

## MESSAGE FROM THE MANAGEMENT

**Kajima is dedicated to establishing a rock-solid earnings base. To this end, we are boosting our earnings power through a policy on attracting new contracts that emphasizes profitability. Underpinning this policy is a commitment to finding deeper cost reductions and leveraging our technological advantages. Furthermore, we are striving to deliver improved business performance across the entire Kajima Group, including through overseas and real estate development businesses.**

**mitsuyoshi nakamura**  
President, Representative Director



### RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2011

Amid declining investment in public works, the Japanese construction market remained weak overall. This stemmed from lackluster construction investment in the private sector, which dropped sharply in the previous fiscal year and mirrored prevailing economic uncertainty, as well as growing investment, most notably by the manufacturing industry, in bases outside of Japan. The primary outcome was more intense competition for new contracts, as the business environment remained as severe as ever.

In this climate, the Kajima Group sought to establish a foundation for stable earnings that can weather the volatile business environment. To this end, the Group came together in a concerted effort to further strengthen the competitiveness and profitability of its core businesses, civil engineering, building construction, and real estate development, by powerfully

advancing its Medium-Term Business Plan for the three years ending March 2012.

The Kajima Group's business performance for the fiscal year ended March 31, 2011 is detailed below.

Consolidated construction contract awards rose 4.4% year on year to ¥1,188.4 billion, compared to ¥1,138.4 billion in the previous fiscal year. Growth came primarily atop an increase in building construction. Consolidated revenues decreased 19.0% to ¥1,325.7 billion, compared to ¥1,637.4 billion in the previous fiscal year. This decline was mainly the result of a sharp drop in contract volume in the construction business in the previous fiscal year.

In terms of profit, consolidated operating income was ¥17.3 billion, reversing a loss of ¥6.8 billion in the previous fiscal year. This mainly reflected an improvement in gross profit from completed building construction projects at Kajima Corporation. Ultimately, consolidated net income increased 95.4% to ¥25.8

billion, compared to ¥13.2 billion a year earlier, due to extraordinary profit recorded as a gain on the transfer of preferred equity in UDX SPC, a special purpose company to develop and own Akihabara UDX.

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## **PRESSING ISSUES**

Determined to lay robust foundations for profitability, the Kajima Group has been fully dedicated to promoting its Medium-Term Business Plan for the three years ending March 2012. However, given the protracted weakness in construction demand and the real estate market in Japan, achieving the plan's objectives now presents daunting challenges.

We aim to further boost earnings power in the domestic construction business through a policy of attracting contracts that emphasizes profitability. Underpinning this policy is a commitment to striving for deeper cost reductions and leveraging our technological advantages. In the overseas construction business, along with doing our very best to improve profitability in construction work underway, we will take steps to reinforce sales efforts targeting promising markets, particularly in Asia. In these ways, we are determined to expand business performance across the entire Kajima Group.

In the real estate development business, we will continue to launch into new projects based on a down-to-earth yet innovative approach. By promoting close ties between real estate development and construction teams, we will pursue synergies to enhance profitability.

By consistently growing profits going forward, the Kajima Group will steadily and simultaneously enhance stockholders' equity and reduce interest-bearing debt. These efforts, in turn, will culminate in a stronger business base.

In the aftermath of the Great East Japan Earthquake, the Kajima Group is closely involved in efforts to quickly restore and revitalize the affected region, including dispatching personnel and transporting relief supplies as needed. As a leading member of the Japanese construction industry, the Group will continue to pool its collective strengths, capitalizing on advanced technological capabilities honed over many years to the fullest extent possible to help Japan overcome this unprecedented natural disaster.

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## **DISTRIBUTION OF PROFITS**

Our basic stockholder return policy is to stably provide dividends in line with our earnings, while securing internal reserves to strengthen financial position, improve capital efficiency, and otherwise maintain a sound business base.

After comprehensively taking into account factors such as the Group's performance and business foundation, we paid, as initially forecast, an annual dividend of ¥6 per share for the fiscal year under review. This figure included an interim dividend of ¥3 per share. We anticipate paying the same dividend for the fiscal year ending March 2012.

As our stockholders and investors, your continued understanding and support will be critical to our success going forward.

July 2011



**MITSUYOSHI NAKAMURA**

President, Representative Director