KAJIMA

Annual Report 2010

For the fiscal year ended March 31, 2010

Creating Value through Environmental Leadership

"As a group of individuals working together as one, we pursue creative progress and development founded on both rational, scientific principles and a humanitarian outlook, through which we strive to continually advance our business operations and contribute to society."

Profile

The Kajima Group is one of Japan's largest general contractors. Established in 1840 and headquartered in Tokyo, the Kajima Group has more than 15,000 employees serving customers in over 20 countries. For the fiscal year ended March 31, 2010, consolidated revenues totaled ¥1,637 billion (U.S.$17.6 billion).

Customer satisfaction is a priority. In our core building construction, civil engineering and real estate development operations, we use our comprehensive capabilities in every area and phase of our business activities to provide total solutions. Our broad technical expertise underpins our comprehensive capabilities. We consistently develop innovative technologies that help us add value to our products and earn customer satisfaction.

Committed to global corporate citizenship, we emphasize ethical operations, compliance and corporate social responsibility in continually working to earn the trust and respect of all stakeholders.

Forward-Looking Statements

This Annual Report includes forward-looking statements that represent Kajima's assumptions and expectations in light of information available as of May 13, 2010. These statements reflect industry trends, customer's situations and other factors, and involve risks and uncertainties that may cause actual performance results to differ from those discussed in the forward-looking statements in accordance with changes in the domestic and overseas business environment.

Contents

Financial Highlights (Consolidated and Non-Consolidated)

For the years ended March 31, 2010 and 2009

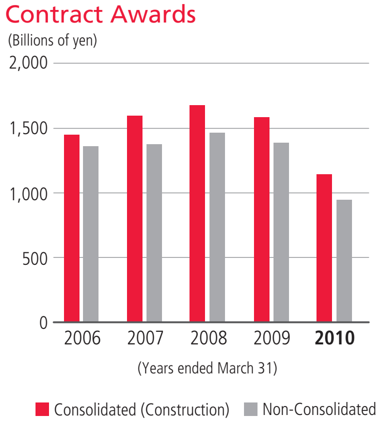
	2010	2009	2010
	(Millions of Yen)		(Thousands of U.S. Dollars)
Consolidated:			
Revenues	¥1,637,362	¥1,948,540	$17,606,043
Operating Income (Loss)	(6,762)	19,696	(72,710)
Net Income (Loss)	13,226	(6,297)	142,215
Total Assets	1,796,865	1,885,427	19,321,129
Total Equity	262,165	239,046	2,818,979
Per Share:	(Yen)		(U.S. Dollars)
Basic Net Income (Loss)	¥ 13.03	¥ (6.20)	$ 0.140
Cash Dividends	6.00	6.00	0.064

	2010	2009	2010
	(Millions of Yen)		(Thousands of U.S. Dollars)
Non-Consolidated:			
Revenues	¥1,244,411	¥1,491,937	$13,380,763
Operating Income (Loss)	(7,977)	9,362	(85,774)
Net Income (Loss)	3,129	(7,548)	33,645
Total Assets	1,440,662	1,530,350	15,490,989
Total Equity	232,212	215,946	2,496,903
Contract Awards	944,005	1,387,640	10,150,591
Total Contract Backlog	1,191,281	1,491,687	12,809,473
Per Share:	(Yen)		(U.S. Dollars)
Basic Net Income (Loss)	¥ 3.07	¥ (7.40)	$ 0.033

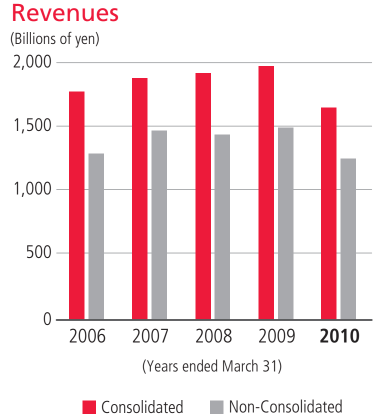
Notes: 1. The U.S. dollar amounts included herein are presented solely for convenience of the reader. Such dollar amounts have been translated from yen at the approximate exchange rate in Tokyo on March 31, 2010 of ¥93=U.S.$1. The translations should not be construed as representations that Japanese 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 the fiscal years ended March 31, 2010 and 2009, respectively.

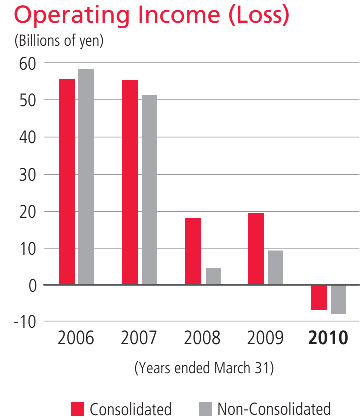
Contract Awards



Revenues



Operating Income (Loss)



Message from the Management

In a challenging business environment, the Kajima Group aims to generate steady earnings by further enhancing cooperation among sales, design and construction units and optimally allocating company resources to strengthen competitiveness and profitability.

Mitsuyoshi Nakamura
President, Representative Director

Results for the Fiscal Year Ended March 31, 2010

During the fiscal year ended March 31, 2010, construction spending decreased substantially in the Japanese construction market, particularly in the private sector. Consequently, the business environment remained challenging, with more severe conditions for contract awards.

To establish a foundation for stable earnings that can weather the volatile business environment, in April 2009 the Kajima Group launched a new Medium-Term Business Plan for the three years ending March 2012 and made a concerted effort to further strengthen the competitiveness and profitability of its core businesses. However, in the severe environment, consolidated construction contract awards decreased 28.2 percent to ¥1,138.4 billion due to factors including a large decline in orders for building construction at Kajima Corporation as the private sector cut back on construction spending. Consolidated revenues decreased 16.0 percent to ¥1,637.4 billion, mainly due to lower order volume as construction spending fell.

Despite recovery in the gross profit margin for the construction business in Japan, we recorded an operating loss of ¥6.8 billion mainly due to substantial deterioration of profitability for large-scale overseas construction projects and an aggravated real estate development environment both inside and outside Japan. Consolidated net income, however, amounted to ¥13.2 billion, compared with net loss of ¥6.3 billion for the previous fiscal year, due largely to the disposal of a portion of our ownership in UDX SPC.

Policies for the Fiscal Year Ending March 31, 2011

Our outlook for the current fiscal year includes an ineluctable decrease in public-sector spending and uncertain private-sector demand in Japan. We therefore expect competition for orders to intensify, while prices for certain construction materials appear likely to rise. Consequently, the business environment in Japan is likely to worsen.

The Kajima Group aims to lay robust foundations for becoming a truly profitable enterprise by continuing to execute its Medium-Term Business Plan for the three years ending March 2012. We will work to further enhance cooperation across departments and to optimally allocate company resources in order to maximize the profitability of our core businesses: civil engineering, building construction and real estate development. We will ensure appropriate profit by improving technology-related proposal capabilities, enhancing estimate and procurement functions, and exercising even greater prudence in obtaining new orders.

Concurrently, measures to promote improved profitability will include rationalizing production, enhancing operational and production-related units including subcontractors and vendors, improving the efficiency of administrative and overhead-related units, beefing up production-support functions and strategically promoting technological development.

Moreover, we will concentrate on making steady progress in construction and improving the profitability of large-scale overseas projects, which were the primary factor in the operating loss for the fiscal year ended March 31, 2010. We will also work to improve risk management for overseas construction as a whole.

With these initiatives, we will stably build up profits and thereby steadily increase equity and reduce interest-bearing debt. We will thus gain higher tolerance for risks associated with real estate development and the overseas construction business.

Raising Corporate Value

Our basic shareholder return policy is to stably provide year-end dividends in line with our earnings while securing internal reserves to maintain a sound business foundation.

Taking into account the Group's financial performance and business foundation, we maintained annual dividends for the fiscal year ended March 31, 2010 at ¥6.00 per share, unchanged from the previous fiscal year.

The Kajima Group is working to raise its corporate value by reliably generating earnings, based on customer-oriented management.

We are counting on the continued understanding and support of our stockholders and other stakeholders.

July 2010

Mitsuyoshi Nakamura
President, Representative Director

Feature:
Creating Value through Environmental Leadership



Counter Global Warming. Use Resources More Effectively. Preserve Biodiversity.

These are among the environmental issues that have emerged across the globe. The Japanese government has set the target of cutting greenhouse gas emissions to 25 percent below 1990 levels by 2020. Amid mounting concern over the local and global environment, we see growing needs for private companies to tackle environmental issues and help achieve a sustainable society.

From Protection of the Environment to Creation

As a construction company, Kajima does not simply plan, design and construct buildings and other structures. We are committed to helping to create a sustainable future by providing optimal solutions during construction and throughout the post-construction life cycle of buildings and other structures using advanced technology.

Feature:

Creating Value through Environmental Leadership

Kajima Technical Research Institute

Meeting Society's Environmental Needs with Superior Design and Engineering

As a member of local communities and a global citizen, our mission is to best meet growing environmental needs through our businesses and contribute to society, whether local or global.

In 2009, the Japanese government announced its target of cutting greenhouse gas emissions to 25 percent below 1990 levels by 2020 to help combat the problem of global warming. The law was amended in April 2010 to reinforce regulation of CO_2 emissions. This has led companies to look for appropriate and effective solutions to strengthen environmental management. Skyscrapers in metropolitan Tokyo, which emit a comparatively large volume of CO_2, are a particular focus, as are office buildings that now require renovation of various facilities.

Early on, we identified the importance of responding to environmental problems as one of our top management priorities and concentrated on developing environment-related technologies. Today, we are the only general contractor participating in ZEB* development research, which was initiated in 2009 by Japan's METI (Ministry of Economy, Trade and Industry). While promoting ZEB, we will continue to develop unique, next-generation technologies.

We are using our superior technological base to deepen our presence in the construction market, particularly the building renovation market. Through providing unique solutions to our customers, we intend to increase our contribution to society.

*ZEB: zero-energy building. The concept is to reduce the annual primary net energy consumption of a building to zero or nearly zero through means such as introducing various energy conservation technologies and using renewable energy including solar or wind power.

A New Research Laboratory at the Tobitakyu Research Center of the Kajima Technical Research Institute

A Workplace with a Wide Variety of Leading-Edge Technologies

A variety of research and experiments formerly performed in different buildings was brought together in the new research laboratory building. A wide range of research is conducted in areas such as countermeasures for global warming, environmental remediation, biotechnology and new energies. The building itself serves as a functional research laboratory that gives us the opportunity to refine our leading-edge technologies, thus speeding practical application. More than ten leading-edge technologies were applied to the building, including a solar powered heat pump system, PV solar air panels that incorporate solar cells, ceiling radiant cooling and heating systems that use underground water and geothermal heat and a roof garden to reduce the heat island effect.

Capitalizing on this new research laboratory, we are exploiting further progress in technological development. We will help lighten environmental loading in a broad range of fields and continue to deliver on our environmental commitment as an industry leader.

PV solar air panels

Roof garden

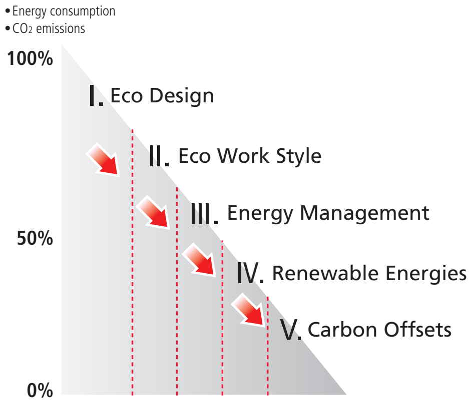
ZEB

Zero-Energy Buildings that Dramatically Reduce Environmental Loading

The ZEB concept entails reducing the amount of energy that a building consumes in ways such as conserving energy and employing renewable energy technologies so that the net energy consumption is zero or nearly zero. Japan's METI is currently taking the initiative in research with the target of realizing the ZEB concept for all new building construction by 2030.

The practical application of ZEB involves completely transcending the conventional technological approach of conserving energy through ecological building and facility design. This requires application of a broad range of ideas including redesigning the work style of building occupants, optimizing energy management, effectively deploying solar power and other renewable energy sources, and employing carbon credits and other economic offsets.

We are making steady progress toward becoming a one-stop provider of solutions that can design all processes needed to help make ZEB a reality by 2020.



Zero Energy: to reduce energy consumption and CO_2 emissions to zero by implementing steps I through IV.
Zero Carbon: to reduce CO_2 emissions to zero by implementing steps I through V.

Tokyu Toyoko Line Underground Construction

Meeting Society's Environmental Needs at Construction Sites

Exercising leadership during construction to further enhance environmental contribution, we are meeting needs for environmental protection measures that cover the entire life cycle of buildings and other structures.

While acknowledging the importance of cutting CO_2 emissions from buildings and other structures during use, we are also focusing on incorporating environmental measures at construction sites, especially for office buildings, from the perspective of managing their entire life cycle.

Since 2003, we have been employing the four key environmental policies of combating global warming, resource recycling and effective use, hazardous material management and preservation of biodiversity. In 2009, we set a target of reducing annual CO_2 emissions during construction 30 percent below 1990 levels per construction executed by fiscal 2020. A number of initiatives have been taken to meet the target.

Previous moves to heighten environmental awareness and save energy have included putting a stop to vehicle idling, reducing the volume of soil carried out of construction sites and shortening transportation distances. We are now working even more aggressively to lighten environmental burden by strengthening cooperation with the machinery and energy industries to rationalize construction and raise productivity. Moreover, we continue to review our construction methods to display stronger leadership in the construction industry.

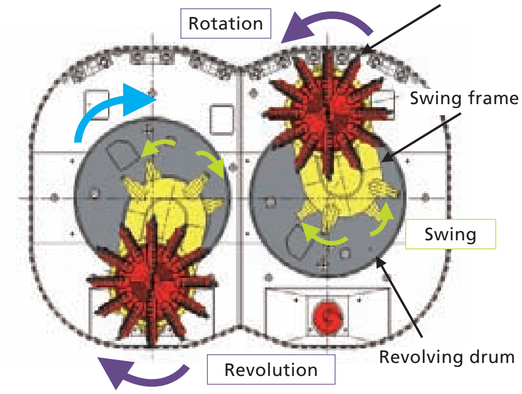
Technology for Moderating Environmental Burden and Speeding Up Construction

The Potential of the APORO-Cutter Tunneling Method

In 2008, we worked jointly with Kawasaki Heavy Industries, Ltd. to develop the APORO-Cutter Tunneling Method, a breakthrough technology that can handle a wide array of sectional excavation. Construction of a subway line is underway in central Tokyo with this epoch-making technology.

Conventional tunnel construction involved the use of a shield machine in a circular section. Excavation of square sections for projects such as subways required partial refilling of circular sections. With the APORO-Cutter Tunneling Method, however, excavations of any shape, whether rectangular, horseshoe-shaped, or circular, are possible. The machine can operate against a wider range of soil types, including hard soil. With this method, we expect to rationalize the construction process and reduce excavation cost. Its extraordinary versatility will also serve to mitigate the environmental burden. Going forward, we intend to flexibly tailor this method to fit multiple customer needs at various construction projects.


APORO-Cutter Shield Tunneling Machine



With the APORO-Cutter Tunneling Method, changing the angle of a revolving drum in a swing frame enables sectional excavation of various shapes. Moreover, the cutter head excels operating against hard soil because it is small and revolves at high speed.

Enthusiastic Recognition for Environmental Friendliness

Reduced CO_2 Emissions at Construction Sites

As environmental needs soar in both the private and public sectors, customers are positively recognizing our environment-friendly proposals. The government office building construction contract for the City of Machida in Tokyo is one example. The customer appreciated our proposals that maintain the environmental quality of the construction site and the surroundings.

We are executing a number of initiatives to reduce CO_2 emissions at the construction site, including purchases of green electricity produced from biomass and other renewable natural resources and the use of solar panels to promote energy self-sufficiency. By using the "Kajima Solar Monitoring System," we are monitoring and controlling the volume of electricity generated and consumed on a real-time basis at the website of the project. We intend to introduce this system at various construction sites to further promote the use of renewable energies.


Machida City Government Office Building


Solar panels used at construction sites

Feature:

Creating Value through Environmental Leadership

Shimane Nuclear Power Plant Unit 3 (under construction)

Meeting Society's Environmental Needs with Our Technologies and Experience in Nuclear Power Plant Construction

We use our unparalleled technological capabilities and experience in the field of nuclear power plant construction to ensure the highest levels of safety and quality.

Nuclear power is at the center of attention as an effective method for combating global warming. As a nation of few natural resources, Japan sees nuclear power as an efficient form of energy that supports energy security and reduces the environmental burden. The nation has therefore been developing nuclear power facilities since the 1950s.

Over more than half a century since constructing Japan's first nuclear reactor in 1956, we have accumulated extensive technical expertise and experts. We are the leader in Japan's nuclear power plant construction with a track record of constructing more than 60 percent of all plants, thus having established a powerful reputation for safety and quality.

We are building all four nuclear power facilities that are currently underway in Japan, including Shimane Nuclear Power Plant unit 3 (The Chugoku Electric Power Co., Inc.). Moreover, we have been conducting numerous evaluations of the earthquake resistance of power plants following the Niigataken Chuetsu-oki Earthquake in 2007.

Going forward, nuclear power is expected to further grow in importance. As a leader in this sector, we will continue to deliver buildings of the highest standard and make a significant positive contribution to society.

Construction of the Ohma Nuclear Power Plant

Japan's First Full MOX-ABWR*

We are constructing the 1,383 MW Ohma Nuclear Power Plant (Electric Power Development Co., Ltd.), which fully uses MOX fuel, making it the first full MOX-ABWR plant in Japan. As one of Japan's largest nuclear power plants, it will play a major role in the stable supply of electricity and the effective use of resources.

Located in Ohma, Aomori Prefecture in the northernmost part of Japan's mainland Honshu, it is crucial for the project site to contend with high winds, snow and cold during the winter. We are employing the "Kajima All-weather Construction Method," in which we cover the reactor building being constructed with curing roofs and walls to minimize the negative impact of adverse weather conditions. Moreover, some parts of the buildings are being fabricated in factories or at the site and are being installed using a large rotating crane. This advanced construction method enables us to expedite construction, improve the quality of the buildings, and raise the safety of the site.

*MOX-ABWR (Mixed Oxide Fuel Advanced Boiling Water Reactor): a type of reactor loaded with mixed oxide fuel made up of recycled fuel.

Installation using a large rotating crane

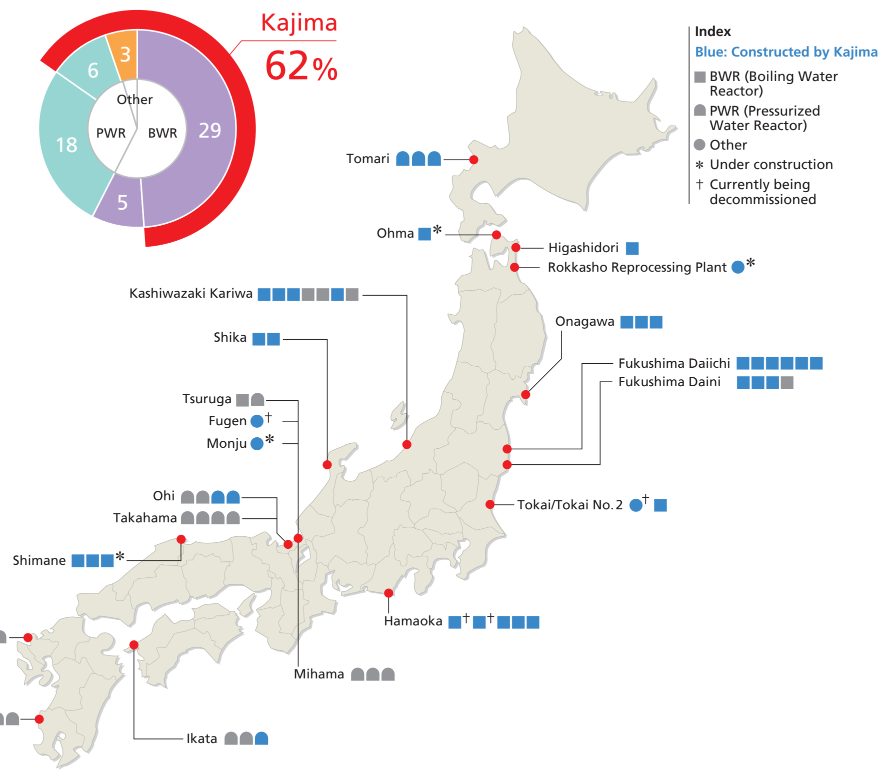
Our Experience in Nuclear Power Facility Construction

The history of nuclear power in Japan tracks our history of continuously building experience in this field, developing and establishing new technologies with the aim of advancing to the next generation.

Today, Japan has 61 units, including those under construction or being decommissioned, in 20 nuclear power plant sites. Among them, the number of units constructed by us is 38, giving us a dominant presence with a 62 percent share (not including the Rokkasho Reprocessing Plant).

For a safe and secure energy cycle, we integrate planning, design and construction with retrofitting to reinforce the earthquake resistance of existing power plants and research and development covering waste disposal and future dismantling. Our ongoing technological development will support the life cycle of nuclear power facilities.

Nuclear Power Facility Construction Track Record



Fundamental Stance on Corporate Governance

The Kajima Group "strives to continually advance its business operations and contribute to society" under its management philosophy. Our objective is to earn the trust and regard of all stakeholders, including stockholders, customers, business partners, local communities and employees.

Our fundamental stance on corporate governance is to ensure fair and transparent corporate conduct by improving management supervision by corporate auditors, the Board of Directors and others; enhancing our internal control system to manage risk and maintain accountability; and formulating measures for strict compliance.

Corporate Governance System

As a company under a corporate auditor system, we have implemented an executive officer system to separate the functions of management and supervision from execution, to strengthen these functions, and to enhance the efficiency and speed of management. In addition, we maintained and upgraded our internal management system to prevent violations of laws and regulations and other misconduct, as well as inappropriate and illegal accounting practices.

Corporate Management System for Supervision and Execution

In principle, the Board of Directors meets once a month to discuss and decide upon key issues involving basic management policies, issues for which board resolutions are legally required, and other important management issues. In addition, the Board of Directors supervises business execution and confirms the progress of management plans.

The Management Committee, consisting of directors, some of the corporate auditors and executive officers, deliberates and reports on key management issues. The Joint Committee of Directors and Executive Officers, consisting of directors, corporate auditors and executive officers, familiarizes participants with the resolutions and reports of the Board of Directors and the Management Committee, while reporting on and evaluating the state of business execution.

The chairman of Kajima Corporation presides over the Board of Directors, while the president of Kajima Corporation presides over the Management Committee and the Joint Committee of Directors and Executive Officers. This creates a system under which the chairman is responsible for decision-making and supervision and the president is responsible for overall business execution.

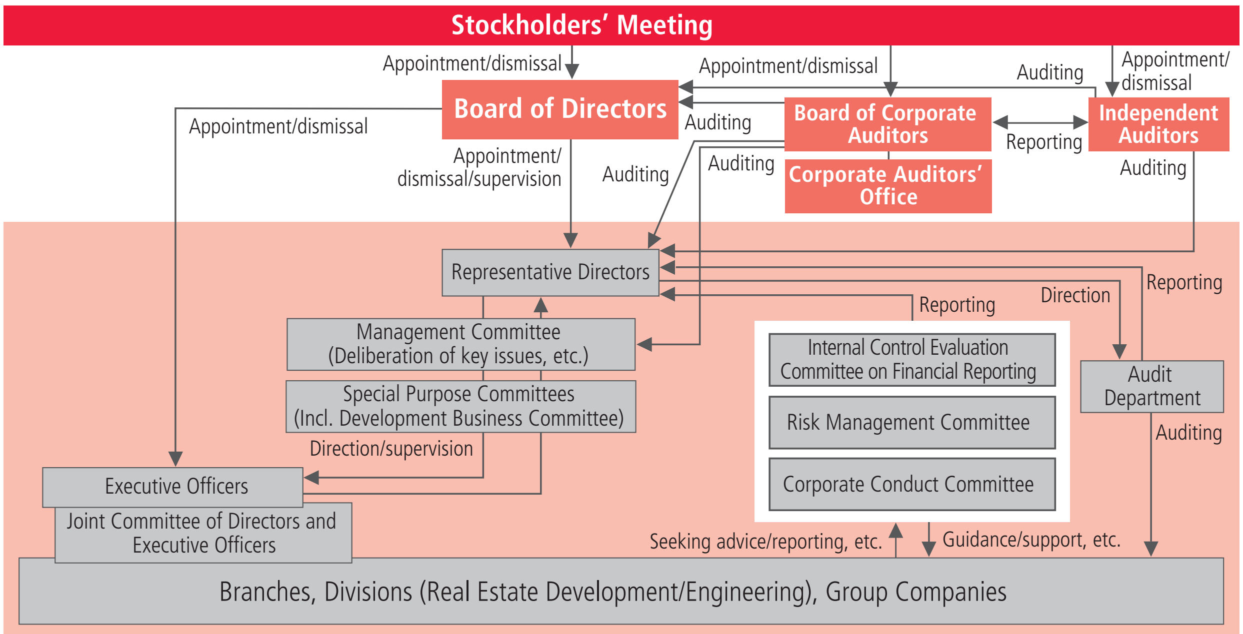
Audit System

The Board of Corporate Auditors consists of five corporate auditors, including three external auditors with legal and accounting backgrounds. Each corporate auditor attends the Board of Directors' meetings and other important meetings to audit the propriety and suitability of business execution by directors. The external auditors have no vested interest in Kajima other than attorney fees. The appointment of auditors with legal and accounting backgrounds strengthens the auditing function.

The Audit Department handles internal audits independently of our in-house divisions and departments and audits the suitability of accounting practices and business activities and the efficacy of internal controls related to financial reporting at Kajima and its affiliated companies. Independent auditors, with no vested interest in Kajima, conduct impartial and unbiased audits.

Corporate auditors, the Audit Department and independent auditors cooperate closely in working to raise the effectiveness and efficiency of audits by evaluating reports on the implementation status of Kajima's internal controls through financial reports made by the Internal Control Evaluation Committee on Financial Reporting.

Corporate Governance System



Internal Control System to Ensure Appropriate Execution of Business

While assiduously promoting compliance and managing risks in conducting business in an appropriate and efficient manner, we are working to enhance our internal management (internal control) system. For example, for the purpose of implementing the Internal Control Reporting System with the aim of ensuring the reliability of financial accounting, we have introduced the Kajima Group Code of Conduct, the Corporate Ethics Reporting System and other internal rules and regulations. We have also established the Corporate Conduct Committee, Risk Management Committee and Internal Control Evaluation Committee on Financial Reporting.

Information Disclosure

To promote communication with stakeholders, every year we publish the Kajima CSR Report, which covers a wide array of information on the Group's environmental and social activities. We also provide corporate information by updating our website and publishing the Annual Report, various company brochures, and other materials.

Moreover, the IR Group in the Corporate Planning Department energetically conducts investor and public relations activities that disclose timely and appropriate corporate information. In particular, the IR Group works to support highly transparent corporate management through results briefings in which the President explains our management policy and financial performance to institutional investors and securities analysts.

Board of Directors, Corporate Auditors and Executive Officers

(As of July 1, 2010)

Board of Directors

Sadao Umeda

Chairman,
Representative Director

Mitsuyoshi Nakamura

President,
Representative Director*

Shoichi Kajima

Director,
Senior Advisor

Naoki Atsumi

Representative Director,*
Executive Vice President

Hiroshi Kaneko

Representative Director,*
Executive Vice President

Tamiharu Tashiro

Representative Director,*
Executive Vice President
General Manager, Civil Engineering Management Division
Overseeing Machinery and Electrical Engineering Department

Hiroshi Ishikawa

Director,*
Senior Executive Officer
Responsible for sales and marketing

Koichi Kajima

Director,
President,
Kajima Institute Publishing Co., Ltd.
President,
Yaesu Book Center Co., Ltd.

Kaoru Someya

Director,*
Senior Executive Officer
General Manager, Treasury Division

*These directors also serve as executive officers.

Corporate Auditors

Takashi Momma
Tsuneo Fujii
Kinro Nakamura
Hiroshi Araki
Kunihisa Hama

Executive Officers

Senior Executive Officers

Seiichiro Tomioka
Responsible for The East-West Motorway, Algeria

Yasuo Morimitsu
General Manager, Kanto Branch

Teruaki Murata
General Manager, Business Development Division

Atsushi Hattori
General Manager, Tokyo Architectural Construction Branch

Teruaki Yamaguchi
General Manager, Real Estate Development Division

Toshio Yamamoto
Responsible for research & technology development and architectural design
Overseeing Intellectual Property and License Department

Takashi Hinago
General Manager, Sales and Marketing Division

Takaji Mineo
Responsible for civil engineering (D Runway, Tokyo International Airport Project)

Seigo Akanuma
General Manager, Tohoku Branch

Toru Kido
General Manager, Kansai Branch

Yoshikazu Oshimi
General Manager, Building Construction Management Division

Managing Executive Officers

Susumu Tsuchiya
Senior Supervisory Engineer at Civil Engineering Management Division

Jun Okazaki
Senior Supervisory Engineer

Kenryo Nagata
Deputy General Manager, Tokyo Architectural Construction Branch

Toshio Hasegawa
Responsible for architectural design

Toru Naito
Deputy General Manager, Sales and Marketing Division

Shuhei Masunaga
General Manager, Kyushu Branch

Masanobu Sumiyoshi
General Manager, Hokuriku Branch

Masaru Ozaki
General Manager, Architectural Design Division

Masao Oka
General Manager, Engineering Division

Toshio Mishiba
General Manager, Chugoku Branch

Masayasu Kayano
General Manager, Tokyo Civil Engineering Branch

Yutaka Takeda
General Manager, Administration and Human Resources Division
Overseeing Public Relations Office, Legal Department, Safety and Environmental Affairs Department, IT Solutions Department and Center for Shared Administrative Services

Kazuo Kojima
Deputy General Manager, Architectural Design Division

Hiroyoshi Koizumi
President, Kajima Overseas Asia Pte Ltd

Executive Officers

Takashi Fukami
General Manager, Nuclear Power Department

Masatoshi Urashima
Deputy General Manager, Sales and Marketing Division

Yoichi Sumi
Deputy General Manager, Real Estate Development Division

Yoshiyuki Uno
Responsible for Overseas Business

Kiyokazu Saiki
General Manager, Chubu Branch

Hironobu Takano
Deputy General Manager, Treasury Division

Shuko Yamauchi
General Manager, Corporate Planning Department
Overseeing Affiliated Business Department

Takaaki Tsukada
General Manager, Environmental Engineering Division

Toshiki Kurihara
Deputy General Manager, Sales and Marketing Division

Susumu Ando
General Manager, Shikoku Branch

Satoshi Togari
Director, Kajima Technical Research Institute

Tatsuo Haga
Deputy General Manager, Tokyo Architectural Construction Branch

Haruo Sakai
Deputy General Manager, Kansai Branch

Yuichiro Tajima
General Manager, Audit Department

Masayoshi Uno
Deputy General Manager, Tokyo Architectural Construction Branch

Tsutomu Matsumoto
Deputy General Manager, Sales and Marketing Division

Takao Nomura
General Manager, Yokohama Branch

Hiromasa Amano
Deputy General Manager, Building Construction Management Division

Kenichi Suzuki
General Manager, Civil Engineering Design Division

Keisuke Koshijima
General Manager, Overseas Operations Division
President & CEO, Kajima U.S.A. Inc.

Katsumasa Kawamoto
Deputy General Manager, Kansai Branch

Hitoshi Ito
Deputy General Manager, Tokyo Architectural Construction Branch

Hiroshi Tajima
General Manager, International Division

Masao Hashimoto
Executive Vice President, Kajima Overseas Asia Pte Ltd

Isao Kinoshita
General Manager, Hokkaido Branch

Osamu Sato
Deputy General Manager, Sales and Marketing Division

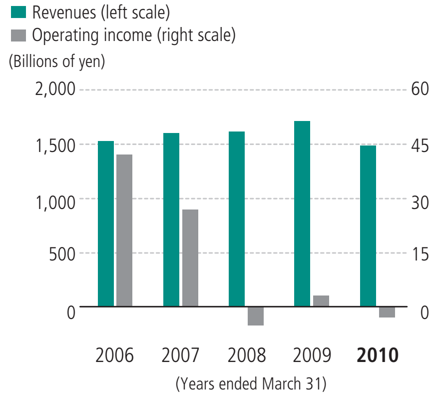
Kajima at a Glance (Consolidated)

Share of Revenues

Revenues and Operating Income

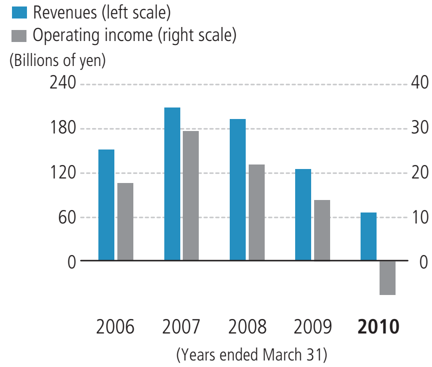
Construction Business

90.4%



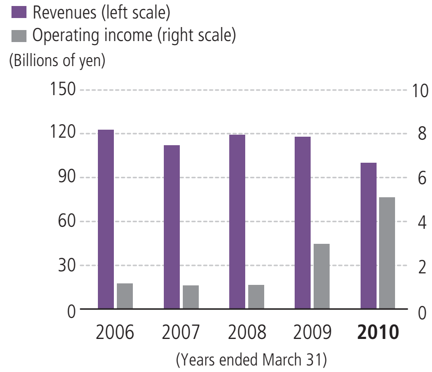
Real Estate Development Business

3.9%



Other Business

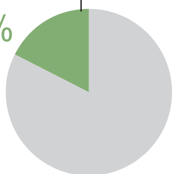
5.7%

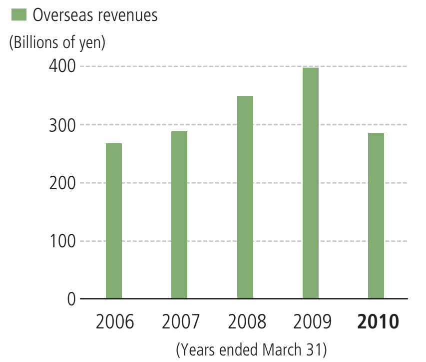


Overseas Construction & Real Estate Development Business

Overseas revenues

17.4%





Overview	Highlights of the Fiscal Year Ended March 31, 2010

Overview

Building Construction

- A pioneer of super-high-rise office building construction in Japan
- A broad track record of constructing factories, condominiums and other types of buildings in Japan

Civil Engineering

- Maintaining the leading position in Japan's civil engineering construction for more than a century
- Constructing virtually all types of civil infrastructures with unrivalled technological expertise
- Contributing to the development of areas where projects are located

Highlights of the Fiscal Year Ended March 31, 2010

- Operating environment for both building construction and civil engineering remained challenging on the back of a declining trend of construction investment.

Building Construction

- Our financial performance ended in disappointment except for the gross profit margin, which recovered from 4.4 percent to 5.9 percent.
- By integrating our broad range of capabilities, we intend to outperform our construction peers and thrive in this difficult market.

Civil Engineering

- New contracts fell from the previous fiscal year, but stayed almost flat compared with other fiscal years.
- Earnings recovered from previous years with excellent performance from completed projects. We intend to further improve profitability by maximizing our technological capabilities.

Overview

- Having created the largest number of real estate development projects among general contractors in Japan
- Focusing primarily on the high-end office and condominium market in metropolitan Tokyo
- Fully leveraging our strengths as a general contractor with in-house design divisions and technical research laboratories

Highlights of the Fiscal Year Ended March 31, 2010

- Influenced by the soft real estate market, we suffered a significant drop in earnings despite excellent sales of office space, etc.
- We will continue to implement rigorous risk management and pursue quality business opportunities.

Overview

Architectural Design

- Playing an essential role in pursuing design-build projects with groups of architects specializing in a wide range of architecture

Civil Engineering Design

- Creating value in the civil engineering business through activities ranging from marketing to maintenance, from design and planning to technology development

Engineering

- Integrating technology and expertise to produce optimal systems for customers

Environment

- Covering a wide range of environment-related businesses as a solution provider in recycling, remediation, waste disposal, renewable energy, etc.

Highlights of the Fiscal Year Ended March 31, 2010

- The breadth and diversity of businesses are key to survival in today's adverse business climate.
- We will work to efficiently integrate different business divisions to create superior value for every type of business and project.

Overview

- Our overseas activities consist of:
  1) Building construction and real estate development by overseas subsidiaries
  2) Civil engineering construction by Kajima Corporation
- Having engaged in numerous construction and real estate development projects around the world

Highlights of the Fiscal Year Ended March 31, 2010

- We suffered a serious loss from large-scale civil engineering projects, leading to a significant decrease in group performance.
- The real estate development and building construction businesses were also hit hard by the aggravated global market.
- The sale of our newly developed large-scale property in Singapore contributed considerably to improving consolidated earnings.
- Common themes for overseas businesses are appropriate risk management and agile response to changes in market conditions and customer needs.

Domestic Operations

Construction Business

Kajima's core construction business consists of building construction and civil engineering. Amid a trend toward contraction of the market and intensified competition, we will make full use of our technical expertise and comprehensive capabilities that constitute our competitive edge to secure excellent business opportunities and deliver better performance.

City Towers Toyosu

Building Construction

Market Conditions

During the fiscal year ended March 31, 2010, Japan's economy began to gradually improve, backed by factors including an increase in exports to emerging economies and the effects of economic stimulus packages. However, building construction investment declined 16 percent to about ¥23.8 trillion. Private sector investment in particular remained low, with capital expenditures falling 19 percent from the previous fiscal year. Consequently, the construction industry continued to face a challenging operating environment, especially with respect to contract awards.

Performance

As a result of intensified competition among construction peers, new contracts secured during the fiscal year ended March 31, 2010 significantly dropped compared with previous years. Revenues and gross profit also fell precipitously from previous years, reflecting the severe business climate. However, the gross profit margin improved substantially, rising from 4.4 percent to 5.9 percent and achieving our initial target. This is attributable to our comprehensive capabilities demonstrated at every stage from planning to design, construction execution, and post-construction maintenance. Specifically, by forming teams of experts in a range of sectors and integrating our expertise in every field, we heightened our proposal capabilities, cost competitiveness and construction execution capabilities, which led to the improved performance. Major building construction projects awarded during the fiscal year were the Aomi Q Block Project Office Tower and Machida City Government Office Building. Major building construction contracts completed were City Towers Toyosu and the JA Building.

Strategies and Initiatives

Building construction investment is forecast to stay at the current level, depending mainly on the private sector. The competition for new projects is likely to intensify due to increasingly sophisticated and diverse customer needs. Given this environment, we will fully leverage our comprehensive capabilities to provide customers with the greatest possible value, maintain our industry leadership, and aim for stable growth.

Our main targets for new contracts are medical-care facilities, production and research facilities for new energies, high-tech production facilities for electronic devices, and logistics facilities. We have assigned teams of experts with specialized knowledge and technical abilities to ensure a stable flow of contracts from these sectors. For large-scale real estate development and PFI projects, a high degree of emphasis is placed on business viability for our customers. We will offer high-quality, high-value-added buildings with leading-edge technologies such as environmentally sensitive design and advanced IT systems. In addition, in light of society's growing need to reduce energy use and CO_2 emissions, we intend to expand our construction business, especially renovation projects, related to this objective.

To raise profitability, we aim to adapt more rapidly to changes in the operating environment and customers' needs. In addition, we are taking measures to improve our production system to strengthen production capabilities while increasing production efficiency.

Based on these activities, our objectives are to achieve a double-digit increase in new contracts and to improve both gross profit and the gross profit margin.

JA Building

Sakai Plant, Toppan Printing Co., Ltd.

Japanese Red Cross Nagoya Daiichi Hospital

Fujikawa Tunnel

Gozenyama Dam

Civil Engineering

Market Conditions

Although price competition for public work is beginning to settle down as a result of various measures introduced by the government, the civil engineering market remained challenging due to its continuing contraction. Amid this adverse operating environment with intensifying competition, the proper response to changing markets has become increasingly important.

Performance

We placed particular focus on public projects under the comprehensive evaluation bidding format. With the aim of outperforming the market, we accelerated strategic reallocation of manpower and other resources to further sharpen the types of technology that are directly utilized in technological proposal bids.

New contracts secured during the fiscal year ended March 31, 2010 reached ¥241.8 billion. With the exception of the fiscal year ended March 31, 2009, the order level was flat compared with other years. In light of the contracting civil engineering market, this good performance was achieved as a result of concentrating efforts in comprehensive evaluation bidding format projects. Major wins included the Tokyo Gaikan Expressway Kokubun and Phase 2 of construction of Tono Dam.

We made good strides in recovery of profitability, with a gross profit margin exceeding 10 percent once again. Major projects completed were the Fujikawa Tunnel East Section of the Tomei Expressway and Oebashi Station, Nakanoshima Line.

Ohashi Junction

Strategies and Initiatives

In the near term, competition for projects is expected to remain intense because domestic civil engineering investment is likely to shrink further. The key to increasing our market share is technology. By leveraging the wide range of technological capabilities that we possess, our objective is to deliver better performance even in this difficult time.

Tono Dam

D Runway of the Tokyo International Airport

Oebashi Station, Nakanoshima Line

Domestic Operations

Real Estate Development Business

The unfavorable business environment in Japan's real estate market negatively affected our performance. We are conducting rigorous risk management, which is critical to success and sustained growth in a time of uncertainty.

Aoyama Kajima Building

Real Estate Development

Market Conditions

During the fiscal year ended March 31, 2010, the domestic real estate business environment saw shrinking demand despite some signs of economic recovery from the global financial crisis. The land prices in Japan announced earlier this year continued to show a year-on-year plunge almost everywhere throughout the nation.

In metropolitan Tokyo, full-fledged price adjustments have steadily reduced the inventory of condominiums for sale. With the introduction of government economic stimulus programs and improvement in consumers' willingness to buy, signs of recovery are starting to appear in the market for family-oriented condominiums.

In the office leasing market in central Tokyo, however, both occupancy and rents continued to drop as demand for space continued to be weak and competition for tenants intensified. We will stay cautious about the operating environment as the outlook for the market remains unclear.

Performance

During the fiscal year ended March 31, 2010, notable achievements included sales of the Akasaka 2-Chome Building and the Nagatacho 2-Chome Building, in addition to steady sales of condominiums at our Shiohama 2-Chome property. Also, a deal was closed for our affiliated company to sell a portion of its ownership in UDX SPC (Akihabara UDX development), which served to lift our financial performance and increase funds for future real estate investment. Nevertheless, the impact of restrained new investment in anticipation of worsening market conditions caused new contracts, revenues and gross profit to fall from the previous fiscal year.

For projects under development, we thoroughly controlled costs and scheduling while working to improve business viability and avoid future asset risks at each phase of development. In creating new development business, we maintained a prudent approach by identifying risks and developing appropriate controls.

Strategies and Initiatives

The outlook for the overall real estate market remains unclear although we see some encouraging signs of recovery. In the difficult business environment, there is a growing need for private companies to increase their corporate value by utilizing properties they own, among other methods. We aim to increase new opportunities, for example, in the fee business by deploying our planning and proposal capabilities and diverse expertise or supporting our construction teams in winning construction contracts.

In promoting sales activities for condominiums, we will formulate precise sales strategies based on an accurate assessment of market trends. In office leasing activities, we will continue to concentrate on quickly realizing stable performance for newly developed offices, and maintaining and raising the occupancy of offices in operation.

In initiating new real estate development projects, we will continue to assess market trends and risks that we may face. We will only take on projects of outstanding location and appropriate size that will allow us to display our comprehensive capabilities as a general contractor-developer.

Glass Cube Shinagawa

Eastnet Building II

Akasaka 2-Chome Building

Domestic Operations

Other Business

The Other business segment covers a wide area that includes architectural and civil engineering design, engineering and environment. In addition to reinforcing their performance individually, these businesses fulfill a crucial role in building up the competitiveness of our core construction and real estate businesses.

Architectural Design

Market Conditions and Performance

In the fiscal year ended March 31, 2010, construction investment in Japan remained weak from the previous fiscal years. The number of new contracts was on a par with the previous fiscal year, but there was a trend of contraction in the scale of each project.

In this business environment, our particular focus was on PFI projects and projects using the comprehensive evaluation bidding format. Among a number of PFI projects secured was the Totsuka Station West Exit Redevelopment PFI project in Kanagawa Prefecture.

Another major contract was construction of the new head office of Omron Healthcare Co., Ltd. in Kyoto Prefecture. Our design proposals, including new office design concepts and technologies aimed at raising productivity, met the customer's needs and led to the contract award.

By sector, new orders remained at the same level as the previous fiscal year in the education and commercial sectors, while the total amount increased in the healthcare and hotel sectors. New orders in the residential, office and manufacturing plant sectors were disappointing, reflecting the economic downturn in Japan.

Strategies and Initiatives

We identify our tasks as strengthening proposal capabilities, ensuring quality, cost control (precise cost assessment and control from the design stage) and technical and environmental applicability, in order to further heighten the superiority of our design and construction.

Our efforts are concentrated to reinforce organizational readiness at the initial stage of design. For example, we are promoting efficient collaboration between the head office and local branches so we may elaborate quality, costs and construction plans at the early stages. By doing so, we aim to reach consensus with clients as early as possible to prevent mid-project changes.

In the environmental sector, one of our major tasks is to further improve the quality of our technological proposals related to global warming prevention. We are promoting cross-departmental collaboration including environment, research and construction related divisions. In addition, we will continue to promote environmentally conscious designs, including those under the Japanese Comprehensive Assessment System for Building Environmental Efficiency (CASBEE).

Maruito Namba Building

Civil Engineering Design

Market Conditions and Performance

With the increasingly widespread use of the comprehensive evaluation bidding format, we faced more opportunities to bid on design-build projects. This added further to the importance of our design teams for winning civil engineering projects.

Taking advantage of this situation, energetic efforts to accommodate the comprehensive evaluation bidding format in supporting contract bids have yielded results. Our technical proposals have earned high client praise and played a key role in winning construction contracts for such expressway projects as the Tokyo Gaikan Expressway Kokubun and the Hanshin Expressway, Yamatogawa Route, Sanbo #1 Section. Technical proposals also played a key role in securing a shield tunnel construction project (gas pipeline construction) in Shizuoka Prefecture.

Civil engineering projects completed during the fiscal year ended March 31, 2010 for which we handled the detailed design work included LNG Tank No.2 at the Chita-Midorihama Works of Toho Gas Co., Ltd. Recognition of our technological capabilities has included an award for technological development from the Japanese Geotechnical Society for development of a large-scale culvert tunnel using a pipe roof of 150 meters, the longest in the world.

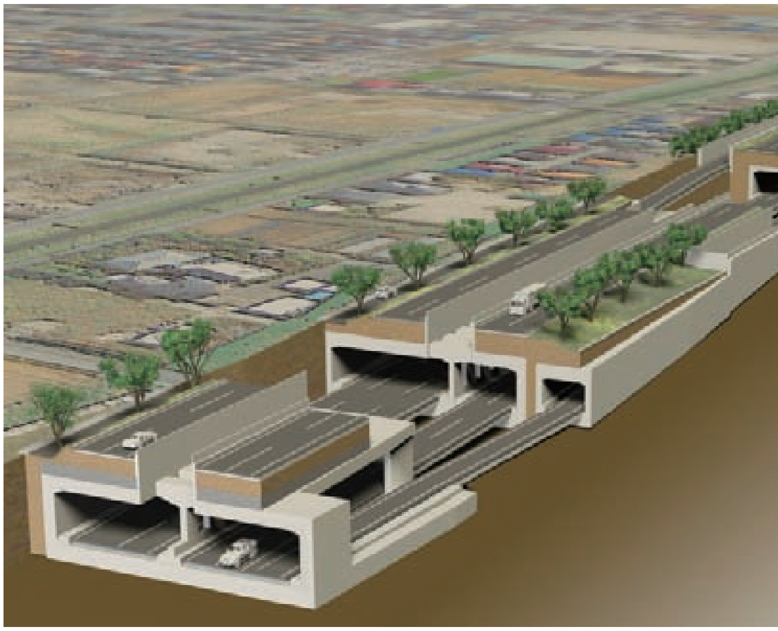
In our consulting business, the strong market for earthquake resistance evaluations continued in response to the fiscal 2006 revision of the national government's safety guidelines for nuclear power plants. Demand was stronger for consulting on earthquake resistance evaluation following the Niigataken Chuetsu-oki Earthquake in 2007, which damaged Kashiwazaki Kariwa Nuclear Power Plant. Demand is expected to grow further, and this will continue to constitute a major portion of our civil engineering consulting business.

In addition, we are receiving a steady amount of research and development business related to the disposal of radioactive waste, an emerging future market.

Strategies and Initiatives

We are strengthening our capabilities to respond to design-build contracts in anticipation of further expansion of the comprehensive evaluation bidding format. For large-scale overseas projects that have diverse design requirements, we are sharpening our design capabilities both qualitatively and quantitatively by taking a more integrated approach within our group and working more closely with consultants in Japan and overseas.

In technological development, we are focusing on improving technologies that will add competitiveness to our bids under the comprehensive evaluation bidding format.



Tokyo Gaikan Expressway Kokubun

Engineering

Market Conditions

Influenced by weak capital expenditure by domestic manufacturers, the volume of plant construction decreased in the pharmaceutical, chemical, electronic devices and logistics sectors.

On the other hand, investment in drug research facilities increased in the biotechnology and fermentation fields as part of efforts to strengthen research and development to raise global competitiveness. Needs for engineering are growing, with an increasing number of projects for advanced, functional research facilities for pharmaceuticals and other products, in addition to traditional factories.

Performance

In the pharmaceutical sector, we won EPC (engineering, procurement and construction) projects from existing customers, demonstrating that our engineering capabilities are fairly recognized in the market.

In biotechnology and fermentation-related segments, we secured a number of new contracts for research facility construction. In addition, there is an increasing number of contracts that include the selection, procurement and installation of such items as experimental equipment and instruments. This is expanding our engineering business opportunities as our scope of work extends to the customer's operation and maintenance stage, including management of equipment and instruments. Major examples are the Kobe Research Laboratory of Asubio Pharma Co., Ltd. and the 10th Research Institute of Otsuka Pharmaceutical Co., Ltd.

Furthermore, we provided total engineering support to Japanese manufacturers in their plans to expand their overseas manufacturing capacity. Our achievements included construction of factories for Unicharm Corporation in Shanghai and India, and a factory expansion for Nipro Corporation in Shanghai.

Unicharm Corporation Shanghai Factory

Strategies and Initiatives

While we intend to concentrate our focus on the pharmaceutical industry, where solid capital expenditure is expected, we aim to explore more business opportunities for chemical, bio-pharmaceutical and electronic devices by making proposals that meet customers' needs.

We are also focusing on the agribusiness sector, where we see good future prospects. While continuing technological development for factories, we are strengthening efforts, for example, by making proposals at the business planning stage.

In addition, we will maintain our engineering support for Japanese manufacturers when they advance into overseas markets, mainly China and Southeast Asia.


Plant factory

Environment

Market Conditions

During the fiscal year ended March 31, 2010, against the backdrop of economic recession, private companies tended to curtail their capital expenditure for upgrading their production facilities and to freeze redevelopment plans for their land. However, in the latter half of the fiscal year, demand for soil remediation soared in preparation for the full-scale enforcement of the Soil Contamination Countermeasures Act in 2010.

Omaezaki Wind Farm

Strategies and Initiatives

We believe that the construction industry has an extremely large role to play in helping to reduce environmental load. We became the first construction firm in Japan to have formulated guidelines for biodiversity in 2005. In our guidelines, the Kajima Ecosystem Conservation Guidelines, we clarified our approach to the preservation of biodiversity and reflected that approach in our technological development and actual construction.

Going forward, we will work to benefit from the growing trend toward strengthening environmental management in order to secure contracts in the fields of soil reclamation, water and sewer services, waste disposal plants, resource recycling and biomass, and renewable energies. We will also seek construction orders through other work such as engineering proposals for environment-related equipment at production facilities or for biodiversity, as well as environmental assessments.

Demand for water disposal-related projects remained firm. Also, demand remained unchanged for global warming countermeasures and biodiversity preservation, as they are not directly influenced by the economic cycle.

Performance

We increased our focus on deploying our full portfolio of technologies to win environment-related orders. We also enhanced our environmental management system as we energetically conducted public relations activities and concentrated on pioneering or creating new businesses to nurture and develop our competitiveness in environment-related businesses. We made numerous environmental solution proposals to our customers. New contracts secured during the fiscal year ended March 31, 2010 for soil reclamation, water disposal plants, renewable energies and other environment-related projects increased from the previous fiscal year.

Our wide range of approaches to biodiversity demonstrated that our land utilization activities adequately preserve ecosystems while raising the value of the property. One example is our technology for evaluating ecological networks.* We also earned positive evaluations from society. Of particular note was the award of the Grand Prize in the First Japan Awards for Biodiversity.

* A technology for conducting advanced analysis of open spaces in an area to develop green space planning sensitive to the bionetworks in that area. Developed jointly with Urban Renaissance Agency and Organization for Landscape and Urban Greenery Technology Development.

Kawai Water Purification Plant

Overseas Operations

Overseas Construction & Real Estate Development Business

Sentosa Resort, Singapore

Building Construction and Real Estate Development
(by overseas subsidiaries)

Market Conditions and Performance

In the fiscal year ended March 31, 2010, economic growth in the United States and Europe remained fragile although their recessions moderated in the second half. With capital expenditure and real estate investment still weak, the challenging operating environment in these regions persisted. In contrast, Asia experienced a steady economic upturn from the mid-year, driven partly by a major economic stimulus package in China. With the gradual improvement in the global financial sector and the subsequent growth of up-front investments, the business environment for construction and real estate development appeared poised to take a turn for the better.

In this operating environment, new construction contract awards at overseas subsidiaries for the fiscal year ended March 31, 2010 totaled ¥132.0 billion, down 18.7 percent from the previous fiscal year. Revenues also declined 19.1 percent to ¥192.8 billion. Net income, however, soared from ¥3.3 billion for the previous fiscal year to ¥12.0 billion, attributable mainly to the sale of a large-scale office development project in Singapore.

In the United States, revenues and profits at Kajima U.S.A. Inc. declined, in large part due to the substantial downturn in the real estate market in general, and particularly in the distribution warehouse development business, which has traditionally been a key part of our US operations. However, we are anticipating an improvement in earnings this year with a recovery in the construction market.

In Europe, revenues and profits dropped from the previous fiscal year, as both the construction and real estate development businesses were affected by the recession. For the current fiscal year, both new construction contracts and revenues are expected to increase with an anticipated pickup in the Central European construction market. Our main objective is to improve profitability, especially the gross profit margin level for construction projects.

In Asia, Kajima Overseas Asia Pte Ltd (KOA), headquartered in Singapore, posted record profits on the back of smooth progress in large-scale construction projects at the Sentosa Resort and Marina Bay Financial Centre, and due to the sale of the large-scale office development project. For the current fiscal year, although earnings will inevitably decrease following a significant gain on the sale of the large-scale office development project in the previous fiscal year, we expect KOA to continue to achieve solid performance.

In Taiwan, our local subsidiary, Chung-Lu Construction Co., Ltd., won several large-scale construction contracts from local blue-chip customers and significantly increased its new orders during the fiscal year ended March 31, 2010. However, revenues and profits declined as a result of the smaller volume of new orders booked at the end of the previous fiscal year. New contract awards are anticipated to double this year, which will provide a foundation for future earnings.

In China, the scale of our business is not as big as other regions across the globe, but we are exploring business opportunities both in construction and other markets.

Strategies and Initiatives

In the year ahead, our management policy is to establish a business base capable of demonstrating resilience in an adverse operating environment in order to achieve earnings targets. In the construction business, we will set the bar higher for new projects and pursue attractive business opportunities in light of profitability and creditworthiness of customers. We will take steps to sharpen construction execution capabilities and process management to meet our earnings targets. In real estate development projects, we will formulate profitability improvement plans for projects under development to maximize the value of our portfolio. Furthermore, we will strive to expand our business in new market segments with an eye on creating a business base over the medium to long-term. At the same time, we will continue to review our entire portfolio and, if necessary, reduce interest-bearing debt.

City Square, Singapore

71 Robinson Road Project, Singapore

Civil Engineering

Market Conditions and Performance

In many countries and regions across the world, the global financial and economic crisis has triggered the contraction of local construction markets. Although Asia, for example, has sustained more or less solid construction investment growth, the overseas civil engineering business remained highly competitive as a whole, making the business environment increasingly challenging. In this difficult business environment, we took a more rigorous approach toward marketing for new projects and project management for construction projects in progress, implementing measures to strengthen management in every phase from contract award to construction and post-construction maintenance.

Despite these initiatives, in the fiscal year ended March 31, 2010, we made a significant downward revision of our profitability projections for the Dubai Rapid Link, the United Arab Emirates, and the East-West Motorway, Algeria.

Strategies and Initiatives

Although our volume of overseas civil engineering works declined considerably in the fiscal year ended March 31, 2010, we are strengthening risk management in line with our top priorities: steady progress on projects that are under way and recovery of profitability. In particular, we are redoubling our efforts to raise profitability on the East-West Motorway, Algeria, and the Dubai Rapid Link by making full use of our comprehensive capabilities, including the provision of technological and personnel support.

For new contract awards, our key target markets are Southeast Asia and Taiwan, where we have a local presence, experience, and an extensive track record. In these territories, we are focusing on roads, bridges, and subways, in which we have a competitive advantage. Our main emphasis is on ensuring that we thoroughly examine project and contract details at the pre-contract stage to identify and analyze potential risks and select projects based on how much we can diversify our risk exposure.

As a means of upgrading consistent and standardized pre-tender processes, we set up an in-house committee in the head office consisting of members across departments. The committee, serving as a consultative body for the International Division, proactively reviews project and contract details from various perspectives before tendering and gives advice and recommendations to the tendering team. We expect that this practice will help lessen the risk of technical, cost, or legal problems we might face during the construction stage.

East-West Motorway, Algeria

Dubai Rapid Link, UAE

Selected Financial Data (Consolidated and Non-Consolidated)

For the years ended March 31, 2010, 2009, 2008, 2007, 2006, and 2005

	Millions of Yen (except per share data)						Thousands of U.S. Dollars (except per share data)
	2010	2009	2008 As restated (Note 3)	2007 As restated (Note 3)	2006 As restated (Note 3)	2005 As restated (Note 3)	2010
Consolidated:							
Revenues	¥1,637,362	¥1,948,540	¥1,894,045	¥1,891,367	¥1,770,835	¥1,682,499	$17,606,043
Operating Income (Loss)	(6,762)	19,696	18,097	55,416	55,633	47,008	(72,710)
Net Income (Loss)	13,226	(6,297)	40,709	41,311	22,108	13,111	142,215
Total Assets	1,796,865	1,885,427	1,918,396	2,107,222	1,905,965	1,817,730	19,321,129
Total (Stockholders') Equity	262,165	239,046	305,449	350,969	297,012	219,231	2,818,979
Interest-bearing Debt	620,052	540,537	473,801	463,859	458,506	475,820	6,667,226
Per Share:							
Basic Net Income (Loss)	¥ 13.03	¥ (6.20)	¥ 39.13	¥ 39.29	¥ 20.81	¥ 12.18	$ 0.140
Cash Dividends	6.00	6.00	7.00	7.00	6.00	6.00	0.064

	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
	2010	2009	2008	2007	2006	2005	2010
Non-Consolidated:							
Contract Awards	¥ 944,005	¥1,387,640	¥1,463,688	¥1,387,865	¥1,374,000	¥1,484,455	$10,150,591
Revenues	1,244,411	1,491,937	1,423,144	1,444,925	1,341,282	1,296,227	13,380,763
Net Income (Loss)	3,129	(7,548)	5,871	29,466	18,585	10,976	33,645
Total Assets	1,440,662	1,530,350	1,534,354	1,741,948	1,547,154	1,510,848	15,490,989
Total (Stockholders') Equity	232,212	215,946	265,026	341,257	306,671	237,991	2,496,903
Interest-bearing Debt	453,815	396,242	314,216	310,845	288,151	325,049	4,879,731

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, 2010 of ¥93=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, and allocated this loss to respective fiscal years. As a result, the consolidated financial statements for the years ended March 31, 2008, 2007, 2006 and 2005 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

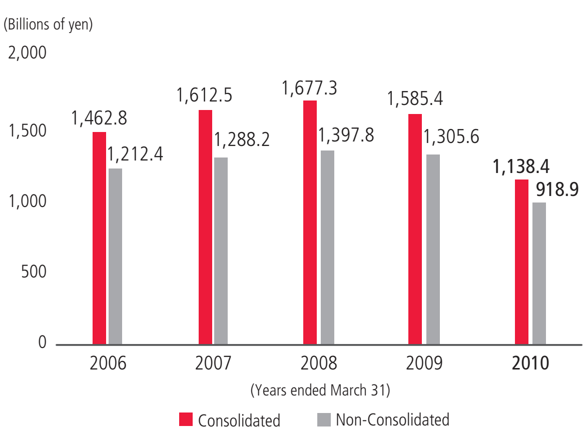
During the fiscal year ended March 31, 2010, although measures by various governments and other factors arrested the contraction of the global economy, full-fledged recovery was limited to the economies of China and some other emerging countries. A recovery trend became evident in the Japanese economy, but moderate deflation caused a substantial decrease in capital investment and employment and income conditions remained severe.

In the construction market in Japan, the order environment became even more difficult, with a substantial decrease in construction spending, mainly in the private sector. This and other factors caused the operating environment for construction companies to remain challenging.

In these conditions, the Kajima Group's consolidated results for the fiscal year ended March 31, 2010 were as follows.

Consolidated construction contract awards decreased 28.2 percent compared with the previous fiscal year to ¥1,138.4 billion, primarily due to a substantial decrease at the parent company. Non-consolidated construction contract awards decreased 29.6 percent year on year to ¥918.9 billion. Of this total, ¥267.9 billion came from civil engineering, a year-on-year decrease of 31.7 percent, and ¥651.0 billion came from building construction, a year-on-year decrease of 28.7 percent.

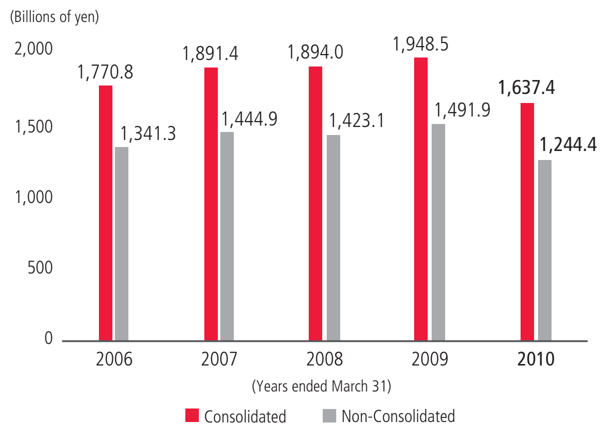
Construction Contract Awards



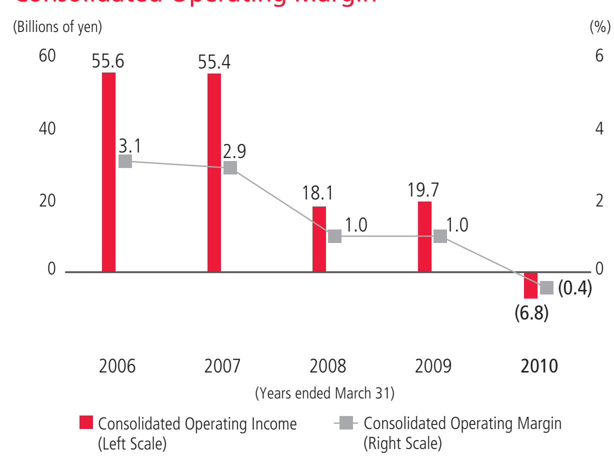
Consolidated revenues decreased 16.0 percent compared with the previous fiscal year to ¥1,637.4 billion, mainly because construction contract awards decreased, influenced by the drop in construction investment.

Consolidated operating loss was ¥6.8 billion, compared with consolidated operating income of ¥19.7 billion for the previous fiscal year. Despite steady progress in increasing the gross profit margin on completed projects in the domestic construction business, principal factors causing the operating loss included a substantial decrease in the profitability of large-scale overseas construction projects and an aggravated real estate development business due to a slowdown in real estate markets in Japan and overseas. Consolidated income before income taxes and minority interests was ¥28.8 billion, compared with a loss of ¥0.9 billion for the previous fiscal year, due to total extraordinary profit of ¥22.9 billion that included a gain on the transfer of a portion of ownership (preferred equity) in UDX SPC. Consolidated net income was ¥13.2 billion, compared with a net loss of ¥6.3 billion for the previous fiscal year.

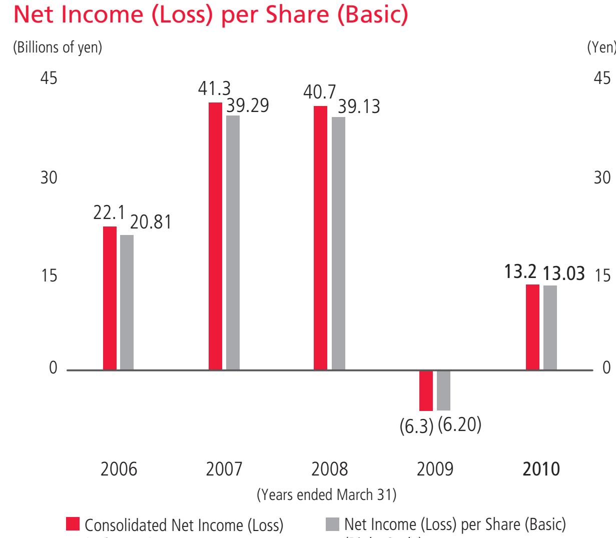
Revenues



Consolidated Operating Income (Loss) / Consolidated Operating Margin



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



Segment Performance

Construction Operations

Consolidated revenues from construction operations decreased 13.7 percent year on year to ¥1,480.4 billion, primarily due to a decrease in building construction at the parent company. Consolidated gross profit decreased 16.5 percent from the previous fiscal year to ¥69.4 billion because of factors including a decrease in the gross profit margin from 4.1 percent for the previous fiscal year to 3.8 percent.

Consolidated operating loss was ¥2.8 billion, compared with operating income of ¥3.1 billion for the previous fiscal year, because progress in reducing selling, general and administrative expenses did not fully compensate for the decrease in gross profit.

(Billions of yen)

(Years ended March 31)	2010	2009	2010/2009 (%)
Revenues	1,480.4	1,716.1	(13.7)
Operating income (loss)	(2.8)	3.1	—
Assets	1,386.2	1,463.2	(5.3)
Depreciation	10.3	9.5	7.9
Capital expenditures	8.9	14.2	(37.1)

Real Estate Operations

Consolidated revenues from real estate operations decreased 49.3 percent year on year to ¥63.5 billion, reflecting unfavorable real estate market conditions and the absence of the delivery of large-scale development projects recorded in the previous fiscal year. Consolidated operating loss was ¥7.6 billion, compared with operating income of ¥13.9 billion for the previous fiscal year.

(Billions of yen)

(Years ended March 31)	2010	2009	2010/2009 (%)
Revenues	63.5	125.3	(49.3)
Operating income (loss)	(7.6)	13.9	—
Assets	475.6	479.8	(0.9)
Depreciation	6.9	7.4	(7.2)
Capital expenditures	12.6	6.1	108.3

Other Operations

Consolidated revenues from other operations, which include architectural design, civil engineering design, engineering and environment, decreased 12.7 percent year on year to ¥93.5 billion. Consolidated operating income, however, increased 71.6 percent year on year to ¥5.1 billion.

(Billions of yen)

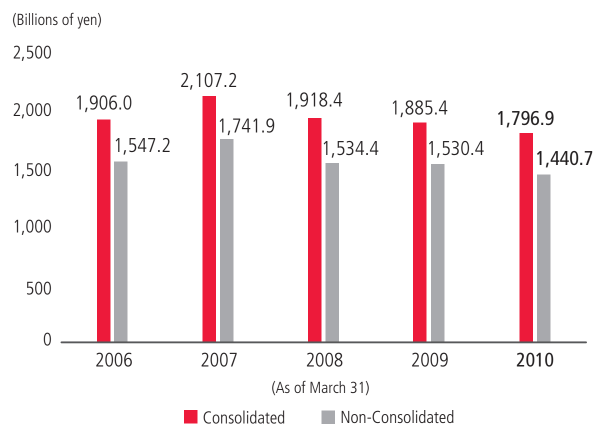
(Years ended March 31)	2010	2009	2010/2009 (%)
Revenues	93.5	107.1	(12.7)
Operating income	5.1	3.0	71.6
Assets	79.0	89.2	(11.5)
Depreciation	3.0	2.9	4.7
Capital expenditures	2.4	3.2	(24.7)

Analysis of Financial Position

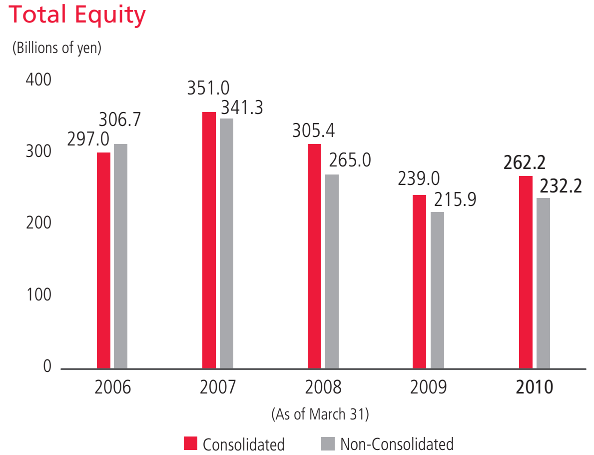
Assets, Liabilities and Equity

Total assets as of March 31, 2010 decreased ¥88.6 billion from a year earlier to ¥1,796.9 billion, mainly due to a decrease in construction projects in progress. Total liabilities decreased ¥111.7 billion from a year earlier to ¥1,534.7 billion despite an increase in interest-bearing debt, primarily because of decreases in notes and accounts payable – trade and advances received (construction projects in progress). Total equity increased ¥23.1 billion from a year earlier to ¥262.2 billion. As a result, the stockholders' equity/assets ratio increased to 14.6 percent from 12.3 percent as of March 31, 2009.

Total Assets



Total Equity



Cash Flows

Operating activities generated a net cash outflow of ¥76.9 billion during the fiscal year ended March 31, 2010 as opposed to a net cash inflow of ¥16.1 billion in the previous fiscal year. The cash outflow resulted mainly from a decrease in payables of ¥90.0 billion and a decrease in advances received of ¥88.1 billion. The cash inflow resulted mainly from income before income taxes and minority interests of ¥28.8 billion, with adjustments including depreciation and amortization of ¥20.0 billion and a decrease in inventories of ¥63.9 billion.

Investing activities resulted in a net cash outflow of ¥5.7 billion (fiscal year ended March 31, 2009: net cash outflow of ¥30.6 billion) despite proceeds from investments in affiliates totaling ¥19.4 billion. The cash outflow included payments for purchases of property and equipment totaling ¥23.2 billion.

Financing activities provided a net cash inflow of ¥72.0 billion (fiscal year ended March 31, 2009: net cash inflow of ¥74.6 billion). Net proceeds from an increase in short-term borrowings and issuance of long-term debt, commercial paper and bonds, totaling ¥80.0 billion, were partly offset by cash dividend payment of ¥5.6 billion.

As a result, cash and cash equivalents on March 31, 2010 decreased ¥9.6 billion from a year earlier to ¥141.8 billion.

Statements of Cash Flows Highlights

(Billions of yen)

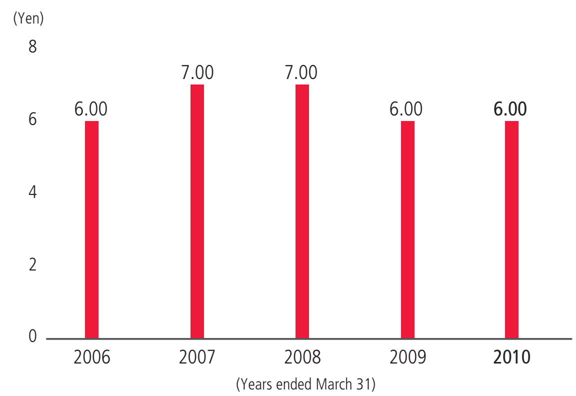
(Years ended March 31)	2010	2009	2008
Net cash (used in) provided by operating activities	(76.9)	16.1	(52.5)
Net cash (used in) provided by investing activities	(5.7)	(30.6)	3.0
Net cash provided by (used in) financing activities	72.0	74.6	(7.7)
Cash and cash equivalents at end of year	141.8	151.4	100.3

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 financial results for the fiscal year ended March 31, 2010 and the outlook for the operating environment in paying cash dividends per share for the fiscal year ended March 31, 2010 of ¥6.00, consisting of an interim dividend of ¥3.00 per share and a year-end dividend of ¥3.00 per share. We also plan to pay cash dividends totaling ¥6.00 per share for the current fiscal year, including an interim dividend of ¥3.00 per share.

Cash Dividends per Share



Forecast for the Fiscal Year Ending March 31, 2011

Despite signs of improvement in corporate earnings along with the moderate recovery of the global economy, full-fledged expansion in corporate capital expenditure in Japan seems unlikely. Concerns remain that chronic deflation and deteriorating employment conditions may drag down the economy. A domestic demand-led recovery of the Japanese economy is therefore forecast to take time.

In the Japanese construction market, most general contractors are suffering from a decrease in construction work at hand with a decrease in public-sector investment and uncertainties about future private-sector demand. Competition for new business opportunities among Japanese contractors is therefore expected to become even more intense. Moreover, apprehension about increased prices for certain construction materials is likely to make the operating environment more challenging.

Given these conditions, we forecast that consolidated revenues for the current fiscal year will decrease 12.1 percent year on year to ¥1,440.0 billion. However, based on an anticipated increase in gross profit in the construction business of the parent company, we forecast operating income of ¥26.0 billion, compared with the operating loss of ¥6.8 billion for the previous fiscal year. We also forecast that net income will decrease 1.7 percent year on year to ¥13.0 billion.

*Please note that the above projections are based on information available as of May 13, 2010, and are subject to risk 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, 2010. 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 and profitability 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

The Kajima Group operates in North America, Europe, Asia and other regions around the world. Significant political, economic or legal changes in the countries and regions where the Kajima Group operates could affect the Kajima 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 environment 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

Credit problems of customers, subcontractors, joint venture partners or other counterparties could cause bad debts, construction delays or other problems that 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, 2010 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 Japanese 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)
	2010	2009	2010
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 18)	¥ 141,773	¥ 151,412	$ 1,524,441
Marketable securities (Notes 4 and 18)	143	354	1,538
Operational investments in securities (Notes 4 and 18)	20,932	23,348	225,075
Notes and accounts receivable–trade (Notes 9, 18 and 20)	503,000	528,416	5,408,602
Allowance for doubtful accounts (Note 18)	(4,271)	(6,085)	(45,925)
Inventories:			
Construction projects in progress	57,185	130,791	614,892
Development projects in progress, real estate and other (Note 9)	240,073	227,952	2,581,430
Deferred income taxes (Note 15)	64,266	67,225	691,032
Other current assets (Notes 9 and 18)	142,515	142,020	1,532,420
Total current assets	1,165,616	1,265,433	12,533,505
PROPERTY AND EQUIPMENT:			
Land (Notes 5, 6, 7 and 9)	194,828	193,426	2,094,925
Buildings and structures (Notes 6, 7 and 9)	115,401	116,154	1,240,871
Machinery, equipment and other	16,738	18,356	179,978
Construction in progress (Note 7)	10,602	4,348	114,000
Total property and equipment	337,569	332,284	3,629,774
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 4 and 18)	190,522	173,377	2,048,624
Investments in unconsolidated subsidiaries and affiliates (Notes 9 and 18)	17,679	20,864	190,097
Long-term loans receivable (Notes 8 and 18)	28,342	19,505	304,753
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 9 and 18)	8,098	5,966	87,075
Allowance for doubtful accounts (Note 18)	(25,332)	(21,057)	(272,387)
Deferred income taxes (Note 15)	23,745	35,779	255,323
Other (Note 6)	50,626	53,276	544,365
Total investments and other assets	293,680	287,710	3,157,850
TOTAL	¥1,796,865	¥1,885,427	$19,321,129

See notes to consolidated financial statements.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 9, 10 and 18)	¥ 191,654	¥ 142,207	$ 2,060,796
Commercial paper (Notes 11 and 18)	70,000	92,000	752,688
Current portion of long-term debt (Notes 9, 10 and 18)	64,351	60,610	691,946
Notes and accounts payable–trade (Note 18)	471,520	560,452	5,070,108
Advances received:			
Construction projects in progress (Notes 12 and 16)	85,612	160,215	920,559
Development projects in progress, real estate and other (Note 16)	17,064	30,018	183,484
Income taxes payable (Note 18)	9,829	3,881	105,688
Accrued expenses	20,095	24,177	216,075
Other current liabilities (Note 9)	163,530	173,630	1,758,387
Total current liabilities	1,093,655	1,247,190	11,759,731
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9, 10, 18 and 22.a)	297,567	250,478	3,199,645
Deferred income taxes (Note 15)	10	14	108
Deferred income taxes on revaluation of land (Note 5)	20,569	20,013	221,172
Liability for retirement benefits (Note 13)	60,546	63,429	651,032
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	1,816	2,179	19,527
Other long-term liabilities (Notes 3 and 9)	60,537	63,078	650,935
Total long-term liabilities	441,045	399,191	4,742,419
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 17, 19 and 20)			
EQUITY (Notes 14 and 22.b):			
Common stock, authorized, 2,500,000,000 shares; issued, 1,057,312,022 shares	81,447	81,447	875,774
Additional paid-in capital	45,331	49,485	487,430
Retained earnings	97,175	89,199	1,044,892
Unrealized gain on available-for-sale securities (Note 4)	30,682	14,875	329,914
Deferred gain (loss) on derivatives under hedge accounting	(1,083)	(1,384)	(11,645)
Revaluation surplus of land (Note 5)	25,476	25,552	273,936
Foreign currency translation adjustments	(11,153)	(13,656)	(119,924)
Treasury stock–at cost, 18,023,790 shares in 2010 and 41,742,624 shares in 2009 (Note 3)	(6,005)	(14,414)	(64,570)
Total	261,870	231,104	2,815,807
Minority interests	295	7,942	3,172
Total equity	262,165	239,046	2,818,979
TOTAL	¥1,796,865	¥1,885,427	$19,321,129

Consolidated Statements of Operations

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
REVENUES (Note 16):			
Construction projects	¥1,480,352	¥1,716,109	$15,917,763
Real estate and other (Note 7)	157,010	232,431	1,688,280
Total revenues	1,637,362	1,948,540	17,606,043
COST OF REVENUES (Note 16):			
Construction projects	1,410,982	1,633,059	15,171,849
Real estate and other (Note 7)	144,539	200,141	1,554,183
Total cost of revenues	1,555,521	1,833,200	16,726,032
Gross profit	81,841	115,340	880,011
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	88,603	95,644	952,721
Operating (loss) income	(6,762)	19,696	(72,710)
OTHER INCOME (EXPENSES):			
Interest and dividends	5,640	7,698	60,645
Interest expense	(8,919)	(9,060)	(95,903)
Foreign currency exchange gain (loss)	537	(4,016)	5,774
Equity in earnings of unconsolidated subsidiaries and affiliates	16,707	989	179,645
Equity in (losses) earnings of partnership	(616)	839	(6,624)
Penalty income on development projects	7,000	—	75,269
Loss on sales or disposals of property and equipment–net (Note 7)	(787)	(2,503)	(8,462)
Gain on sales of marketable and investment securities–net (Note 4)	4,366	935	46,946
Valuation loss on marketable and investment securities (Note 4)	(662)	(8,620)	(7,118)
Gain on sales of investment in affiliates	17,842	8,323	191,849
Provision for doubtful accounts	(4,255)	(12,218)	(45,753)
Loss on liquidation of subsidiaries and affiliates	—	(1,661)	—
Loss on impairment of long-lived assets (Notes 6 and 7)	(302)	(2,063)	(3,247)
Settlement received	—	3,692	—
Litigation settlement	(173)	(292)	(1,860)
Loss on disaster	(485)	—	(5,215)
Loss on circular transactions	—	(3,610)	—
Other–net	(320)	978	(3,440)
Other income (expenses)–net.	35,573	(20,589)	382,506
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	28,811	(893)	309,796
INCOME TAXES (Note 15):			
Current	11,281	4,569	121,301
Deferred	3,711	1,947	39,903
Total income taxes	14,992	6,516	161,204
MINORITY INTERESTS IN NET INCOME (LOSS)	(593)	1,112	(6,377)
NET INCOME (LOSS)	¥ 13,226	¥ (6,297)	$ 142,215
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 21):			
Basic net income (loss)	¥ 13.03	¥ (6.20)	$ 0.140
Cash dividends applicable to the year	6.00	6.00	0.064

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2010 and 2009

	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, 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)
Net income	—	—	—	13,226	—	—
Cash dividends paid:						
Final for prior year, ¥2.50 per share	—	—	—	(2,533)	—	—
Interim for current year, ¥3.00 per share	—	—	—	(3,039)	—	—
Transfer due to sales of revalued land	—	—	—	(538)	—	—
Repurchase of treasury stock	23,719	—	—	—	—	—
Disposal of treasury stock (Note 3)	—	—	(4,154)	—	—	—
Change of scope of equity method	—	—	—	860	—	—
Net change in the year	—	—	—	—	15,807	301
BALANCE, MARCH 31, 2010	**1,039,288**	**¥ 81,447**	**¥ 45,331**	**¥ 97,175**	**¥ 30,682**	**¥ (1,083)**

	Millions of Yen					
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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
Net income	—	—	—	13,226	—	13,226
Cash dividends paid:						
Final for prior year, ¥2.50 per share	—	—	—	(2,533)	—	(2,533)
Interim for current year, ¥3.00 per share	—	—	—	(3,039)	—	(3,039)
Transfer due to sales of revalued land	(76)	—	—	(614)	—	(614)
Repurchase of treasury stock	—	—	(759)	(759)	—	(759)
Disposal of treasury stock (Note 3)	—	—	9,168	5,014	—	5,014
Change of scope of equity method	—	—	—	860	—	860
Net change in the year	—	2,503	—	18,611	(7,647)	10,964
BALANCE, MARCH 31, 2010	**¥ 25,476**	**¥(11,153)**	**¥ (6,005)**	**¥261,870**	**¥ 295**	**¥262,165**

See notes to consolidated financial statements.

Year Ended March 31, 2010

	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, 2009	$ 875,774	$ 532,097	$ 959,129	$ 159,946	$ (14,882)
Net income	—	—	142,215	—	—
Cash dividends paid:					
Final for prior year, $0.027 per share	—	—	(27,237)	—	—
Interim for current year, $0.032 per share	—	—	(32,677)	—	—
Transfer due to sales of revalued land	—	—	(5,785)	—	—
Repurchase of treasury stock.	—	—	—	—	—
Disposal of treasury stock (Note 3)	—	(44,667)	—	—	—
Change of scope of equity method	—	—	9,247	—	—
Net change in the year	—	—	—	169,968	3,237
BALANCE, MARCH 31, 2010	$ 875,774	$ 487,430	$1,044,892	$ 329,914	$ (11,645)

	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, 2009	$ 274,753	$ (146,839)	$ (154,989)	$2,484,989	$ 85,398	$2,570,387
Net income	—	—	—	142,215	—	142,215
Cash dividends paid:						
Final for prior year, $0.027 per share	—	—	—	(27,237)	—	(27,237)
Interim for current year, $0.032 per share	—	—	—	(32,677)	—	(32,677)
Transfer due to sales of revalued land	(817)	—	—	(6,602)	—	(6,602)
Repurchase of treasury stock	—	—	(8,161)	(8,161)	—	(8,161)
Disposal of treasury stock (Note 3)	—	—	98,580	53,913	—	53,913
Change of scope of equity method	—	—	—	9,247	—	9,247
Net change in the year	—	26,915	—	200,120	(82,226)	117,894
BALANCE, MARCH 31, 2010	$ 273,936	$ (119,924)	$ (64,570)	$2,815,807	$ 3,172	$2,818,979

Consolidated Statements of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥ 28,811	¥ (893)	$ 309,796
Adjustments for:			
Income taxes–paid	(5,594)	(3,700)	(60,151)
Depreciation and amortization	20,024	19,566	215,312
Provision for doubtful accounts	6,331	13,144	68,075
Foreign currency exchange loss	426	3,182	4,581
Equity in earnings of unconsolidated subsidiaries and affiliates	(16,707)	(989)	(179,645)
Loss on liquidation of subsidiaries and affiliates	—	1,661	—
Valuation loss on marketable and investment securities	662	8,620	7,118
Loss on sales or disposals of property and equipment–net	787	2,503	8,462
Gain on sales of marketable and investment securities–net	(4,366)	(935)	(46,946)
Loss on impairment of long-lived assets	302	2,063	3,247
Gain on sales of investments in affiliates	(17,842)	(8,323)	(191,849)
Changes in operating assets and liabilities:			
Decrease in receivables	14,245	51,544	153,172
Decrease (increase) in inventories	63,915	(36,641)	687,258
Decrease (increase) in operational investments in securities	2,477	(10,530)	26,634
Decrease in payables	(89,991)	(588)	(967,645)
Decrease in advances received	(88,058)	(9,799)	(946,860)
Decrease in accrued expenses	(4,316)	(1,268)	(46,409)
Decrease in liability for retirement benefits	(2,883)	(679)	(31,000)
Decrease (increase) in other assets	4,443	(232)	47,774
Decrease in other liabilities	(8,535)	(11,277)	(91,774)
Other–net	18,926	(303)	203,506
Net cash (used in) provided by operating activities	(76,943)	16,126	(827,344)
INVESTING ACTIVITIES:			
Increase of time deposits excluding cash equivalents	(2,559)	(516)	(27,516)
Payment for purchases of marketable and investment securities	(7,529)	(19,639)	(80,957)
Proceeds from sales and redemption of marketable and investment securities	16,113	12,853	173,258
Payment for purchases of investments in other securities of subsidiaries and affiliates	(3,000)	—	(32,258)
Payment for purchases of property and equipment	(23,240)	(17,856)	(249,892)
Proceeds from sales of property and equipment	1,350	767	14,516
Payment for purchase of intangible assets	(1,263)	(1,643)	(13,581)
Cash and cash equivalents paid due to increase in consolidated subsidiaries	—	(294)	—
Disbursements for loans	(5,639)	(6,665)	(60,634)
Proceeds from collection of loans	2,983	4,315	32,075
Proceeds from investments in affiliates	19,432	8,721	208,946
Other–net	(2,390)	(10,615)	(25,699)
Net cash used in investing activities	(5,742)	(30,572)	(61,742)
FINANCING ACTIVITIES:			
Increase in short-term borrowings	50,439	34,566	542,355
Net (repayment) issuance of commercial paper	(22,000)	15,000	(236,559)
Proceeds from issuance of long-term debt	55,936	88,961	601,462
Repayment of long-term debt	(61,913)	(54,604)	(665,731)
Proceeds from issuance of bonds	57,500	—	618,280
Repayment of finance lease obligations	(2,201)	(1,972)	(23,667)
Cash dividends paid	(5,572)	(7,094)	(59,914)
Other–net	(229)	(212)	(2,463)
Net cash provided by financing activities	71,960	74,645	773,763
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	1,086	(9,326)	11,678
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,639)	50,873	(103,645)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	151,412	100,291	1,628,086
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	—	248	—
CASH AND CASH EQUIVALENTS, END OF YEAR	¥141,773	¥151,412	$1,524,441

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

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.

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 ¥93 to $1, the approximate rate of exchange at March 31, 2010. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 90 (86 in 2009) 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 48 (53 in 2009) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 52 (52 in 2009) 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 2009) which are not consolidated under Guidance No.15 as of March 31, 2010. The total assets and liabilities of such special purpose entities as of March 31, 2010 and 2009 were ¥63,881 million ($686,892 thousand) and ¥65,307 million, ¥63,861 million ($686,677 thousand) and ¥65,287 million, respectively. The Company recognized lease payments of ¥5,145 million ($55,323 thousand) and ¥5,477 million based on lease agreements of real estate for the years ended March 31, 2010 and 2009, respectively. The investment in anonymous association was ¥8,864 million ($95,312 thousand) and ¥7,703 million, respectively, and its related distributed profit was ¥1,037 million ($11,151 thousand) and ¥2,116 million, respectively, as of and for the years ended March 31, 2010 and 2009.

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, 2010

① Number of consolidated subsidiaries: 90: 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 27 subsidiaries, Kajima Europe Ltd. (KEL) and its 9 subsidiaries, Kajima Europe B.V. (KE) and its 10 subsidiaries, Kajima Europe U.K. Holding Ltd. (KEUK) and its 12 subsidiaries, Kajima Overseas Asia Pte. Ltd. (KOA) and its 13 subsidiaries and 9 subsidiaries of the Company

② Number of unconsolidated subsidiaries accounted for using the equity method:	48: ARTES Corporation, Japan Sea Works Co., Ltd. and 46 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, 2010

① Newly consolidated companies:	4 subsidiaries of KEL, 1 subsidiary of KE and 1 subsidiary of KOA due to new establishments
② Companies excluded from consolidation:	Nippon Foundation Engineering Co., Ltd. and 1 subsidiary of KUSA due to liquidations
③ Companies newly accounted for using the equity method:	1 subsidiary and 4 affiliates due to new establishments
④ Company accounted for using the equity method which was transferred from affiliate to subsidiary:	1 subsidiary of KOA due to purchase of shares
⑤ Companies excluded from the equity method:	7 subsidiaries and 3 affiliates due to liquidations and sales of shares

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. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. Business Combination — On October 31, 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and on December 27, 2005, the ASBJ issued ASBJ Statement No.7, "Accounting Standard for Business Divestitures", and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

Effective March 29, 2010, the Company made Kajima Road Co., Ltd., a 50.59% owned subsidiary, a wholly owned subsidiary of the Company by means of a share exchange. The detail of the share exchange is described in Note 3.

d. 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.

e. 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". 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.

As a result of the measurement, gross profit for the years ended March 31, 2010 and 2009 decreased by ¥9,323 million ($100,247 thousand) and ¥908 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.

f. 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 ¥818 million ($8,796 thousand) and ¥1,773 million for the years ended March 31, 2010 and 2009, respectively.

g. Marketable Securities, Operational Investments in Securities and Investments in Securities — Marketable securities, operational investments 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.

h. 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 ¥243,937 million ($2,622,978 thousand) and ¥234,723 million as of March 31, 2010 and 2009, respectively.

i. 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.

j. 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.

k. 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.

l. Construction Contracts — On December 27, 2007, the ASBJ issued ASBJ Statement No.15, "Accounting Standard for Construction Contracts", and ASBJ Guidance No.18, "Guidance on Accounting Standard for Construction Contracts". Under the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new 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 should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a 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. For the existing contracts which commenced on or before March 31, 2009, both the previous Japanese GAAP and the new accounting standard are permitted.

Effective April 1, 2009, the Company and its consolidated domestic subsidiaries applied the new accounting standard for the contracts commencing on or after April 1, 2009. For the contracts which commenced on or before March 31, 2009, 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 effect of this change was to decrease operating loss by ¥2,289 million ($24,613 thousand) and to increase income before income taxes and minority interests by ¥2,289 million ($24,613 thousand), respectively, for the year ended March 31, 2010.

The revenues posted by way of the percentage-of-completion method for the years ended March 31, 2010 and 2009 were ¥1,165,330 million ($12,530,430 thousand) and ¥1,260,073 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 ¥18,234 million ($196,065 thousand) and ¥19,656 million as of March 31, 2010 and 2009, 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, 2010 and 2009 totaled ¥10,069 million ($108,269 thousand) and ¥9,994 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.

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 and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps 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.

The derivative instruments applied for forecasted or committed transactions are also measured at 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 the Companies have nothing which might dilute the per share information for the years ended March 31, 2010 and 2009 and because of the net loss position of the Companies for the year ended March 31, 2009.

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) Business Combinations

On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for financial years beginning on or after April 1, 2009.

ii) 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 March 10, 2008, the ASBJ issued ASBJ Statement No.16, "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 financial years beginning on or after April 1, 2010 with early adoption permitted for financial years beginning on or after April 1, 2009.

iii) 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.

iv) Accounting Changes and Error Corrections

On December 4, 2009, the ASBJ issued ASBJ Statement No.24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No.24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the financial year that begins on or after April 1, 2011.

v) Segment Information Disclosures

On March 21, 2008, the ASBJ revised ASBJ Statement No.17, "Accounting Standard for Segment Information Disclosures", and issued ASBJ Guidance No.20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the financial years beginning on or after April 1, 2010.

3. BUSINESS COMBINATION

Transaction under Common Control

a. Name of combined company and description of business, legal form of business combination and outline of the transaction including its purpose

(1) Name of combined company and description of business

Name: Kajima Road Co., Ltd. (Consolidated subsidiary)

Description of business: Pavement work, civil work, building work and sales of asphalt mixtures

(2) Legal form of business combination

A share exchange to make Kajima Road Co., Ltd. a wholly owned subsidiary of the Company

(3) Outline of the transaction including its purpose

Under the severe business environment in the construction industry, to respond flexibly and expeditiously to significant changes in the structure of the market, further progress was required in terms of enhancing group solidarity and forcefully advancing the improvement of business efficiency. To this end, the Company made Kajima Road Co., Ltd. a wholly owned subsidiary through a planned share exchange in accordance with the provisions of clause 3 of Article 796 in the Companies Act of Japan (the "Companies Act"), on March 29, 2010.

b. Overview of the accounting treatment

It was treated as a transaction under common control according to a Statement of Opinion, "Accounting for Business Combinations" (issued by the BAC on October 31, 2003), and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures" (issued by the ASBJ on December 27, 2005).

c. Acquisition cost of the additional shares of Kajima Road Co., Ltd.

(1) Acquisition cost and its detail

	Millions of Yen	Thousands of U.S. Dollars
Common stock of Kajima Road Co., Ltd.	¥5,158	$55,462
Direct expenditure related to acquisition	39	420
Total acquisition cost	¥5,197	$55,882

(2) Allotment ratio of shares and type of share

The share allocation was 9 shares of the Company common stock per 1 share of Kajima Road Co., Ltd. common stock. However, allotment by this share exchange was not applicable to Kajima Road Co., Ltd. common stocks, which the Company owns.

In addition, the Company has not issued new common stock because the Company allotted treasury stock to shareholders of Kajima Road Co., Ltd.

(3) Method of calculation for share-exchange ratio

With reference to the result of the share-exchange ratio calculations provided in the independent third-party valuations, discussing and negotiating deliberately by both companies, the Company and Kajima Road Co., Ltd. decided the share-exchange ratio as noted c. (2) above.

(4) Number of issued shares and its amount

Number of issued shares: 27,005,499 shares

Amount: ¥5,158 million ($55,462 thousand)

(5) Detail of negative goodwill, reason, amortization method and amortization period

Negative goodwill was ¥3,184 million ($34,237 thousand), which was generated because the additional acquisition cost of Kajima Road Co., Ltd. was less than the decrease in the minority interest due to the share exchange. Negative goodwill will be amortized by the straight-line method over 5 years.

4. MARKETABLE SECURITIES, OPERATIONAL INVESTMENTS IN SECURITIES AND INVESTMENTS IN SECURITIES

Marketable securities, operational investments in securities and investments in securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Current:			
Government and corporate bonds	¥ 143	¥ 187	$ 1,538
Fund trusts and other	20,932	23,515	225,075
Total	¥ 21,075	¥ 23,702	$ 226,613
Non-Current:			
Equity securities	¥169,195	¥149,669	$1,819,301
Government and corporate bonds	1,909	1,391	20,527
Fund trusts and other	19,418	22,317	208,796
Total	¥190,522	¥173,377	$2,048,624

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 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.

The costs and aggregate fair values regarding the category of the securities classified as available-for-sale as of March 31, 2010 and 2009 was as follows:

As of March 31, 2010	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥105,537	¥ 55,617	¥ (3,686)	¥157,468
Government and corporate bonds	2,037	16	(2)	2,051
Fund trusts and other	1,136	184	(81)	1,239
Total	¥108,710	¥ 55,817	¥ (3,769)	¥160,758

As of March 31, 2009	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
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
Total	¥114,832	¥ 32,267	¥ (6,929)	¥140,170

As of March 31, 2010	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	$1,134,806	$ 598,032	$ (39,634)	$1,693,204
Government and corporate bonds	21,904	172	(22)	22,054
Fund trusts and other	12,215	1,979	(871)	13,323
Total	$1,168,925	$ 600,183	$ (40,527)	$1,728,581

The above figure includes marketable equity securities temporarily lent to financial institutions based on a securities lending agreement in the amount of ¥64,044 million ($688,645 thousand) and ¥38,365 million as of March 31, 2010 and 2009, respectively.

Available-for-sale securities whose fair values were not readily determinable as of March 31, 2009 were as follows. The similar information for 2010 is disclosed in Note 18.

As of March 31, 2009	Carrying Amount Millions of Yen
Available-for-sale:	
Equity securities	¥11,054
Fund trusts and other	45,855
Total	¥56,909

Proceeds from sales of available-for-sale securities for the year ended March 31, 2009 were ¥2,832 million. Gross realized gains and losses on these sales, computed using the moving-average cost method, were ¥982 million and ¥46 million, respectively, for the year ended March 31, 2009.

The information of available-for-sale securities which were sold during the year ended March 31, 2010 was as follows:

As of March 31, 2010	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥10,694	¥ 4,566	¥ 201
Government and corporate bonds	28	2	—
Fund trusts and other	61	2	—
Total	¥10,783	¥ 4,570	¥ 201

As of March 31, 2010	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	$114,989	$ 49,096	$ 2,161
Government and corporate bonds	301	22	—
Fund trusts and other	656	22	—
Total	$115,946	$ 49,140	$ 2,161

The impairment losses on available-for-sale equity securities for the years ended March 31, 2010 and 2009 were ¥662 million ($7,118 thousand) and ¥8,620 million, respectively.

5. 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, as a component of equity. 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 and related deferred tax liabilities.

6. LONG-LIVED ASSETS

For the year ended March 31, 2010, the Company and consolidated subsidiaries recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Idle properties	Land, Buildings and structures	Miyagi Prefecture and other	2
—	Goodwill	U.S.A.	1

For purposes of evaluating and measuring impairment, idle properties are individually evaluated.

Carrying amounts of certain idle properties and goodwill were devalued to their recoverable amounts or fair value, due to substantial declines in the fair market value and profitability.

As a result, the Company and consolidated subsidiaries recognized an impairment loss of ¥302 million ($3,247 thousand), which consisted of idle properties of ¥125 million ($1,344 thousand) and goodwill of ¥177 million ($1,903 thousand) for the year ended March 31, 2010.

Recoverable amounts of certain idle properties were measured at the anticipated net selling price at disposition. The Company and consolidated domestic subsidiary principally used appraisal value, less the cost of disposal, for calculating net selling price at disposition. Goodwill held by a consolidated overseas subsidiary in the U.S.A. was evaluated for impairment in accordance with the provisions of Statements of Financial Accounting Standards No.142.

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, which consisted of assets used for business of ¥1,164 million and idle properties of ¥899 million for the year ended March 31, 2009.

Recoverable amounts of certain assets were measured at 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.

7. INVESTMENT PROPERTY

On November 28, 2008, the ASBJ issued ASBJ Statement No.20, "Accounting Standard for Investment Property and Related Disclosures", and issued ASBJ Guidance No.23, "Guidance on Accounting Standard for Investment Property and Related Disclosures". This accounting standard and the guidance are applicable to investment property and related disclosures at the end of the financial years ending on or after March 31, 2010. The Companies applied the new accounting standard and guidance effective March 31, 2010.

The Company and consolidated subsidiaries hold some rental properties such as office buildings and commercial facilities in Tokyo, other areas in Japan and overseas (Indonesia, United Kingdom and others). Net of rental income and operating expenses for those rental properties was ¥6,546 million ($70,387 thousand), loss on sales or disposals of property and equipment–net was ¥704 million ($7,570 thousand) and loss on impairment of long-lived assets was ¥125 million ($1,344 thousand) for the year ended March 31, 2010.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows.

Millions of Yen			
Carrying amount			Fair value
As of April 1, 2009	Increase/Decrease	As of March 31, 2010	As of March 31, 2010
¥169,755	**¥ 6,471**	**¥176,226**	**¥278,027**

Thousands of U.S. Dollars			
Carrying amount			Fair value
As of April 1, 2009	Increase/Decrease	As of March 31, 2010	As of March 31, 2010
$1,825,323	**$ 69,580**	**$1,894,903**	**$2,989,538**

Notes:
(1) Carrying amount recognized in balance sheet is net of accumulated depreciation, if any.
(2) Fair value of properties as of March 31, 2010 is measured as follows:
(a) Fair value of domestic properties is principally measured by the Companies in accordance with its Real-estate Appraisal Standard, including adjustments using indexes.
(b) Fair value of overseas properties is principally measured by third-party appraisal report.

8. LONG-TERM LOANS RECEIVABLE

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

9. PLEDGED ASSETS

As of March 31, 2010, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥405 million ($4,355 thousand), current portion of long-term debt of ¥8,058 million ($86,645 thousand), other current liabilities of ¥23 million ($247 thousand), long-term debt of ¥12,763 million ($137,237 thousand) and other long-term liabilities of ¥637 million ($6,849 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	¥ 241	$ 2,591
Inventories:		
Development projects in progress, real estate and other	26,924	289,506
Other current assets	55	592
Land	35	376
Buildings and structures	2,251	24,204
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	787	8,462
Long-term loans to unconsolidated subsidiaries and affiliates	1,579	16,979
Total	¥31,872	$342,710

10. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings were generally represented by 365-day notes in 2010 and 2009 issued by the Companies and bore interest principally at the short-term primary interest rate of 1.475% in effect as of March 31, 2010 and 2009.

Long-term debt as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
0.73636% to 5.5% loans from banks, due 2010 – 2016	¥233,605	¥232,923	$2,511,882
0.885% to 6.5% loans from insurance companies and other financial institutions, due 2010 – 2021	27,293	12,510	293,473
5.75% medium-term notes, due 2009	—	697	—
0.89636% to 2.9% bonds, due 2010 – 2015	97,500	60,200	1,048,387
Lease obligations	3,520	4,758	37,849
Total	361,918	311,088	3,891,591
Current portion included in current liabilities	(64,351)	(60,610)	(691,946)
Total	¥297,567	¥250,478	$3,199,645

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, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 64,351	$ 691,946
2012	62,204	668,860
2013	80,468	865,247
2014	83,636	899,312
2015	53,447	574,699
2016 and thereafter	17,812	191,527
Total	¥361,918	$3,891,591

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,612,903 thousand) with several Japanese banks. There was no outstanding balance under the committed loan facility agreements as of March 31, 2010.

11. COMMERCIAL PAPER

Commercial paper was represented by 29 to 110-day paper issued by the Company with interest at 0.402% to 0.7% and 67 to 123-day paper at 1.25% to 1.6% as of March 31, 2010 and 2009, respectively.

12. 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.

13. 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, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥ 91,870	¥ 97,492	$ 987,849
Fair value of plan assets	(15,887)	(12,508)	(170,828)
Unrecognized actuarial loss	(2,958)	(5,853)	(31,806)
Unrecognized prior service cost	(12,479)	(15,702)	(134,183)
Net liability	¥ 60,546	¥ 63,429	$ 651,032

b. The Components of Net Periodic Benefit Costs for the Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	¥ 4,077	¥ 4,616	$ 43,839
Interest cost	1,914	1,975	20,581
Expected return on plan assets	(247)	(304)	(2,656)
Amortization of actuarial loss	176	557	1,892
Amortization of prior service cost	3,224	3,224	34,667
Other	2,527	2,291	27,172
Net periodic benefit costs	¥11,671	¥12,359	$125,495

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

c. Assumptions Used for the Years Ended March 31, 2010 and 2009

	2010	2009
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	0% to 2.5%	0% to 2.5%
Amortization period of prior service cost	10 years	10 years
Recognition period of actuarial gain/loss	10 years	10 years

14. EQUITY

Japanese companies are subject to 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.

15. 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, 2010 and 2009.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred Tax Assets:			
Inventories	**¥ 27,647**	¥ 25,023	**$ 297,280**
Liability for retirement benefits	**25,279**	25,859	**271,817**
Property and equipment	**11,635**	11,585	**125,108**
Other	**67,473**	73,831	**725,515**
Subtotal	**132,034**	136,298	**1,419,720**
Valuation allowance	**(14,479)**	(12,456)	**(155,688)**
Total	**117,555**	123,842	**1,264,032**
Deferred Tax Liabilities:			
Unrealized gain on available-for-sale securities	**(22,517)**	(12,842)	**(242,118)**
Other	**(7,037)**	(8,011)	**(75,667)**
Total	**(29,554)**	(20,853)	**(317,785)**
Net Deferred Tax Assets	**¥ 88,001**	¥102,989	**$ 946,247**

Certain consolidated subsidiaries of the Company have tax loss carryforwards whose expiration dates range from 2011 to 2017. 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 ¥2,317 million ($24,914 thousand) and ¥5,795 million as of March 31, 2010 and 2009, 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, 2010 and 2009 was as follows:

	2010	2009
Normal effective statutory tax rate	40.5%	40.5%
Expenses not deductible for income tax purposes	5.9	(208.2)
Non-taxable income	(2.4)	58.4
Inhabitant taxes	1.9	(52.5)
Tax benefits not recognized on equity in earnings or losses of unconsolidated subsidiaries and affiliates	(15.9)	46.3
Elimination of intercompany dividends	14.0	(145.4)
Valuation allowance	9.7	(635.7)
Other–net	(1.7)	166.8
Actual effective tax rate	52.0%	(729.8)%

16. RELATED PARTY TRANSACTIONS

Transactions with unconsolidated subsidiaries and affiliates for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Construction and other revenues	¥16,236	¥14,683	$174,581
Purchases	21,274	26,847	228,753

In addition, during the financial year ended March 31, 2010, the Company and a domestic subsidiary each entered into a construction contract. The Company amended the original construction contract of ¥720 million by ¥222 million ($2,387 thousand). The domestic subsidiary entered into the construction contract of ¥178 million ($1,914 thousand). Both contracts were 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, 2010 and 2009 were ¥577 million ($6,204 thousand) and ¥13 million ($140 thousand), ¥355 million and ¥80 million, respectively. Revenue recognized for real estate and other for the year ended March 31, 2010 was ¥35 million ($376 thousand) and advances received on development projects in progress, real estate and other for the year ended March 31, 2009 was ¥18 million.

During the financial year ended March 31, 2009, the Company sold a condominium amounting to ¥182 million to a director of the Company.

Besides as mentioned above, during the financial year ended March 31, 2010, the Company allotted its common stocks of ¥251 million ($2,699 thousand) to a director and the families of the directors of the Company in accordance with the share exchange to make Kajima Road Co., Ltd. a wholly owned subsidiary as mentioned in Note 3.

Also, the Company purchased the stock of a consolidated subsidiary in the amount of ¥11 million ($118 thousand) from a director of the Company and of an unconsolidated subsidiary in the amount of ¥30 million ($323 thousand) from the family of a director of the Company during the financial year ended March 31, 2010.

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

17. LEASES

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 ¥7,459 million ($80,204 thousand) and ¥6,767 million for the years ended March 31, 2010 and 2009, respectively.

a. Operating Leases as a Lessee

The minimum rental commitments under noncancellable operating leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 9,961	¥10,918	$107,108
Due after one year	44,506	56,840	478,559
Total	¥54,467	¥67,758	$585,667

b. Operating Leases as a Lessor

The minimum rental receivables under noncancellable operating leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 9,887	¥ 9,967	$106,312
Due after one year	61,354	67,589	659,720
Total	¥71,241	¥77,556	$766,032

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No.10, “Accounting Standard for Financial Instruments”, and issued ASBJ Guidance No.19, “Guidance on Accounting Standard for Financial Instruments and Related Disclosures”. This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the financial years ending on or after March 31, 2010 with early adoption permitted from the beginning of the financial years ending before March 31, 2010. The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

a. Policy for financial instruments

The Companies use financial instruments, mainly loans from banks and bonds, based on their capital financing plan for construction and development business. Cash surpluses, if any, are invested in low risk financial assets such as deposits. As a matter of policy, the Companies only use derivatives for actual operating requirements, not for speculation.

b. Nature, extent of risks arising from financial instruments and risk management for financial instruments

Receivables such as notes and accounts receivable–trade are exposed to customer credit risks. The Companies thoroughly enforce the credit risk management, which includes principally credit researches at the time of obtaining work and timely monitoring of credit standings.

Payment terms of payables, such as notes and accounts payable–trade, are within one year.

Although marketable securities and investments in securities are exposed to the risk of market price fluctuations, the Companies use the internal management system to recognize their fair values periodically.

Loans from banks, commercial paper and bonds are used to raise funds for construction and development business.

Derivatives mainly include foreign exchange forward contracts, currency swaps and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of future demands and collection of foreign-currency-denominated funds, and from changes in interest rates of loans from banks and bonds. Please see Note 19 for more detail about derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥150,000 million ($1,612,903 thousand) with several Japanese banks to manage exposure to liquidity risks on raising funds.

c. Fair values of financial instruments

Fair values of financial instruments are based on a quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also please see Note 19 for the detail of fair value for derivatives.

(1) Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of financial instruments as of March 31, 2010 are as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

	Millions of Yen		
As of March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ 141,773	¥ 141,773	¥ —
Marketable securities and investments in securities			
Available-for-sale securities	160,758	160,758	—
Notes and accounts receivable–trade	503,000		
Allowance for doubtful accounts	(2,548)		
	500,452	500,407	(45)
Other current assets			
Time deposits due after three months of the date of acquisition	4,798	4,798	—
Long term loans receivable	28,342		
Long term loans to unconsolidated subsidiaries and affiliates	8,098		
Allowance for doubtful accounts	(20,738)		
	15,702	15,628	(74)
Total	¥ 823,483	¥ 823,364	¥ (119)
LIABILITIES			
Short-term borrowings	¥ 191,654	¥ 191,654	¥ —
Commercial paper	70,000	70,000	—
Current portion of long-term debt	64,351	64,328	(23)
Notes and accounts payable–trade	471,520	471,520	—
Income taxes payable	9,829	9,829	—
Long-term debt	297,567	297,264	(303)
Total	¥1,104,921	¥1,104,595	¥ (326)

	Thousands of U.S. Dollars		
As of March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	$ 1,524,441	$ 1,524,441	$ —
Marketable securities and investments in securities			
Available-for-sale securities	1,728,581	1,728,581	—
Notes and accounts receivable–trade	5,408,602		
Allowance for doubtful accounts	(27,398)		
	5,381,204	5,380,720	(484)
Other current assets			
Time deposits due after three months of the date of acquisition	51,591	51,591	—
Long term loans receivable	304,753		
Long term loans to unconsolidated subsidiaries and affiliates	87,075		
Allowance for doubtful accounts	(222,989)		
	168,839	168,043	(796)
Total	$ 8,854,656	$ 8,853,376	$ (1,280)
LIABILITIES			
Short-term borrowings	$ 2,060,796	$ 2,060,796	$ —
Commercial paper	752,688	752,688	—
Current portion of long-term debt	691,946	691,699	(247)
Notes and accounts payable–trade	5,070,108	5,070,108	—
Income taxes payable	105,688	105,688	—
Long-term debt	3,199,645	3,196,387	(3,258)
Total	$11,880,871	$11,877,366	$ (3,505)

ASSETS

Cash and cash equivalents and Other current assets (Time deposits due after three months of the date of acquisition)

The carrying amounts of cash and cash equivalents and other current assets (time deposits due after three months of the date of acquisition) approximate fair value because of their short maturities.

Marketable securities and investments in securities

The fair values of marketable securities and investments in securities, consisting of available-for-sale securities whose fair value can be reliably determined, are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for marketable securities and investments in securities by classification is included in Note 4.

Notes and accounts receivable–trade

Regarding short maturities, the carrying amounts of notes and accounts receivable–trade approximate fair value.

Regarding maturities after one year, the fair values of notes and accounts receivable–trade are measured at the amount to be received at maturity discounted at the Companies' assumed corporate discount rate with consideration for the remaining terms and credit risks.

Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates

The fair values of long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates are principally measured by discounting the cash flows at the Companies' assumed corporate discount rate by adding the credit spread to the appropriate indexes such as the yield of government bonds. In addition, the fair values of certain doubtful long-term loans receivable are equivalent to the carrying amount after deduction of allowance for doubtful accounts quoted by the estimated amount to be received subject to collateral and guarantee.

LIABILITIES

Short-term borrowings, Commercial paper, Notes and accounts payable–trade and Income taxes payable

The carrying amounts of short-term borrowings, commercial paper, notes and accounts payable–trade and income taxes payable approximate fair value because of their short maturities.

Current portion of long-term debt

The carrying amounts of the current portion of long-term loans approximate fair value because of their short maturities. The fair values of the current portion of long-term bonds are principally measured at market price.

Long-term debt

The carrying amounts of long-term loans with fluctuating interest rates approximate fair value because the variable interest rates reflect market rates in a short period of time and the credit standing of the Company is not substantially changed. The fair values of long-term loans with fixed interest rates are measured by discounting the cash flows related to the debt at the Companies' assumed corporate borrowing rate. In addition, the fair values of long-term bonds are principally measured at market price.

DERIVATIVES

The information of the fair value for derivatives is included in Note 19.

(2) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount	
As of March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Investments in securities		
Available-for-sale:		
Equity securities	¥11,727	$126,097
Fund trusts and other	39,113	420,570
Investments in unconsolidated subsidiaries and affiliates	17,366	186,731
Total	¥68,206	$733,398

The carrying amounts mentioned above include the carrying amounts of operational investments in securities, whose fair value cannot be reliably determined, because there are no market prices.

d. Maturity analysis for financial assets and securities with contractual maturities

As of March 31, 2010	Millions of Yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥141,773	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	5	244	292	1,013
Fund trusts and other	137	317	30	—
Notes and accounts receivable–trade	470,964	30,825	914	297
Other current assets				
Time deposits due after three months of the date of acquisition	4,798	—	—	—
Long term loans receivable	3	672	27	27,643
Long term loans to unconsolidated subsidiaries and affiliates	142	2,258	1,932	3,908
Total	¥617,822	¥ 34,316	¥ 3,195	¥ 32,861

As of March 31, 2010	Thousands of U.S. Dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$1,524,441	$ —	$ —	$ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	54	2,624	3,140	10,892
Fund trusts and other	1,473	3,409	322	—
Notes and accounts receivable–trade	5,064,129	331,451	9,828	3,194
Other current assets				
Time deposits due after three months of the date of acquisition	51,591	—	—	—
Long term loans receivable	32	7,226	291	297,236
Long term loans to unconsolidated subsidiaries and affiliates	1,527	24,279	20,774	42,022
Total	$6,643,247	$ 368,989	$ 34,355	$ 353,344

Please see Note 10 for annual maturities of long-term debt.

19. DERIVATIVES

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

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.

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

As noted in Note 18, the Companies applied ASBJ Statement No.10, “Accounting Standard for Financial Instruments”, and ASBJ Guidance No.19, “Guidance on Accounting Standard for Financial Instruments and Related Disclosures”. The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the financial years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

a. Derivative transactions to which hedge accounting is not applied as of March 31, 2010

	Millions of Yen			
As of March 31, 2010	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Poland Zloty forward	¥ 605	¥ —	¥ (3)	¥ (3)
Selling:				
Euro forward	507	—	(18)	(18)
Total	¥1,112	¥ —	¥ (21)	¥ (21)

	Thousands of U.S. Dollars			
As of March 31, 2010	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
Poland Zloty forward	$ 6,505	$ —	$ (32)	$ (32)
Selling:				
Euro forward	5,452	—	(194)	(194)
Total	$11,957	$ —	$ (226)	$ (226)

b. Derivative transactions to which hedge accounting is applied as of March 31, 2010

		Millions of Yen		
As of March 31, 2010	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable–trade	¥ 82	¥ —	¥ 4
Thai Baht forward		50	—	1
Total		¥ 132	¥ —	¥ 5
Interest rate swaps:				
Selling:				
Pax–fix/Receive–float	Long-term debt	¥84,806	¥81,824	¥ (2,686)
Total		¥84,806	¥81,824	¥ (2,686)

		Thousands of U.S. Dollars		
As of March 31, 2010	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable–trade	$ 882	$ —	$ 43
Thai Baht forward		537	—	11
Total		$ 1,419	$ —	$ 54
Interest rate swaps				
Selling:				
Pay–fix/Receive–float	Long-term debt	$911,892	$879,828	$ (28,882)
Total		$911,892	$879,828	$ (28,882)

The following is the fair value information for foreign exchange forward contracts and currency swaps to which hedge accounting is not applied as of March 31, 2009. Foreign exchange forward contracts and currency swaps that qualify for hedge accounting are excluded from the information below.

	Millions of Yen			
	Contract / Notional Principal Amount			
As of March 31, 2009	Within One Year	After One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	¥ —	¥ —	¥ —	¥ —
Poland Zloty forward	263	—	261	(2)
STG Pound forward	2,635	—	2,691	56
Selling:				
New Taiwan Dollar forward	1,742	—	1,608	(134)
Euro forward	837	—	815	(22)
Currency swaps				
Buy–Japanese Yen / Sell–U.S. Dollar	—	—	—	—
Total	¥5,477	¥ —	¥ —	¥ (102)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

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

20. COMMITMENTS AND CONTINGENT LIABILITIES

The Company sold accounts receivable–trade to financial institutions. As of March 31, 2010, accounts receivable–trade amounting to ¥35,586 million ($382,645 thousand) were excluded from the consolidated balance sheets.

As of March 31, 2010, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥19,956 million ($214,581 thousand).

21. NET INCOME (LOSS) PER SHARE

The basis of calculation of the basic net income (loss) per share ("EPS") for the years ended March 31, 2010 and 2009 was as follows:

		Thousand of Shares	Yen	U.S. Dollars
	Millions of Yen	Weighted Average Shares	EPS	
For the year ended March 31, 2010:				
Basic EPS				
Net income attributable to common stockholders.....	**¥13,226**	**1,015,017**	**¥13.03**	**$0.140**
For the year ended March 31, 2009:				
Basic EPS				
Net loss attributable to common stockholders	¥ (6,297)	1,015,735	¥ (6.20)	

22. SUBSEQUENT EVENTS

a. Issuance of Unsecured Bonds — The Board of Directors of the Company resolved at its meeting held on May 13, 2010 to issue unsecured bonds with the following terms and conditions.

i) Issue amount:	Maximum of ¥10,000 million
ii) Maturity:	3 to 10 years
iii) Issue price:	¥100 for face value of ¥100
iv) Redemption price:	¥100 for face value of ¥100
v) Interest rate:	Not more than swap rate + 1.50%
vi) Interest payment:	At the end of every 6 month period
vii) Redemption schedule:	Redemption at maturity
viii) Issue date:	Any date between the date of resolution in the meeting of the Board of Directors and March 31, 2011
ix) Use of proceeds:	Bond redemptions and working capital

In addition, the Board of Directors resolved that the General Manager of Treasury Division (Senior Managing Director) of the Company be authorized to determine the issue amount, maturity, interest rate, issue date and other matters in accordance with the above terms and conditions.

b. Appropriation of Retained Earnings — On June 29, 2010, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥3.00 ($0.032) per share (final for the year ended March 31, 2010) for a total amount of ¥3,124 million ($33,591 thousand).

23. 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, 2010 — Millions of Yen

	Construction	Real Estate	Other	Total	Elimination	Consolidated
Revenues:						
Customers	¥1,480,352	¥ 63,503	¥ 93,507	¥1,637,362	¥ —	¥1,637,362
Inter-segment	6,852	2,063	6,357	15,272	(15,272)	—
Total	1,487,204	65,566	99,864	1,652,634	(15,272)	1,637,362
Operating expenses	1,489,981	73,192	94,785	1,657,958	(13,834)	1,644,124
Operating income (loss)	¥ (2,777)	¥ (7,626)	¥ 5,079	¥ (5,324)	¥ (1,438)	¥ (6,762)
Assets	¥1,386,161	¥ 475,643	¥ 78,965	¥1,940,769	¥ (143,904)	¥1,796,865
Depreciation	10,297	6,878	2,984	20,159	(135)	20,024
Impairment loss	179	—	123	302	—	302
Capital expenditures	8,933	12,616	2,420	23,969	(157)	23,812

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)	—
Total	1,722,035	127,364	117,889	1,967,288	(18,748)	1,948,540
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, 2010 — Thousands of U.S. Dollars

	Construction	Real Estate	Other	Total	Elimination	Consolidated
Revenues:						
Customers	$15,917,764	$ 682,828	$ 1,005,451	$17,606,043	$ —	$17,606,043
Inter-segment	73,677	22,183	68,355	164,215	(164,215)	—
Total	15,991,441	705,011	1,073,806	17,770,258	(164,215)	17,606,043
Operating expenses	16,021,301	787,011	1,019,193	17,827,505	(148,752)	17,678,753
Operating income (loss)	$ (29,860)	$ (82,000)	$ 54,613	$ (57,247)	$ (15,463)	$ (72,710)
Assets	$14,904,957	$ 5,114,441	$ 849,086	$20,868,484	$(1,547,355)	$19,321,129
Depreciation	110,720	73,957	32,087	216,764	(1,452)	215,312
Impairment loss	1,925	—	1,322	3,247	—	3,247
Capital expenditures	96,054	135,656	26,021	257,731	(1,688)	256,043

Note: As discussed in Note 2.l., effective April 1, 2009, the Company and its consolidated domestic subsidiaries applied ASBJ Statement No.15, "Accounting Standard for Construction Contracts". The effect of this change was to decrease operating loss of Construction by ¥2,289 million ($24,613 thousand) for the year ended March 31, 2010.

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, 2010	Millions of Yen						
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Revenues:							
Customers	¥1,444,644	¥ 91,936	¥ 8,277	¥ 92,505	¥1,637,362	¥ —	¥1,637,362
Inter-segment	2,516	—	13	—	2,529	(2,529)	—
Total	1,447,160	91,936	8,290	92,505	1,639,891	(2,529)	1,637,362
Operating expenses	1,451,590	96,809	11,330	86,931	1,646,660	(2,536)	1,644,124
Operating income (loss)	¥ (4,430)	¥ (4,873)	¥ (3,040)	¥ 5,574	¥ (6,769)	¥ 7	¥ (6,762)
Assets	¥1,720,432	¥ 139,391	¥ 16,931	¥ 80,850	¥1,957,604	¥ (160,739)	¥1,796,865

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)	—
Total	1,711,273	144,321	23,559	70,264	1,949,417	(877)	1,948,540
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, 2010	Thousands of U.S. Dollars						
	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Revenues:							
Customers	$15,533,806	$ 988,559	$ 89,000	$ 994,678	$17,606,043	$ —	$17,606,043
Inter-segment	27,054	—	140	—	27,194	(27,194)	—
Total	15,560,860	988,559	89,140	994,678	17,633,237	(27,194)	17,606,043
Operating expenses	15,608,495	1,040,957	121,828	934,742	17,706,022	(27,269)	17,678,753
Operating income (loss)	$ (47,635)	$ (52,398)	$ (32,688)	$ 59,936	$ (72,785)	$ 75	$ (72,710)
Assets	$18,499,269	$ 1,498,828	$ 182,054	$ 869,355	$21,049,506	$(1,728,377)	$19,321,129

Note: As discussed in Note 2.l., effective April 1, 2009, the Company and its consolidated domestic subsidiaries applied ASBJ Statement No.15, "Accounting Standard for Construction Contracts". The effect of this change was to decrease operating loss of Japan by ¥2,289 million ($24,613 thousand) for the year ended March 31, 2010.

c. Overseas Revenues

Each area primarily refers to the following countries:

- North America .... U.S.A.
- Europe .... Poland and France
- Asia .... Singapore and Taiwan
- Other Area .... Algeria and United Arab Emirates

Year Ended March 31, 2010	Millions of Yen				
	North America	Europe	Asia	Other Area	Total
Overseas Revenues	¥ 91,911	¥ 8,887	¥ 105,148	¥ 78,994	¥ 284,940
Consolidated Revenues	—	—	—	—	1,637,362
Overseas / Consolidated Ratio (%)	5.6	0.6	6.4	4.8	17.4

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, 2010	Thousands of U.S. Dollars				
	North America	Europe	Asia	Other Area	Total
Overseas Revenues	$ 988,290	$ 95,559	$ 1,130,624	$ 849,398	$ 3,063,871
Consolidated Revenues	—	—	—	—	17,606,043

Deloitte.

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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, 2010 and 2009, 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, 2010 and 2009, 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 2.1 to the consolidated financial statements, the Company and its consolidated domestic subsidiaries applied the new accounting standard for construction contracts effective April 1, 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 LLC

June 29, 2010

Corporate Organization

(As of July 1, 2010)

- Stockholders' Meeting
  - Board of Corporate Auditors
    - Corporate Auditors' Office
  - Board of Directors
    - President
      - Executive Office
      - Public Relations Office
      - Corporate Planning Department
      - Audit Department
      - Legal Department
      - Safety and Environmental Affairs Department
      - Administration and Human Resources Division
      - Treasury Division
      - Affiliated Business Department
      - IT Solutions Department
      - Intellectual Property and License Department
      - Kajima Technical Research Institute
      - Civil Engineering Management Division
      - Business Development Division
      - Civil Engineering Design Division
      - Building Construction Management Division
      - Architectural Design Division
      - Sales and Marketing Division
      - Nuclear Power Department
      - Real Estate Development Division
      - Engineering Division
      - Environmental Engineering Division
      - Machinery and Electrical Engineering Department
      - Overseas Operations Division
      - Center for Shared Administrative Services
      - Hokkaido Branch
      - Tohoku Branch
      - Kanto Branch
      - Tokyo Civil Engineering Branch
      - Tokyo Architectural Construction Branch
      - Yokohama Branch
      - Hokuriku Branch
      - Chubu Branch
      - Kansai Branch
      - Shikoku Branch
      - Chugoku Branch
      - Kyushu Branch
      - International Division

Corporate Information

(As of March 31, 2010)

Company Name

Kajima Corporation

Head Office

3-1, Motoakasaka 1-chome, Minato-ku,
Tokyo 107-8388, Japan
Tel: 81-3-5544-1111

Established	1840
Incorporated	1930
Paid-in Capital	¥81,447 million
Number of Employees	8,452 (Consolidated: 15,189)

Common Stock

Authorized:	2,500,000,000 shares
Issued:	1,057,312,022 shares

Number of Stockholders

79,250

Transfer Agent

The Chuo Mitsui Trust and Banking Company, Limited

Independent Auditors

Deloitte Touche Tohmatsu

Listings

Listed on the Tokyo, Osaka, and Nagoya stock exchanges

Principal Subsidiaries and Affiliates in Japan

(As of July 1, 2010)

Design & Consulting

Ilya Corporation
ARMO Co., Ltd.
ARTES Corporation
Engineering And Risk Services Corporation
RTC Inc.

Procurement & Construction

Taiko Trading Co., Ltd.
Chemical Grouting Co., Ltd.
Kajima Road Co., Ltd.
Japan Sea Works Co., Ltd.
Chuo Industries Co., Ltd.
Kajima Kress Co., Ltd.
Kajima Mechatro Engineering Co., Ltd.
Kajima Aquatech Corporation
Grout Trading Co., Ltd.
KRC Co., Ltd.
Clima-Teq Co., Ltd.

Real Estate Development & Management

Kajima Tatemono Sogo Kanri Co., Ltd.
Kajima Tokyo Development Corporation
East Real Estate Co., Ltd.
Kajima Tohoku Kousan Co., Ltd.
Kajima Yaesu Kaihatsu Co., Ltd.
Niigata Bandaijima Building Co., Ltd.

Finance & Insurance

Katabami Kogyo Co., Ltd.
Kajima Leasing Corporation

Sales & Services

Kajima Services Co., Ltd.
Creative Life Corporation
Environment Management Corporation
ACT TECHNICAL SUPPORT Inc.
Kajima Information Communication Technology Co., Ltd.
Toshi Kankyo Engineering Co., Ltd.
Public Relations Officer Corporation
Toyama Green Food Recycle, Inc.
Green Materials Recycle Corporation
Kajima Accounting Inc.
Kajima Real Estate Investment Advisors Inc.

Culture

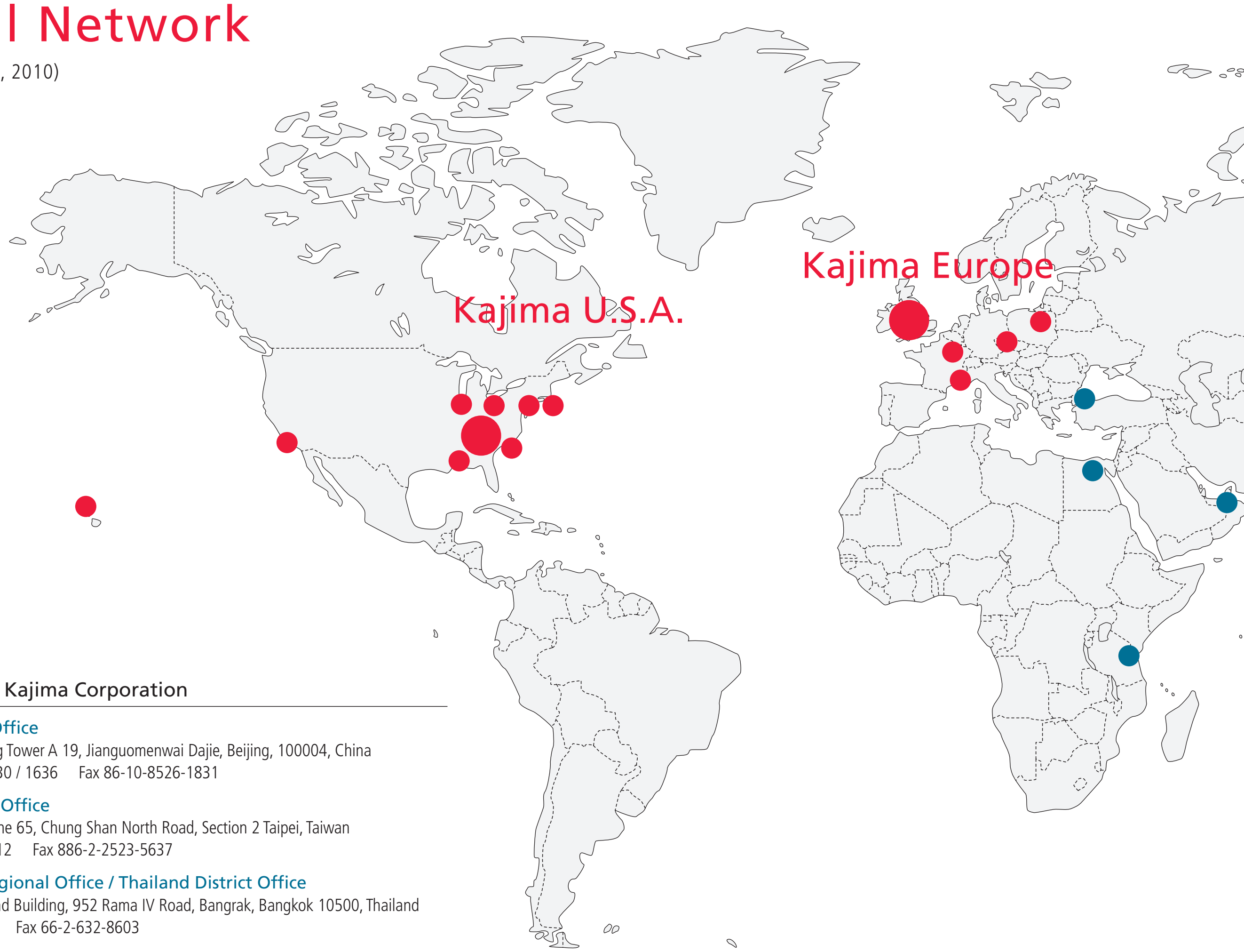
Kajima Institute Publishing Co., Ltd.
Kajimavision Productions Co., Ltd.
Yaesu Book Center Co., Ltd.

Hotel & Leisure

Azuma Kanko Kaihatsu Co., Ltd.
Hotel Kajima no Mori Co., Ltd.
Kajima Resort Corporation
Atema Kogen Resort Inc.
Nasu Resort Corporation
Shinrinkohen Golf Club Co., Ltd.
Kajima Karuizawa Resort, Inc.

Global Network

(As of August 31, 2010)



District Offices, Kajima Corporation

- **China District Office**
  11-A, CITIC Building Tower A 19, Jianguomenwai Dajie, Beijing, 100004, China
  Tel 86-10-8526-1630 / 1636 Fax 86-10-8526-1831
- **Taiwan District Office**
  2nd Floor, No. 9, Lane 65, Chung Shan North Road, Section 2 Taipei, Taiwan
  Tel 886-2-2541-0812 Fax 886-2-2523-5637
- **Asian North Regional Office / Thailand District Office**
  17th Floor, Ramaland Building, 952 Rama IV Road, Bangrak, Bangkok 10500, Thailand
  Tel 66-2-632-8600 Fax 66-2-632-8603
- **Philippine District Office**
  12th Floor, Sky Plaza, 6788 Ayala Avenue, Makati City, Philippines 1226
  Tel 63-2-886-6818 Fax 63-2-886-6817
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  Thanglong Building Unit No. 203A, 2nd Floor, No.105 Lang Ha Street, Hanoi, Vietnam
  Tel 84-4-3562-2748 Fax 84-4-3562-2738
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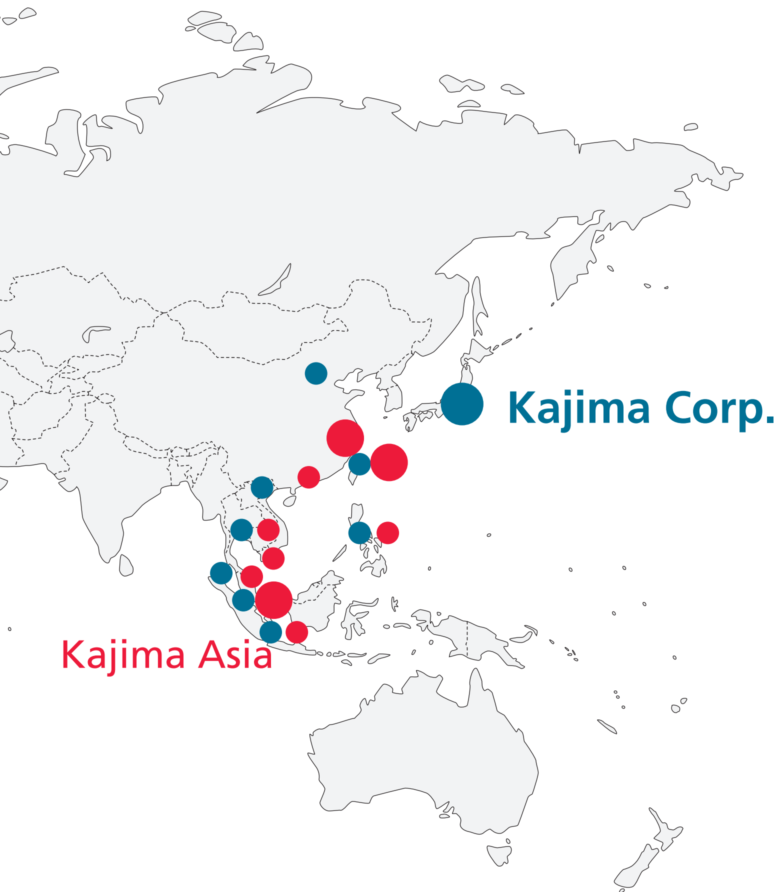
  Unit 32-01, 32nd Floor, Menara Promet, Jalan Sultan Ismail,
  50250 Kuala Lumpur, Malaysia
  Tel 60-3-2145-2526 Fax 60-3-2145-2786
- **Singapore District Office**
  80 Marine Parade Road, #14-01/03 Parkway Parade, Singapore 449269
  Tel 65-6339-8890 Fax 65-6344-3777
- **Indonesia District Office**
  Sentral Senayan 1, 17th Floor, Unit #117C, Jalan Asia Afrika No.8,
  Jakarta 10270, Indonesia
  Tel 62-21-572-4480 Fax 62-21-572-4485
- **Middle East Regional Office / Dubai District Office / Abu Dhabi District Office**
  Office No. 508, 5th Floor, Al Maidan Tower 1, Al Maktoum Road, Deira, Dubai,
  United Arab Emirates, P.O. Box 182841
  Tel 971-4-227-9191 Fax 971-4-227-3344
- **Turkey District Office**
  Balmumcu, Sakir Kesebir Sok, No.32/10 80700 Besiktas, Istanbul, Turkey
  Tel 90-212-275-4620 Fax 90-212-275-4626
- **Africa Regional Office / Egypt District Office**
  3 El Mansour Mohamed Street, 4th Floor, Apt. No.401 Zamalek, Cairo 11211, Egypt
  Tel 20-2-2736-0935 Fax 20-2-2736-0948
- **Tanzania District Office**
  Plot No.100, Morogoro Road, Jangwani grounds near Magomeni Township,
  Dar es Salaam, Tanzania
  Tel 255-22-2170-438 Fax 255-22-2170-510

Principal Subsidiaries and Affiliates

NORTH AMERICA / HAWAII

USA

- **Kajima U.S.A. Inc.**
- **Kajima International, Inc.**
- **Kajima Real Estate Development, Inc.**
  3475 Piedmont Road NE, Suite 1600, Atlanta, GA 30305, USA
  Tel 1-404-564-3900 Fax 1-404-564-3901
- **Kajima Associates, Inc.**
  395 West Passaic Street, 3rd Floor, Rochelle Park, NJ 07662, USA
  Tel 1-201-518-2100 Fax 1-201-518-1539
- **Kajima Building & Design Group, Inc.**
  3490 Piedmont Road, Suite 900, Atlanta, GA 30305, USA
  Tel 1-404-812-8600 Fax 1-404-812-8691
- **KCS West, Inc.**
  901 Corporate Center Drive, 3rd Floor, Monterey Park, CA 91754, USA
  Tel 1-323-269-0020 Fax 1-323-264-5912
- **Hawaiian Dredging Construction Company, Inc.**
  201 Merchant Street, Honolulu, HI 96813, USA
  Tel 1-808-735-3211 Fax 1-808-735-7416
- **The Austin Company**
  6095 Parkland Boulevard, Cleveland, OH 44124, USA
  Tel 1-440-544-2600 Fax 1-440-544-2690
- **Batson-Cook Company**
  817 Fourth Avenue, West Point, GA 31833, USA
  Tel 1-706-643-2500 Fax 1-706-643-2199
- **Industrial Developments International, Inc.**
  Eleven Hundred Peachtree, 1100 Peachtree Street, Suite 1100, Atlanta, GA 30309, USA
  Tel 1-404-479-4000 Fax 1-404-479-4162



- Commercial Developments International, Inc.
  1251 Avenue of the Americas, Suite 910, New York, NY 10020, USA
  Tel 1-212-899-4570 Fax 1-212-899-4569
- Kajima Development Corporation
  901 Corporate Center Drive, Suite 104, Monterey Park, CA 91754, USA
  Tel 1-323-262-8484 Fax 1-323-262-8893
- KUD International LLC
  111 West Ocean Boulevard, Suite 1000, Long Beach, CA 90802, USA
  Tel 1-562-276-4180 Fax 1-562-276-4179
- Batson-Cook Development Company
  300 Galleria Parkway, Suite 1600, Atlanta, GA 30339, USA
  Tel 1-770-953-9600 Fax 1-770-955-2742
- Anglebrook Golf Club
  100 Route 202, Lincolndale, NY 10540, USA
  Tel 1-914-245-5588 Fax 1-914-245-5592

EUROPE

UK
- Kajima Europe Ltd.
- Kajima Europe Design and Construction (Holding) Ltd.
- Kajima Estates (Europe) Ltd.
- Kajima Partnerships Ltd.
- Kajima Properties (Europe) Ltd.
  Grove House 248A, Marylebone Road, London, NW1 6JZ, UK
  Tel 44-20-7465-0007 Fax 44-20-7465-8788

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- Kajima Europe Lou Roucas S.A.R.L., Saint Endreol Office
  Saint Endreol, Route de Bagnols en Foret, 83920 La Motte en Provence, France
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  Lim Center 12th Floor, Al. Jerozolimskie 65/79, 00-697 Warsaw, Poland
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- Kajima Czech Design and Construction s.r.o.
  Palac Flora Building C 9th Floor, Vinohradska 151/2828, 130 00 Praha 3, Czech Republic
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  Tel 65-6344-0066 Fax 65-6344-3777
- Kajima Design Asia Pte Ltd
  80 Marine Parade Road, #06-02/05 Parkway Parade, Singapore 449269
  Tel 65-6334-1383 Fax 65-6334-1318

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- P.T. Kajima Indonesia
  Sentral Senayan 1, 17th Floor, Unit #117A, Jalan Asia Afrika No.8, Jakarta 10270, Indonesia
  Tel 62-21-572-4477 Fax 62-21-572-4433
- P.T. Senayan Trikarya Sempana
  Sentral Senayan 1, 8th Floor, Jalan Asia Afrika No.8, Jakarta 10270, Indonesia
  Tel 62-21-572-3456 Fax 62-21-579-00111

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  Tel 66-2-632-9300 Fax 66-2-632-9312
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HONG KONG
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TAIWAN
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  2nd Floor, No.9, Lane 65, Chung Shan North Road, Section 2 Taipei, Taiwan
  Tel 886-2-2541-0812 Fax 886-2-2522-3092

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Corporate History

~Major Construction and Real Estate Development Projects in Our 170-Year History~

	Japan	Overseas
1800s	Iwakichi Kajima began carpentry business in Edo (1840) Ei-Ichiban Kan ···① Yanagase Railroad	Built railroads in Taiwan, Korea, etc.
1900 - 1950	Ohmine Dam ···② Tanna Tunnel	Sun Moon Lake Dam, Taiwan
1950 - 1980	No.1 Reactor, Japan Nuclear Power Research Center Okutadami Dam New Tanna Tunnel Kasumigaseki Building ···③ Nagawa Arch Dam, Azumi Power Plant Supreme Court Sumitomo Shinjuku Building, KDDI Building, Shinjuku Mitsui Building ···④ Sunshine 60 Building	Baluchaung Hydroelectric Power Plant, former Burma Karang-Kates Dams, Indonesia Singapore Jurong Dock Little Tokyo District Redevelopment, Los Angeles, USA Asahan Sigura-gura Power Plant, Indonesia International Trade Center, former East Germany
1980 - 1990	Kokugikan Sumo Arena ···⑤ Seikan Tunnel Honshu-Shikoku Bridge	Jeddah Royal State Palace, Saudi Arabia Hotel Merkur Leipzig, former East Germany Mazda Detroit Plant Grand Hotel Berlin, former East Germany El-Dikheila Steel Works, Egypt Stockley Park, UK
1990 - 2000	Tokyo East 21 Yebisu Garden Place Kansai International Airport Nagano Olympic Memorial Arena ···⑥ Fuji Television Head Office Tokyo Wan Aqua Line Miyagase Dam Akashi Kaikyo Bridge ···⑦	Hotel Nikko Kuala Lumpur, Malaysia Suez Canal Bridge, Egypt (Rehabilitation) Millenia Singapore, Singapore ···⑧ Hualalai Resort, Hawaii ···⑨ 88 Wood Street Office Bldg., London, UK Senayan Square, Indonesia Ambassador Hotel Hsinchu, Taiwan
2000 ～	Daikanyama Address ···⑩ Saitama Stadium 2002 ···⑪ Roppongi Hills Mori Tower ···⑫ Akihabara Crossfield Metropolitan Expressway, Central Circular Shinjuku Route, Yamate Tunnel Toranomon Towers Residence & Office The National Art Center ···⑮ GranTokyo South Tower GranTokyo North Tower	AT&T Park, San Francisco, USA Mubarak-Peace Bridge, Egypt ···⑬ ITE Regional Campus, Singapore Surabaya Airport, Indonesia Treasure Palace (Condominium), Taiwan ···⑭

Building construction　Civil engineering　Real estate development

Ei-Ichiban Kan ①

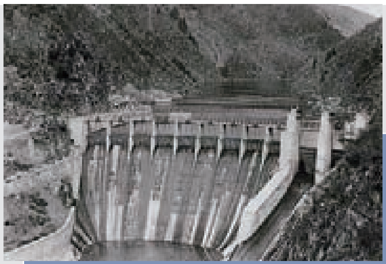
Sumitomo Shinjuku Building, KDDI Building, Shinjuku Mitsui Building ④

Akashi Kaikyo Bridge ⑦

Saitama Stadium 2002 ⑪

Mubarak-Peace Bridge, Egypt ⑬

Treasure Palace (Condominium), Taiwan ⑭



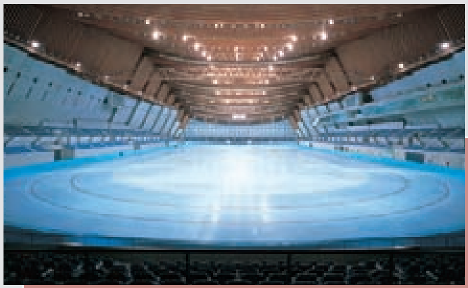
Ohmine Dam ②

Kokugikan Sumo Arena ⑤

Millenia Singapore ⑧

Roppongi Hills Mori Tower ⑫

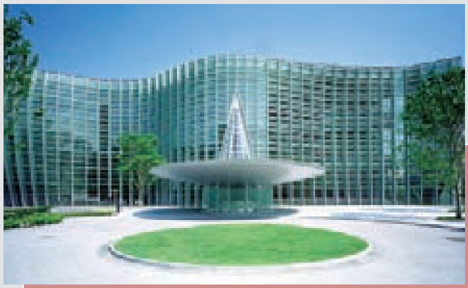
Kasumigaseki Building ③



Nagano Olympic Memorial Arena ⑥

Hualalai Resort, Hawaii ⑨

Daikanyama Address ⑩



The National Art Center ⑮

KAJIMA CORPORATION

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