

DOMESTIC OPERATIONS

Other Business

The Other Business segment comprises a wide range of operations from architectural and civil engineering design to engineering, environment, and other businesses. The success of other businesses is key to solidifying our comprehensive capabilities.



Keio University, Hiyoshi Campus,
Hiyoshi Commemorative Hall

Architectural design



Kajima Technical Research Institute

Architectural design

ARCHITECTURAL DESIGN

Market Conditions

Although Japan's economy has leveled off, investment in development projects in metropolitan Tokyo remained at a high level, generating increasing opportunities for the architectural design business. Private universities and other educational institutions are one of the core sectors of the architectural design market. Japan's falling birthrate is affecting the education sector, with institutions undertaking projects such as reconstructing school buildings to enhance brand strength. As a result, the number of plans to refurbish and improve education and research functions and add more amenities is still large.

Meanwhile, development of new large-scale suburban shopping centers surged during the fiscal year ended March 31, 2008 in advance of the introduction of relevant regulatory changes that are projected to make new developments more difficult.

Performance

During the fiscal year ended March 31, 2008, most of Kajima's proposals for educational facilities were successful, resulting in extensive design work for design-build construction projects. For large-scale shopping centers, we focused on submitting proposals, and progress continued on multiple projects. We expect the number of such projects to increase in the future.

Strategies and Initiatives

We will continue to focus on designing large-scale mixed-use development projects in metropolitan Tokyo while promoting environmentally sensitive design. Responding to customer needs with optimum solutions is the mission of our architectural designers. In designing small and medium-sized office building projects, for example, we will swiftly make proposals that maximize profitability,

based on a firm grasp of the volatile market for such properties. In the housing business, we will increase contract awards through construction technologies, including our superior technology in super-high-rise building projects in urban and outlying areas, and base-isolated structures for mid-rise condominiums.

CIVIL ENGINEERING DESIGN

Market Conditions and Performance

Kajima established the Civil Engineering Design Division in 1963, making it the first of Japan's general contractors to create a division dedicated to this type of design. Pivotal to civil engineering technology, the division provides services from the marketing to the maintenance stages in a wide array of areas including design and planning for construction project bids, detail and temporary work design for contracts received, design consulting under contract to external customers, and technology development.

The comprehensive evaluation bidding format became more widespread during the fiscal year ended March 31, 2008. With the resulting increase in design-build projects, the importance of the division's role in winning construction projects has also increased. For example, the division's aggressive efforts made a key contribution to the contract award for the Hanshin Expressway Yamatogawa Route Shield Tunnel Construction, in which technology proposals including fire-resistant unitized thin-wall reinforced concrete (RC) segments were favorably received.

In addition, we have earned client praise during the restoration of the Kashiwazaki-Kariwa Nuclear Power Station following the Chuetsu-oki Earthquake. We quickly employed 3D-CAD to visualize the degree to which the facility had been affected and changes in ground water levels.

The division also supported projects in progress. In Kaohsiung, Taiwan, we proposed the use of an circular RC diaphragm wall for the intersection of the Zhongsan Line and the Chung Chen Line, and completed the Formosa Boulevard Subway Station for the Red and Orange lines. In addition, the dissertation concerning the detail design for the pier dampers used in the Riverside Senshuu Pedestrian Bridge in Niigata Prefecture won the Japan Prestressed Concrete Engineering Association Award.

In the consulting business, the Japanese government revised safety guidelines for nuclear power plants during the fiscal year ended March 31, 2007, creating a strong market for earthquake resistance evaluations based on the new guidelines. A majority of the division's consulting business consists of such evaluations, and we expect this trend to continue for the next several years. In addition, the division receives a steady amount of research and development business related to the disposal of radioactive waste.

In the environmental sector, joint research conducted with the Urban Renaissance Agency, entitled Technology for Evaluating and Simulating Ecological Networks, won an Environmental Award from the Japan Society of Civil Engineers.

Strategies and Initiatives

Anticipating the further expansion in the comprehensive evaluation bidding format, we are strengthening our capabilities so we can adequately respond to design-build projects. Moreover, the volume of our overseas civil engineering work has grown significantly, so we are sharpening our design capabilities, including fostering cooperation with Japanese and overseas consultants, to handle a wide range of design-related work.

Technological development is aimed at creating a technological edge over competitors, and the current focus is on developing technologies that give us an advantage in the comprehensive evaluation bidding format.



Formosa Boulevard Subway Station

Civil Engineering Design



Soil Recycle Center Kanto Tochigi Factory

Environment



Solid Formulation Manufacturing Facility,
Chugai Pharmaceuticals Fujieda Plant

Engineering



Morioka City Solid Waste Disposal Facility

Environment

ENGINEERING

Market Conditions

The engineering business integrates technology and expertise in focusing on the design and construction of optimal systems, such as production, logistics and information systems, for manufacturing facilities.

The drive among domestic manufacturers to invest in expanded capacity, including constructing new and refurbishing existing plants, remained solid during the fiscal year ended March 31, 2008. Kajima received requests for proposals in numerous sectors including pharmaceuticals, chemicals, electronic devices and logistics. At the same time, the rising average age of engineering personnel with plant construction expertise and the trend toward outsourcing of non-core operations has resulted in increased demand for engineering services. Our field of operations has expanded steadily as a result.

Performance

The pharmaceutical sector is a primary customer for our engineering business, and we are recognized as one of the best pharmaceutical plant engineering firms in Japan. As a result of demonstrating our technical capabilities to meet the demand of customers, we successfully increased contract awards from manufacturers of generic drugs and contract pharmaceutical manufacturers who were expanding investment in production facilities. In the chemical, electronic device, logistics and other sectors, by participating in projects from the business planning stage, we increased integrated engineering, procurement and construction (EPC) contracts, which resulted in a substantial rise of engineering contracts from the previous fiscal year. Representative manufacturing facility projects for which we provided EPC include a large-scale

formulation facility with leading-edge solid formulation manufacturing equipment at Chugai Pharmaceutical Co., Ltd.'s Fujieda Plant.

Strategies and Initiatives

We will continue to build our engineering business in the core sector of pharmaceutical facilities while strengthening our ability to make proposals in sectors that are expected to grow, such as the agribio sector. Moreover, we will use our proprietary magnetic shielding technology to enhance proposal capabilities for medical facility engineering. In addition, we are actively promoting business with customers who develop multiple small-scale stores by providing proprietary expertise and technology ideas on a fee basis, including services such as project management and construction management.

We are also adding value to the engineering business and working to strengthen customer relationships by providing engineering services in the upstream stages of facilities design and maintenance and repair services at downstream operational stages, thus enhancing our service menu at all stages of the facilities lifecycle.

ENVIRONMENT

Market Conditions and Performance

Environmental problems such as global warming, contamination from toxic substances, and disruption of ecosystems are becoming increasingly pronounced. Kajima employs the experience and knowledge gained in the construction business in a wide range of fields, including building and plant recycling programs; nature, water and soil remediation; waste disposal; and renewable energy and biomass. We comprehensively consider business plans in proposing optimal solutions.

Contract awards increased year on year, centered on private-sector contracts in areas including soil remediation and wind-generated power. We also received orders for environmental work such as remediation of improper waste disposal and water supply as part of large-scale civil engineering projects. Winning an Environmental Award from the Japan Society of Civil

Engineers for Soil Recycle Center Kanto Tochigi Factory was one of our achievements of the past fiscal year.

Medium-to-long-term technology development and dedicated sales efforts supported continued strong results in soil and ground water remediation contract awards. We also steadily built on our successes in the support businesses for obtaining ministerial authorization for wind-generated power facilities, which is a prerequisite for building certification.

Strategies and Initiatives

We are concentrating our efforts on improving our technical proposal capabilities for package orders and on a comprehensive evaluation bidding format. Our main target area is the soil remediation market, which is expected to grow with the pending tightening of the Soil Contamination Measures Law. We are also aiming to expand business opportunities in the construction of waste disposal facilities, renewal of sites where waste is improperly handled, remediation of large-scale illegal dumping sites, and water treatment facilities. Efforts are being made to win contracts for waste disposal and wastewater sludge processing facilities, private-sector recycling facilities, environment-conscious demolition, and wind-generated power facilities. In addition, we will help corporate customers in other production environments respond to social needs by proposing comprehensive solutions that encompass energy and the environment.

In the environmental planning and ecosystem preservation businesses, we will specialize in providing ancillary services for environmental surveys, environmental co-existence, rooftop greening and other ecological projects. We are also steadily developing economic mechanisms for techniques to reduce society's carbon emissions. Clean development mechanism (CDM) business is another important area for us; through carrying out the CDM business in progress, we intend to decide our positioning in this business.