,824		20,647		19,799		847
Liability for Retirement Benefits - Employees	65,531		64,434		65,348		(914)
Allowance for Loss on Development Projects	11,435		7,662		11,435		(3,772)
Equity Loss in excess of Investments in and Loans to Unconsolidated Subsidiaries and Affiliates	6,508		4,656		6,408		(1,752)
Other	93,049		76,732		103,354		(26,621)
Total Liabilities	1,668,142	83.6%	1,741,753	85.0%	1,754,947	83.3%	(13,194)
(EQUITY)							
Owners' Equity	191,871	9.6%	205,250	10.0%	204,035	9.7%	1,215
Common Stock	81,447	4.1%	81,447	4.0%	81,447	3.9%	-
Additional Paid-in Capital	49,485	2.5%	49,485	2.4%	49,485	2.3%	-
Retained Earnings	62,883	3.1%	87,305	4.2%	75,095	3.6%	12,210
Treasury Stock - At cost	(1,944)	(0.1%)	(12,987)	(0.6%)	(1,992)	(0.1%)	(10,994)
Valuation and Translation Adjustments	125,826	6.3%	94,905	4.6%	137,703	6.5%	(42,798)
Unrealized Gain on Available-for-sale Securities	97,985	4.9%	72,182	3.5%	110,725	5.2%	(38,543)
Deferred Gain (Loss) on Derivatives under Hedge Accounting	(503)	(0.0%)	(636)	(0.0%)	(310)	(0.0%)	(326)
Revaluation Surplus of Land	26,979	1.3%	26,003	1.2%	26,943	1.3%	(939)
Foreign Currency Translation Adjustments	1,364	0.1%	(2,644)	(0.1%)	345	0.0%	(2,989)
Minority Interests	8,960	0.5%	7,635	0.4%	10,535	0.5%	(2,900)
Total Equity	326,657	16.4%	307,791	15.0%	352,274	16.7%	(44,482)
Total Liabilities and Equity	1,994,799	100.0%	2,049,544	100.0%	2,107,222	100.0%	(57,677)

Consolidated Income Statement (condensed)

Q1-3 / FY2007 (1 April - 31 December 2007)

	Q1-3 / FY2006 (1 Apr - 31 Dec '06)		Q1-3 / FY2007 (1 Apr - 31 Dec '07)		Change ¥ Mil	Full-Year / FY2006 (1 Apr '06 - 31 Mar '07)	
	¥ Mil	%	¥ Mil	%		¥ Mil	%
Revenues	1,248,693	100.0%	1,220,010	100.0%	(28,683)	1,891,465	100.0%
Construction	1,043,703	100.0%	1,085,785	100.0%	42,081	1,583,145	100.0%
Real Estate and Other	204,990	100.0%	134,225	100.0%	(70,764)	308,320	100.0%
Cost of Revenues	1,147,096	91.9%	1,144,336	93.8%	(2,760)	1,737,426	91.9%
Construction	976,549	93.6%	1,029,955	94.9%	53,406	1,480,483	93.5%
Real Estate and Other	170,547	83.2%	114,380	85.2%	(56,166)	256,942	83.3%
Gross Profit	101,597	8.1%	75,673	6.2%	(25,923)	154,039	8.1%
Construction	67,154	6.4%	55,829	5.1%	(11,325)	102,662	6.5%
Real Estate and Other	34,442	16.8%	19,844	14.8%	(14,598)	51,377	16.7%
Selling, General and Administrative Expenses	70,264	5.6%	69,499	5.7%	(764)	98,523	5.2%
Operating Income	31,332	2.5%	6,174	0.5%	(25,158)	55,515	2.9%
Non-Operating Income	13,344	1.1%	19,479	1.6%	6,135	18,624	1.0%
Interest Income	1,929		2,179		250	2,763	
Dividends Income	3,376		4,140		764	3,729	
Other	8,038		13,159		5,121	12,131	
Non-Operating Expenses	9,370	0.8%	10,217	0.8%	847	15,425	0.8%
Interest Expense	6,309		6,487		178	8,688	
Other	3,060		3,729		669	6,737	
Recurring Profit	35,306	2.8%	15,436	1.3%	(19,870)	58,713	3.1%
Extraordinary Profit	29,977	2.4%	19,878	1.6%	(10,099)	30,592	1.6%
Gain on Sales of Marketable and Investment Securities	174		12,523		12,349	422	
Gain on Sales of Operating Business, Assets and Others	26,432		-		(26,432)	26,703	
Other	3,371		7,355		3,983	3,466	
Extraordinary Loss	15,501	1.2%	13,215	1.1%	(2,285)	16,255	0.8%
Income before Income Taxes and Minority Interests	49,783	4.0%	22,099	1.8%	(27,683)	73,050	3.9%
Income Taxes	21,813	1.8%	1,427	0.1%	(20,385)	31,107	1.7%
Minority Interests	1,291	0.1%	31	0.0%	(1,260)	(503)	(0.0%)
Net Income	29,262	2.3%	20,703	1.7%	(8,558)	41,439	2.2%

Non-Consolidated Balance Sheet (condensed)
as at 31 December 2007

As at	31 December '06		31 December '07		31 March '07		Change ¥ Mil
	¥ Mil	%	¥ Mil	%	¥ Mil	%	
(ASSETS)							
Current Assets	955,582	58.2%	999,211	59.5%	1,043,857	59.9%	(44,646)
Cash and Cash in Banks	65,715		66,443		118,915		(52,472)
Notes Receivable - Trade	32,207		20,402		17,537		2,865
Accounts Receivable - Trade	401,776		411,980		488,599		(76,619)
Inventories:							
Real Estate for Sale	32,434		35,388		34,637		751
Construction Projects in Progress	120,651		131,672		91,905		39,767
Development Projects in Progress and Other	120,186		132,485		98,385		34,100
Other	185,157		202,657		196,002		6,654
Allowance for Doubtful Accounts	(2,547)		(1,818)		(2,125)		306
Fixed Assets	685,459	41.8%	679,479	40.5%	698,090	40.1%	(18,611)
Tangible Fixed Assets	232,647		233,924		234,374		(450)
Land	147,047		146,720		146,882		(161)
Other	85,600		87,203		87,492		(289)
Intangible Fixed Assets	6,718		7,590		6,867		723
Investments and Other Assets	446,093		437,964		456,847		(18,883)
Investment in Securities	366,875		337,475		391,359		(53,883)
Other	95,343		111,049		81,158		29,891
Allowance for Doubtful Accounts	(16,124)		(10,561)		(15,670)		5,108
Total Assets	1,641,041	100.0%	1,678,690	100.0%	1,741,948	100.0%	(63,257)

As at	31 December '06		31 December '07		31 March '07		Change
	¥ Mil	%	¥ Mil	%	¥ Mil	%	¥ Mil
(LIABILITIES)							
Current Liabilities	987,987	60.2%	1,098,018	65.4%	1,084,999	62.3%	13,018
Notes Payable - Trade	3,878		2,926		4,007		(1,081)
Accounts Payable - Trade	421,806		418,884		514,144		(95,259)
Short-term Borrowings	117,204		105,144		80,142		25,001
Commercial Paper	70,000		205,000		50,000		155,000
Current Portion of Bonds	15,000		10,000		25,000		(15,000)
Advances Received:							
Construction Projects in Progress	147,424		143,311		143,133		178
Deposits Received	107,887		109,545		144,205		(34,659)
Allowance for Warranty on Completed Construction Projects	976		1,318		1,016		302
Allowance for Foreseeable Losses on Construction Projects	6,450		13,930		8,290		5,640
Liability for Bonuses - Directors	88		-		-		-
Other	97,271		87,957		115,060		(27,103)
Long-Term Liabilities	331,146	20.2%	299,847	17.9%	315,691	18.1%	(15,843)
Bonds Payable	70,000		60,000		60,000		-
Long-term Debt	99,494		85,975		95,702		(9,727)
Liability for Retirement Benefits - Employees	57,576		57,419		57,585		(165)
Allowance for Loss on Development Projects	5,904		5,904		5,904		-
Allowance for Loss on Investments in Subsidiaries and Affiliates	27,134		18,147		26,366		(8,219)
Other	71,036		72,401		70,133		2,268
Total Liabilities	1,319,134	80.4%	1,397,866	83.3%	1,400,691	80.4%	(2,825)
(EQUITY)							
Owner's Equity	198,462	12.1%	184,031	10.9%	205,114	11.8%	(21,083)
Common Stock	81,447		81,447		81,447		-
Additional Paid-in Capital	49,485		49,485		49,485		-
Additional Paid-in Capital	49,485		49,485		49,485		-
Retained Earnings	68,334		64,946		75,035		(10,088)
Retained Earnings	68,334		64,946		75,035		(10,088)
Treasury Stock - At cost	(804)		(11,847)		(853)		(10,994)
Valuation and Translation Adjustments	123,444	7.5%	96,793	5.8%	136,142	7.8%	(39,349)
Unrealized Gain on Available-for-sale Securities	97,360		71,821		110,064		(38,242)
Deferred Gain (Loss) on Derivatives under Hedge Accounting	(453)		(631)		(422)		(208)
Revaluation Surplus of Land	26,537		25,603		26,500		(897)
Total Equity	321,907	19.6%	280,824	16.7%	341,257	19.6%	(60,432)
Total Liabilities and Equity	1,641,041	100.0%	1,678,690	100.0%	1,741,948	100.0%	(63,257)

Non-Consolidated Income Statement (condensed)

Q1-3 / FY2007 (1 April - 31 December 2007)

	Q1-3 / FY2006 (1 Apr - 31 Dec '06)		Q1-3 / FY2007 (1 Apr - 31 Dec '07)		Change ¥ Mil	Full-Year / FY2006 (1 Apr '06 - 31 Mar '07)	
	¥ Mil	%	¥ Mil	%		¥ Mil	%
Revenues	962,584	100.0%	898,862	100.0%	(63,722)	1,444,925	100.0%
Construction	864,520	100.0%	873,443	100.0%	8,922	1,298,154	100.0%
Real Estate and Other	98,064	100.0%	25,419	100.0%	(72,645)	146,771	100.0%
Cost of Revenues	882,841	91.7%	852,630	94.9%	(30,211)	1,328,554	91.9%
Construction	801,741	92.7%	832,380	95.3%	30,638	1,205,455	92.9%
Real Estate and Other	81,099	82.7%	20,249	79.7%	(60,850)	123,098	83.9%
Gross Profit	79,743	8.3%	46,232	5.1%	(33,511)	116,371	8.1%
Construction	62,778	7.3%	41,062	4.7%	(21,716)	92,698	7.1%
Real Estate and Other	16,964	17.3%	5,169	20.3%	(11,795)	23,672	16.1%
Selling, General and Administrative Expenses	46,818	4.9%	48,390	5.3%	1,571	65,305	4.6%
Operating Income (Loss)	32,925	3.4%	(2,157)	(0.2%)	(35,083)	51,065	3.5%
Non-Operating Income	9,436	1.0%	11,302	1.2%	1,866	11,040	0.8%
Non-Operating Expenses	5,954	0.6%	6,405	0.7%	450	10,037	0.7%
Recurring Profit	36,407	3.8%	2,739	0.3%	(33,667)	52,068	3.6%
Extraordinary Profit	28,523	3.0%	10,381	1.2%	(18,141)	28,749	2.0%
Extraordinary Loss	24,507	2.6%	12,659	1.4%	(11,847)	25,363	1.8%
Income before Income Taxes	40,423	4.2%	461	0.1%	(39,961)	55,455	3.8%
Income Taxes	17,621	1.8%	2,633	0.3%	(14,988)	25,989	1.8%
Net Income (Loss)	22,801	2.4%	(2,171)	(0.2%)	(24,973)	29,465	2.0%

Supplementary Information: Non-Consolidated Contract Awards

(1) Contract Awards (non-consolidated)

	Quarter 1-3	
	Amount	Change
	¥ Mil	%
FY2007	1,005,567	12.1
FY2006	896,985	1.8

%: Representing increase from the same period of the previous year.

Breakdown of Non-Consolidated Contract Awards

	Q1-3 FY2006	Q1-3 FY2007	Change	
	¥ Mil	¥ Mil	¥ Mil	%
Civil Engineering				
Domestic - Public	55,191	35,643	(19,548)	(35.4)
Domestic - Private	61,979	92,141	30,161	48.7
Overseas	152,233	50,378	(101,855)	(66.9)
Sub-total	269,405	178,163	(91,242)	(33.9)
Building Construction				
Domestic - Public	24,280	20,114	(4,166)	(17.2)
Domestic - Private	537,052	762,715	225,663	42.0
Overseas	1,031	63	(967)	(93.8)
Sub-total	562,363	782,892	220,529	39.2
Construction Total				
Domestic - Public	79,472	55,757	(23,714)	(29.8)
Domestic - Private	599,031	854,856	255,824	42.7
Overseas	153,264	50,441	(102,823)	(67.1)
Sub-total	831,768	961,056	129,287	15.5
Real Estate and Other	65,216	44,511	(20,704)	(31.7)
Grand Total	896,985	1,005,567	108,582	12.1

(2) Forecast of Contract Awards (non-consolidated)

	Full-Year	
	Amount	Change
	¥ Mil	%
FY2007 (Forecast)	1,285,000	(7.4)
FY2006 (Actual)	1,387,864	1.0

%: Representing increase (decrease) from the previous year.

- The increase in the construction contract awards from the same period of previous financial year was primarily due to an increase in awards from the domestic non-manufacturing industry.
- No revisions have been made to our forecasts of non-consolidated full-year contract awards, which we announced on 13 November 2007.

Attention:

Projections contained herein are based on information available as at the date of this announcement, and are subject to risks and uncertainties that may cause the actual results to vary.

For enquiries, please contact:

Office of Investor Relations, Corporate Management Department at ir@ml.kajima.com

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