

Domestic Operations

Other Business

The Other Business segment encompasses a broad array of operations from architectural and civil engineering design to engineering, environment, and other businesses. These businesses provide Kajima with the depth and diversity required to enhance competitiveness and effectively meet highly sophisticated customer needs.



New Laboratory at Kajima Technical Research Institute

Architectural Design

Market Conditions and Performance

In the first half of the fiscal year ended March 31, 2009, we won contracts for large-scale projects in a carryover from the robust economy of the previous fiscal year. In the second half, however, the economic downturn resulted in the suspension or postponement of many projects, particularly those for manufacturing facilities and housing.

Despite this environment, proposals by our Architectural Design Division utilizing the strong advantage of our unique technologies were favorably received. As a result, the number of contract awards for designing large-scale projects increased, primarily for office buildings and corporate R&D facilities.

In particular, we made a proposal and won a contract for a CASBEE "S"-ranked environmental design* for Kyowa Hakko Kirin Co., Ltd.'s Tokyo Research Park that preserved the existing trees and blended with the neighboring environment. In addition, other high-quality projects utilizing our technologies were completed in the fiscal year ended March 31, 2009, including the Kaga Residence, in which we were involved from development to design and construction.

*An "S" ranking is the highest level of environmental performance under the Japanese Comprehensive Assessment System for Building Environmental Efficiency (CASBEE).

Strategies and Initiatives

With Japan's economy showing signs of a prolonged slump, we anticipate that securing new contracts will be even more challenging. To adapt, we will not restrict ourselves to general competitions, but instead plan to move even more rapidly to take further advantage of the growing diversity of project types, such as private finance initiative (PFI) and value engineering (VE) projects. At the same time, we will reinforce our design and construction capabilities to effectively manage quality, construction costs and schedules, as well as maximize profits.

Moreover, we have a solid understanding of our responsibilities toward society as specialists and our accountability to clients under Japan's revised Act on Architects and Building Engineers. We will strive to earn the public's enduring trust by ensuring quality and contributing to a low-carbon society.



Shin-Nagoya Thermal Power Station Group No. 8

Civil Engineering Design

Market Conditions and Performance

Design-build projects have increased as the use of the comprehensive evaluation bidding format for civil engineering projects has become more widespread. This has added to the importance of our design teams for winning construction projects in the civil engineering business.

Our energetic efforts to accommodate the comprehensive evaluation bidding format in supporting contract bids have yielded results. Technical proposals including Super-RC Piers, which entail the use of high-strength concrete and reinforcing bars to permit slender piers, have earned client praise and played a key role in winning construction contracts for four bridges including the Sanagawa Bridge of the Central Nippon Expressway and the Kawashimogawa Bridge of the West Nippon Expressway. Successful technical proposals secured contracts for highway tunnels including an open-cut tunnel for the Hanshin Expressway, Yamatogawa Route, Tokiwa Leg and a shield tunnel for the Metropolitan Expressway, Central Circular Shinjuku Route, Ohashi Junction.

The supportive role of civil engineering design teams for projects in progress is also important. Completed construction projects for which we handled the detailed design work included the water intake/outflow channel for the main building and water intake/outflow facilities of the Chubu Electric Power Co., Inc.'s Shin-Nagoya

Thermal Power Station Group No. 8. Recognition of our technological capabilities has included the Japan Institute of Construction Engineering's Infrastructure Technology Development Award for the Large-Diameter Curved Pipe Roof Method.

In our consulting business, the revision of safety guidelines for nuclear power plants has created a strong market for earthquake resistance evaluations. A major part of our civil engineering design consulting business consists of such evaluations, and we expect this trend to continue for at least the next one to two years. In addition, we are receiving a steady amount of research and development business related to the disposal of radioactive waste, an area expected to yield large projects in the future.

Strategies and Initiatives

We are concentrating on trying to strengthen our capabilities to respond to design-build contracts in anticipation of further expansion of the comprehensive evaluation bidding format. In addition to enhancing our proposal capabilities, we are focusing on developing technologies that give us an advantage in the comprehensive evaluation bidding format.

Also, as the proportion of overseas projects has increased over the past several years, we are sharpening our design capabilities for overseas projects. For example, we are taking a more integrated approach within our Group and working more closely with consultants in Japan and overseas.

Engineering

Market Conditions

Demand for engineering services has increased with the rising average age of customer engineering personnel with plant construction expertise and the trend toward outsourcing of non-core customer operations. Our scope of operations has expanded steadily as a result.

However, during the fiscal year ended March 31, 2009, the sharp deterioration of the economy caused domestic manufacturers to reduce capital expenditures. A number of projects were postponed or canceled in industries such as chemicals, electronic devices and logistics.

Performance

The pharmaceutical sector is a primary focus for our engineering business. We have gained a reputation as one of the best pharmaceutical plant engineering firms in Japan, based on positive evaluations of the large-scale, state-of-the-art plants that our engineering business has delivered in recent years.

As a result, existing and new customers increasingly request our collaboration in projects from the business planning stage. We have steadily won integrated engineering, procurement and construction (EPC) contracts from large pharmaceutical manufacturers and other clients for production, logistics and other facilities.

Moreover, we have been strengthening our chemical synthesis plant engineering capabilities. This effort to expand the scope of business has led to new contracts for active pharmaceutical ingredient plants and other types of facilities in addition to the series of formulation plants we have delivered.

Strategies and Initiatives

Going forward, one of our key target areas will be pharmaceutical facilities, where we expect solid capital expenditures for plant reorganizations following corporate mergers and expansion

of production facilities for generic drugs. We plan to step up efforts to provide engineering proposals for high-performance manufacturing facilities in sectors such as chemicals, biopharmaceuticals and electronic devices.

We are also focusing on the agribusiness sector, where we see good future prospects. While continuing technological development for plant factories, we will strengthen efforts to promptly make marketing proposals at the business planning stage.

We will also energetically support Japanese manufacturers who plan to establish overseas operations, primarily in China and Southeast Asia.

We aim to strengthen customer relationships by offering more value-added professional services from facilities design in the upstream stages to maintenance and repair services at downstream operational stages, thus enhancing our service menu at all stages of the facilities lifecycle.



No. 3 Preparation Building, Nitto Medic Co., Ltd.



Omuta New Main Factory, Kanto Chemical Co., Inc.

Environment

Market Conditions and Performance

During the first half of fiscal 2008, we had numerous opportunities in our environment business to make technological proposals and provide professional services for themes such as CO₂ reduction and biodiversity, which are closely related to societal needs. As a result, we won contracts for construction and other services. In the second half, the global recession caused a sharp drop in new contracts. However, environmental problems are a key theme that transcends the current adverse economic conditions, and societal needs will remain a priority.

During the fiscal year ended March 31, 2009, we conducted a variety of research through which we expect to explore new construction business opportunities in the fiscal year ending March 31, 2010 and beyond.

In the soil remediation business, demands from the private sector wavered due to the recession, causing new orders to weaken, particularly in the second half.

We won a succession of new contracts for construction of large-scale waste disposal facilities during the first half. Moreover, we added to our experience in environment-conscious demolition and surveyed wind conditions to determine the commercial viability of wind-generated power. In addition, through close cooperation with an affiliated company, we rendered the professional service of filing applications for the approval of Japan's Ministry of Land, Infrastructure, Transport and Tourism with respect to confirmation of earthquake resistance for a wind power plant.

In other areas, we promoted comprehensive environment and energy proposals as total solutions for production environments. Moreover, we directed projects in the areas of biodiversity consulting, environmental assessment and carbon management. Affirmation of the high regard for our capabilities in biodiversity included the Grand Prize for the 18th Global Environment Award.

Strategies and Initiatives

We believe that the construction industry has an extremely large role in solving environmental problems in the 21st century. We were the first company in Japan's construction industry to formulate guidelines for biodiversity. The Kajima Ecosystem Conservation Guidelines clarify our approach to ecosystems and are reflected in technology development and actual construction.



Hirogawa Myojinyama Wind Farm



Water Distribution Center North, Koshigaya-Matsubushi Waterworks Bureau

Furthermore, we have demonstrated our leadership in the construction industry in ways such as becoming corporate vice chair of the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB), a network of companies that aim to preserve biodiversity, and signing a Leadership Declaration of a Business and Biodiversity Initiative at the Ninth Conference of the Parties to the Convention on Biological Diversity (COP9). Kajima is the only general contractor to sign the declaration.

In the fiscal year ending March 31, 2010, we will deploy our full portfolio of environmental technologies and our network to help win environment-related construction orders. We will also enhance company-wide environmental management, energetically conduct environmental publicity activities, and concentrate on creating and initiating new environment businesses with the aim of demonstrating strength in environmental management.