

FINANCIAL SECTION

24 ■ CONSOLIDATED BALANCE SHEETS

26 ■ CONSOLIDATED STATEMENTS OF INCOME

27 ■ CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

28 ■ CONSOLIDATED STATEMENTS OF CASH FLOWS

29 ■ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

49 ■ REPORT OF INDEPENDENT AUDITORS

SUPPLEMENTAL INFORMATION

50 ■ NONCONSOLIDATED BALANCE SHEETS

52 ■ NONCONSOLIDATED STATEMENTS OF INCOME

53 ■ NONCONSOLIDATED BREAKDOWN OF ORDERS

CONSOLIDATED BALANCE SHEETS

Shimizu Corporation and its subsidiaries
As at March 31, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2007	2008	2008
ASSETS			
Current Assets:			
Cash (Note 8)	¥ 165,025	¥ 169,326	\$ 1,694,276
Notes and accounts receivable—trade	304,843	336,830	3,370,323
Marketable securities (Note 4- (18), 10)	—	45,000	450,270
Costs on uncompleted construction contracts	575,476	601,991	6,023,530
Real estate and uncompleted real estate development projects	47,276	56,156	561,898
Other inventories	35,496	47,210	472,392
Deferred tax assets (Note 14)	23,110	27,235	272,520
Other current assets	112,100	97,511	975,695
Less: Allowance for doubtful accounts	(1,690)	(1,656)	(16,574)
Total current assets	1,261,639	1,379,605	13,804,332
Non-Current Assets:			
Tangible fixed assets:			
Buildings and structures (Note 5)	97,619	116,295	1,163,658
Machinery, equipment and vehicles (Note 5)	43,571	47,254	472,824
Land (Note 5)	116,039	114,448	1,145,173
Construction in progress	8,236	1,243	12,445
Less: Accumulated depreciation	(85,666)	(90,069)	(901,232)
Total tangible fixed assets	179,800	189,173	1,892,869
Intangible fixed assets	2,848	2,683	26,849
Investments and other assets:			
Investment securities (Notes 5, 10)	391,910	292,683	2,928,595
Deferred tax assets (Note 14)	2,128	1,958	19,600
Other investments (Note 5)	20,209	19,155	191,666
Less: Allowance for doubtful accounts	(7,974)	(7,297)	(73,022)
Total investments and other assets	406,273	306,499	3,066,839
Total non-current assets	588,921	498,356	4,986,557
Total assets	¥1,850,561	¥1,877,961	\$18,790,890

The accompanying notes are an integral part of these financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2007	2008	2008
LIABILITIES			
Current Liabilities:			
Notes and accounts payable—trade	¥ 447,605	¥ 444,567	\$ 4,448,340
Short-term borrowings (Note 19)	110,368	151,162	1,512,529
Commercial paper (Note 19)	10,000	50,000	500,300
Current portion of bonds payable (Note 18)	20,000	30,000	300,180
Advances received on uncompleted construction contracts	456,706	473,314	4,735,986
Warranty reserve	3,472	3,497	35,000
Reserve for expected losses on construction contracts in process	7,291	21,201	212,139
Other current liabilities	104,295	105,016	1,050,799
Total current liabilities	<u>1,159,740</u>	<u>1,278,759</u>	<u>12,795,276</u>
Non-Current Liabilities:			
Bonds payable (Note 18)	30,000	—	—
Long-term borrowings (Note 19)	94,641	120,531	1,206,041
Deferred tax liabilities (Note 14)	68,572	25,054	250,698
Deferred tax liabilities for revaluation reserve for land (Note 5)	25,475	24,682	246,968
Reserve for employees' retirement benefits (Note 12)	59,317	57,518	575,534
Reserve for expected loss on affiliates' business	—	3,237	32,389
Other non-current liabilities	19,882	18,708	187,198
Total non-current liabilities	<u>297,889</u>	<u>249,733</u>	<u>2,498,831</u>
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2007 and 2008	¥ 74,365	¥ 74,365	\$ 744,099
Additional paid-in capital	43,185	43,190	432,166
Retained earnings	118,790	141,466	1,415,515
Less: Treasury stock, at cost 2,829 thousand shares as at March 31, 2008	—	(1,220)	(12,212)
2,632 thousand shares as at March 31, 2007	(1,090)	—	—
Total shareholders' equity	<u>235,250</u>	<u>257,802</u>	<u>2,579,568</u>
Valuation and Translation Adjustments:			
Net unrealized gains on other securities, net of taxes (Note 10)	129,471	65,519	655,592
Deferred gains (losses) on hedging, net of taxes (Note 11)	(45)	(78)	(780)
Revaluation reserve for land, net of taxes (Note 5)	21,169	20,030	200,428
Foreign currency translation adjustments	(579)	(864)	(8,650)
Total valuation and translation adjustments	<u>150,016</u>	<u>84,608</u>	<u>846,589</u>
Minority Interests	<u>7,664</u>	<u>7,058</u>	<u>70,624</u>
Total net assets	<u>392,931</u>	<u>349,468</u>	<u>3,496,782</u>
Total liabilities and net assets	<u>¥1,850,561</u>	<u>¥1,877,961</u>	<u>\$18,790,890</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Shimizu Corporation and its subsidiaries
For the years ended March 31, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2007	2008	2008
Net Sales:			
Completed construction contracts (Note 4-(13))	¥1,496,871	¥1,511,235	\$15,121,426
Real estate development and other	157,215	173,824	1,739,286
	<u>1,654,087</u>	<u>1,685,059</u>	<u>16,860,712</u>
Cost of Sales:			
Completed construction contracts (Note 6)	1,397,190	1,431,289	14,321,491
Real estate development and other	136,001	131,173	1,312,520
	<u>1,533,191</u>	<u>1,562,463</u>	<u>15,634,011</u>
Gross profit:			
Completed construction contracts	99,681	79,945	799,935
Real estate development and other	21,214	42,651	426,766
	<u>120,895</u>	<u>122,596</u>	<u>1,226,701</u>
Selling, General and Administrative Expenses (Note 6)	70,050	70,346	703,883
Operating income	<u>50,845</u>	<u>52,250</u>	<u>522,818</u>
Non-Operating Income (Expenses):			
Interest and dividend income	4,469	4,941	49,449
Interest expenses	(3,311)	(4,035)	(40,379)
Insurance payments received (Note 4-(18))	–	1,386	13,871
Provision for warranty reserve (Note 6)	(3,472)	–	–
Loss on disposal of fixed assets (Note 4-(18))	–	(2,708)	(27,097)
Other, net	238	(3,489)	(34,915)
Ordinary income	<u>48,769</u>	<u>48,345</u>	<u>483,745</u>
Special Gains (Losses):			
Gains on sale of fixed assets	916	900	9,009
Gains on sale of investment securities	742	610	6,105
Impairment losses on fixed assets (Note 6)	(2,588)	–	–
Surcharges levied in relation to the Antimonopoly Act ^(*)	(480)	–	–
Loss on devaluation of investment securities	–	(5,969)	(59,734)
Losses on affiliates' businesses (Note 6)	–	(3,237)	(32,389)
Income before income taxes and minority interests	<u>47,360</u>	<u>40,649</u>	<u>406,736</u>
Provision for Income Taxes (Note 14):			
Current	16,062	20,559	205,718
Refund of income taxes for prior periods	–	(1,886)	(18,876)
Deferred	6,138	(4,781)	(47,840)
	<u>22,200</u>	<u>13,891</u>	<u>139,001</u>
Minority Interests in net income (loss) of consolidated subsidiaries	(458)	(289)	(2,897)
Net Income	<u>¥ 25,618</u>	<u>¥ 27,047</u>	<u>\$ 270,632</u>

The accompanying notes are an integral part of these financial statements.

(*) Surcharges imposed on two of Shimizu Corporation's bridge construction subsidiaries

These surcharges derive from the fact that more than 40 corporations received warnings in September 2005 regarding violation of the Antimonopoly Act in relation to the construction works of the superstructure of steel bridges ordered by the Ministry of Land, Infrastructure and Transport and by the Japan Highway Public Corporation.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Shimizu Corporation and its subsidiaries
For the years ended March 31, 2007 and 2008

	Millions of Yen									
	Shareholders' Equity				Valuation and Translation Adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gains on other securities, net of taxes	Deferred gains (losses) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Minority interests	Total net assets
Balance as at March 31, 2006 . . .	¥ 74,365	¥ 43,171	¥ 100,809	¥ (1,665)	¥ 116,893	–	¥ 26,899	¥ (1,067)	¥ 8,513	¥ 367,919
Cash dividends paid (¥7.00 per share)	–	–	(5,510)	–	–	–	–	–	–	(5,510)
Bonuses to directors and corporate auditors	–	–	(123)	–	–	–	–	–	–	(123)
Net income for the year	–	–	25,618	–	–	–	–	–	–	25,618
Reversal of revaluation reserve for land, net of taxes	–	–	(2,002)	–	–	–	–	–	–	(2,002)
Purchase and disposal of treasury stock, at cost	–	14	–	574	–	–	–	–	–	588
Changes other than shareholders' equity	–	–	–	–	12,578	(45)	(5,730)	488	(848)	6,443
Balance as at March 31, 2007 . . .	¥ 74,365	¥ 43,185	¥ 118,790	¥ (1,090)	¥ 129,471	¥ (45)	¥ 21,169	¥ (579)	¥ 7,664	¥ 392,931
Cash dividends paid (¥7.00 per share)	–	–	(5,509)	–	–	–	–	–	–	(5,509)
Net income for the year	–	–	27,047	–	–	–	–	–	–	27,047
Reversal of revaluation reserve for land, net of taxes	–	–	1,138	–	–	–	–	–	–	1,138
Purchase and disposal of treasury stock, at cost	–	5	–	(129)	–	–	–	–	–	(124)
Changes other than shareholders' equity	–	–	–	–	(63,951)	(33)	(1,138)	(284)	(606)	(66,014)
Balance as at March 31, 2008 . . .	¥ 74,365	¥ 43,190	¥ 141,466	¥ (1,220)	¥ 65,519	¥ (78)	¥ 20,030	¥ (864)	¥ 7,058	¥ 349,468

	Thousands of U.S. Dollars (Note 2)									
	Shareholders' Equity				Valuation and Translation Adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gains on other securities, net of taxes	Deferred gains (losses) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Minority interests	Total net assets
Balance as at March 31, 2007 . . .	\$ 744,099	\$ 432,114	\$ 1,188,620	\$ (10,916)	\$ 1,295,494	\$ (450)	\$ 211,817	\$ (5,799)	\$ 76,695	\$ 3,931,675
Cash dividends paid (¥7.00 per share)	–	–	(55,127)	–	–	–	–	–	–	(55,127)
Net income for the year	–	–	270,632	–	–	–	–	–	–	270,632
Reversal of revaluation reserve for land, net of taxes	–	–	11,388	–	–	–	–	–	–	11,388
Purchase and disposal of treasury stock, at cost	–	51	–	(1,296)	–	–	–	–	–	(1,244)
Changes other than shareholders' equity	–	–	–	–	(639,901)	(330)	(11,388)	(2,851)	(6,070)	(660,543)
Balance as at March 31, 2008 . . .	\$744,099	\$432,166	\$1,415,515	\$(12,212)	\$ 655,592	\$(780)	\$200,428	\$(8,650)	\$70,624	\$3,496,782

The accompanying notes are an integral part of these financial statements.

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distribution of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Shimizu Corporation and its subsidiaries
For the years ended March 31, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2007	2008	2008
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 47,360	¥ 40,649	\$ 406,736
Adjustments for:			
Depreciation and amortization	8,678	10,027	100,334
Impairment losses on fixed assets	2,588	—	—
Increase (decrease) in allowance for doubtful accounts	(4,111)	(716)	(7,173)
Increase (decrease) in reserve for employees' retirement benefits	(2,123)	(1,800)	(18,011)
Gains on sale of fixed assets	(916)	(900)	(9,009)
Loss on devaluation of investment securities	—	5,969	59,734
Gains on sale of investment securities	(742)	(610)	(6,105)
Interest and dividend income	(4,469)	(4,941)	(49,449)
Interest expenses	3,311	4,035	40,379
(Increase) decrease in notes and accounts receivable—trade	(2,518)	(31,907)	(319,270)
(Increase) decrease in costs on uncompleted construction contracts	19,261	(29,815)	(298,333)
(Increase) decrease in real estate for development business	(4,484)	(7,268)	(72,726)
Increase (decrease) in notes and accounts payable—trade	20,853	(3,212)	(32,146)
Increase (decrease) in advances received on uncompleted construction contracts	(33,961)	16,640	166,504
Other, net	10,430	20,212	202,241
Sub total	59,156	16,360	163,704
Interest and dividend received	4,558	5,008	50,112
Interest paid	(3,276)	(4,096)	(40,984)
Income taxes paid	(4,217)	(14,974)	(149,834)
Net cash (used in) provided by operating activities	56,221	2,298	22,997
Cash Flows from Investing Activities:			
Acquisition of tangible fixed assets	(17,672)	(22,638)	(226,525)
Proceeds from sale of tangible fixed assets	1,938	3,443	34,456
Acquisition of marketable securities and investment securities	(10,288)	(16,371)	(163,815)
Proceeds from sale of marketable securities and investment securities	2,886	6,429	64,334
Other, net	(1,139)	(3,246)	(32,480)
Net cash (used in) provided by investing activities	(24,276)	(32,383)	(324,030)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	(15,959)	33,051	330,715
Net increase (decrease) in commercial paper	(10,000)	40,000	400,240
Proceeds from long-term borrowings	49,783	59,960	599,963
Repayments of long-term borrowings	(30,996)	(26,337)	(263,529)
Redemption of bonds	—	(20,000)	(200,120)
Dividends	(5,510)	(5,509)	(55,127)
Other, net	(80)	(139)	(1,391)
Net cash (used in) provided by financing activities	(12,763)	81,026	810,751
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,433	(1,640)	(16,412)
Net Increase (Decrease) in Cash and Cash Equivalents	20,614	49,300	493,305
Cash and Cash Equivalents at Beginning of Year	144,410	165,025	1,651,241
Cash and Cash Equivalents at End of Year (Note 8)	¥165,025	¥214,326	\$2,144,546

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Shimizu Corporation and its subsidiaries

1. Basis of Presentation of Consolidated Financial Statements	<p>The accompanying consolidated financial statements have been prepared based on the accounts maintained by Shimizu Corporation (the "Corporation") and its subsidiaries prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.</p>
2. U.S. Dollar Amounts	<p>The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from the original Japanese yen into U.S. dollars on the basis of ¥99.94 to U.S.\$1, the rate of exchange prevailing at March 31, 2008, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.</p>
3. Principles of Consolidation	<p><i>1) Scope of Consolidation</i> The Corporation had 50 subsidiaries as at March 31, 2008 (55 for 2007). The consolidated financial statements for the years ended March 31, 2008 and 2007 include the accounts of the Corporation and all subsidiaries. The Corporation had 12 affiliates as at March 31, 2008 (11 for 2007). As at March 31, 2008 and 2007, the equity method was applied to all affiliates.</p> <p><i>2) Financial Statements of Subsidiaries</i> The financial year-end of all overseas subsidiaries is December 31. Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31, and certain adjustments are made to reflect any significant transactions having occurred during the period from January 1 to March 31.</p> <p><i>3) Valuation of Subsidiaries' Assets and Liabilities</i> Assets and liabilities of consolidated subsidiaries are valued at market value, as at the date of acquisition of the controlling interest in such subsidiaries.</p> <p><i>4) Difference between the Cost of Investment and Equity in the Net Assets of a Subsidiary</i> Any difference between the cost of investment in a subsidiary and the amount of the underlying equity in the net assets of the subsidiary is principally amortized over a five-year period on a straight-line basis.</p> <p><i>5) Elimination of Unrealized Intercompany Profits</i> All significant unrealized intercompany profits included in assets such as "Costs on uncompleted construction contracts" among the Corporation and its subsidiaries have been eliminated on consolidation and the portion thereof attributable to minority interests is reported as "Minority Interests." In connection with the elimination of unrealized intercompany profits, the depreciation expense is also adjusted to eliminate any profit from the cost of assets purchased through intercompany transactions.</p>
4. Summary of Significant Accounting Policies	<p><i>1) Valuation of Securities</i> The Corporation and its subsidiaries classify securities into two different categories, held-to-maturity debt securities and other securities. The Corporation and its subsidiaries hold no trading securities. Held-to-maturity debt securities are valued at amortized cost. Other securities with market quotations are valued at the prevailing market price as at the balance sheet date. Other securities without market quotations are stated at cost, cost being determined by the moving average method. Net unrealized gains on other securities with market quotations are reported net of taxes as a separated component of "Net Assets" and the cost of sales is determined by the moving average method. In cases where the value of held-to-maturity debt securities and other securities has declined significantly and such decline is not deemed temporary, such securities are written down to fair value and the resulting losses are reported as "loss on devaluation of investment securities" for the period.</p> <p><i>2) Valuation of Inventories</i> Costs on uncompleted construction contracts: At cost on an individual basis. Real estate and uncompleted real estate development projects: At cost on an individual basis. Other inventories: At cost, cost being determined by the moving average method, or at cost on an individual basis.</p>

3) Depreciation Method for Tangible Fixed Assets

Depreciation for tangible fixed assets is computed by the declining balance method, at rates based on the estimated useful lives of the assets. Some subsidiaries use the straight-line method.

4) Change to Accounting Policy

Effective from the consolidated fiscal year ended March 31, 2008, in line with a revision of the Corporation Tax Law, the depreciation method for tangible fixed assets acquired on or after April 1, 2007 has been changed to that based on the revised Corporation Tax Law. The effect of this change on the Corporation's consolidated financial statements for the consolidated fiscal year ended March 31, 2008 was minimal.

5) Additional Information

In line with the revision of the Corporation Tax Law, for tangible fixed assets acquired on or before March 31, 2007, from the consolidated fiscal year following the consolidated fiscal year when the assets were fully depreciated to the depreciable limit, the remaining 5% of the acquisition costs is depreciated evenly over five years. The effect of this change on the Corporation's consolidated financial statements for the consolidated fiscal year under review was minimal.

6) Allowance for Doubtful Accounts

The Corporation and its subsidiaries calculate their allowance for doubtful accounts based on a historical default ratio. For receivables classified as "doubtful" or "bankrupt," the allowance for doubtful accounts is calculated based on individual assessment of each receivable and the probability of collection.

7) Warranty Reserve

An allowance to cover the costs of repairs for damages related to completed construction work for which the Corporation and its subsidiaries are responsible is provided based on business results in the past.

8) Reserve for Expected Losses on Construction Contracts in Process

An allowance is provided for estimated future losses related to current construction contracts.

9) Reserve for Employees' Retirement Benefits

The reserve for employees' retirement benefits as at the balance sheet date is determined based on the actuarial valuation of projected benefit obligations and the fair value of the plan assets.

10) Reserve for Expected Loss on Affiliates' Businesses

The reserve for loss on affiliated business as at the balance sheet date is determined based on estimated losses related to affiliated businesses.

11) Leases

Finance leases other than those deemed to transfer ownership of the leased assets to the lessee are accounted for with a method similar to that applicable to ordinary operating leases.

12) Accounting for Hedging

Hedging instruments are valued at fair value and accounted for using the deferral method of accounting. With regard to some interest rate swaps which meet the requirements, the Corporation and its subsidiaries use the deferral method, based on the short-cut method, assuming that there is no ineffectiveness in the hedging relationship between hedged items and hedging instruments.

Hedging instruments and items covered by hedges:

Hedging instruments: Derivative transactions (interest rate swaps and foreign exchange contracts).

Items covered by hedges: Assets and liabilities which are exposed to interest and foreign exchange market fluctuation risks.

Hedging policy: Derivative transactions are used solely for hedging the risks associated with existing or future assets and liabilities.

Derivative transactions are never entered into for the purpose of generating short-term gains or speculation.

*13) Important Items Concerning the Presentation of the Consolidated Financial Statements
(Recognition of Revenues and Related Costs)*

The percentage of completion method is used when the contract amount is ¥2 billion or more and the construction period is over one year, and the completed contract method is used otherwise.

(Change to Accounting Policy)

The completed contract method had been used for revenue recognition for all construction work projects. However, the Corporation has changed to applying the percentage of completion method for large long-term construction work projects (for which the contract amount is ¥2 billion or more and the construction period is over one year) that newly started on or after April 1, 2007. This change has been made to more appropriately reflect the periodic income from construction-related business activities and to further strengthen management control, considering the current trend of accounting policy for construction contracts, because the proportion of large long-term construction projects against annual orders received has been increasing yearly.

Accordingly, some consolidated subsidiaries have also started applying the percentage of completion method for long-term contracts for the applicable construction work.

As a result of this change, completed construction work was ¥64,643 million (\$646,826 thousand) higher and gross profit from completed construction, operating income, ordinary income and income before income taxes were all ¥2,572 million (\$25,742 thousand) higher than they would have been if the previous method had been applied.

The effect on segment information is described on the relevant page.

14) Consumption Tax

The consumption tax imposed on the Corporation and its subsidiaries' sales to customers is withheld by the Corporation and its subsidiaries at the time of sale and is subsequently paid to the national and local governments. The consumption tax withheld upon sale is not included in the amount of "Net Sales" in the accompanying consolidated statements of income. Consumption tax paid on the Corporation and its subsidiaries' purchases of goods and services is excluded from each account in the consolidated statements of income.

15) Foreign Currency Translation

The balance sheets of overseas subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date except for shareholders' equity which is translated at historical rates. The revenues and expenses of overseas subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

Differences arising from such translations are shown as "Foreign currency translation adjustments" and are included in "Net Assets."

16) Cash Flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, bank deposits payable on demand, and time deposits, which are subject to minor fluctuations in value.

17) Income Taxes

Income taxes of the Corporation and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Corporation and its domestic subsidiaries adopt the deferred tax accounting in accordance with the regulations for preparation of consolidated financial statements in Japan. Deferred income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

In addition, the consolidated overseas subsidiaries provide for deferred income taxes relating to temporary differences between reporting for tax and accounting purposes in accordance with accounting principles generally accepted in the relevant countries.

*18) Change of Presentation Method
(Consolidated Balance Sheets)*

Previously, negotiable certificates of deposit had been included in cash. Effective from the consolidated fiscal year ended March 31, 2008, however, this item is included in marketable securities. This change is in line with the revised "Implementation Guidelines on Accounting Standards for Financial Instruments" (Accounting Standards Committee Report No. 14, the Japanese Institute of Certified Public Accountants) and the revised "Q&A on Accounting Standards for Financial Instruments" (Accounting Standards Committee, the Japanese Institute of Certified Public Accountants). The balance of negotiable certificates of deposit totaled ¥48,000 million at March 31, 2007, and ¥45,000 million (\$450,270 thousand) at March 31, 2008.

(Consolidated Statements of Income)

1. In the previous consolidated fiscal year, "insurance payments received" was included in "other, net" under "non-operating income." Effective from the consolidated fiscal year ended March 31, 2008, however, this item is listed separately as "insurance payments received" because it accounts for more than 10% of total non-operating income. "Insurance payments received" in the previous consolidated fiscal year totaled ¥715 million.
2. In the previous consolidated fiscal year, "loss on disposal of fixed assets" was included in "other, net" under "non-operating expenses." Effective from the consolidated fiscal year ended March 31, 2008, however, this item is listed separately as "loss on disposal of fixed assets" because it accounts for more than 10% of total non-operating expenses. "Loss on disposal of fixed assets" in the previous consolidated fiscal year totaled ¥973 million.

19) Reclassification

Certain accounts for the year ended March 31, 2007 have been reclassified to conform to the financial statement presentation for the year ended March 31, 2008.

5. Notes to
Consolidated
Balance Sheets

1) Revaluation Reserve for Land

According to the Land Revaluation Law enacted on March 31, 1998, land used for business and owned by the Corporation was revalued on March 31, 2002 and an unrealized gain from the revaluation of land was reported as "Revaluation reserve for land, net of taxes" as a separate component of "Net Assets" and the relevant deferred tax liabilities were reported as "Deferred tax liabilities for revaluation reserve for land" as a separate component of "Non-Current Liabilities."

Such revaluation was allowed only at one specific time under the Law and cannot be undertaken at each financial year-end.

According to the enforcement ordinance of the Law, there are several methods allowed to determine the revalued amount of land. The Corporation adopted a method using the assessed value for property taxes with appropriate adjustments, since the management believes that the assessed value for property taxes is a conservative real estate appraisal information compared with other appraisal information, such as the publicly assessed value of land, land price valued by road rating, etc. Generally, the assessed value for property taxes indicates approximately 70% of the publicly assessed value of land.

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Excess amount of the book value of land after revaluation over the fair value	¥9,687	¥8,301	\$83,066

2) Assets Pledged as Collateral

The following assets are pledged as collateral for short-term borrowings and others of ¥2,160 million.

As at March 31	Millions of Yen
	2007
Buildings and structures	¥ 197
Machinery, equipment and vehicles	466
Land	673
Total	¥1,337

The following assets, which are included above, are pledged as factory foundation collateral at subsidiaries for short-term borrowings and others of ¥2,125 million.

As at March 31	Millions of Yen	
	2007	
Buildings and structures	¥	154
Machinery, equipment and vehicles		466
Land		283
Total	¥	904

The following assets are pledged as collateral for short-term borrowings and others of ¥1,934 million (\$19,354 thousand).

As at March 31	Millions of Yen	Thousands of U.S. Dollars
	2008	2008
Buildings and structures	¥ 180	\$ 1,808
Machinery, equipment and vehicles	401	4,017
Land	670	6,712
Total	¥1,253	\$12,538

The following assets, which are included above, are pledged as factory foundation collateral at subsidiaries for short-term borrowings and others of ¥1,825 million (\$18,260 thousand).

As at March 31	Millions of Yen	Thousands of U.S. Dollars
	2008	2008
Buildings and structures	¥ 139	\$ 1,393
Machinery, equipment and vehicles	401	4,017
Land	283	2,841
Total	¥ 824	\$ 8,252

The following assets are pledged as collateral at affiliated companies and others for borrowings.

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Investment securities	¥ 369	¥ 369	\$ 3,692
Other investments	568	567	5,675
Total	¥ 937	¥ 936	\$ 9,367

3) Other Notes to Consolidated Balance Sheets

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Contingent liabilities from guaranteeing indebtedness	¥ 1,288	¥ 6,380	\$ 63,841
(Consolidated liabilities excluding guarantee amounts of other companies.)			

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Project finance loan balance of subsidiaries engaged in PFI business collateralized by their business assets	¥16,485	¥30,661	\$306,797

(Business assets of the subsidiaries as at March 31, 2008 was ¥35,535 million (\$355,567 thousand))

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Investments in affiliates	¥12,976	¥13,358	\$133,664

6. Notes to Consolidated Statements of Income

1) The major components of "Selling, General and Administrative Expenses" were as follows:

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Salaries and allowances to employees	¥22,385	¥22,727	\$227,412
Retirement benefit expenses for employees	2,340	2,283	22,849
Research and development expenditures	7,240	7,465	74,702

2) Research and development expenditures (included in construction costs and general and administrative expenses) were as follows:

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Research and development expenditures	¥ 8,616	¥ 8,530	\$85,354

3) Impairment losses on fixed assets

The following table summarizes the impairment losses on business assets booked by the subsidiaries for the fiscal years ended March 31, 2007 and 2008.

Use	Location	Type of assets	Millions of Yen		Thousands of U.S. Dollars
			2007	2008	2008
Business assets	Tokyo and others	Land	¥ 2,084	¥ -	\$ -
		Buildings and others	¥ 503	¥ -	\$ -

The Corporation and its consolidated domestic subsidiaries group their assets based on units, mainly to enable the continuous monitoring of revenue and expenditure. The book value of the above business assets, which are owned by consolidated subsidiaries, was booked under special losses as impairment losses of ¥2,588 million due to a drop in earnings caused by the worsening of the business environment and other factors in the fiscal years ended March 31, 2007.

The recoverable amounts of these assets are calculated from their net realizable sales value based on amounts determined using valuations made in accordance with real estate appraisal standards.

4) The losses on affiliates' businesses were as follows:

Allowance for the expected losses on affiliates' businesses ¥3,237 million (\$32,389 thousand)

5) Effective from the consolidated fiscal year ended March 31, 2008, provision for warranty reserve (¥3,060 million (\$30,627 thousand)) is included in the cost of completed construction work.

7. Notes to Consolidated Statements of Changes in Net Assets

1) Type and number of outstanding shares

Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	788,514	-	-	788,514
Treasury stock:				
Common stock	2,511	222	101	2,632

Notes: (1) The increase in 222 thousand shares of treasury stock is mainly due to the purchases of shares in quantities less than the minimum trading unit of shares.

(2) The decrease in 101 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.

For the year ended March 31, 2008	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Type of shares				
Issued stock:				
Common stock	788,514	–	–	788,514
Treasury stock:				
Common stock	2,632	309	112	2,829

Notes: (1) The increase in 309 thousand shares of treasury stock is mainly due to the purchases of shares in quantities less than the minimum trading unit of shares.

(2) The decrease in 112 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.

2) Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2007

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2006)	Common stock	¥2,755	¥3.50	March 31, 2006	June 30, 2006 ^(*)
Board of directors (November 15, 2006)	Common stock	¥2,755	¥3.50	September 30, 2006	December 8, 2006

(*) The effective payment date is deemed to be the day after the annual general meeting of shareholders.

For the year ended March 31, 2008

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 28, 2007)	Common stock	¥2,754	¥3.50	March 31, 2007	June 29, 2007
Board of directors (November 13, 2007)	Common stock	¥2,754	¥3.50	September 30, 2007	December 10, 2007

(*) The effective payment date is deemed to be the day after the annual general meeting of shareholders.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year

For the year ended March 31, 2007

Resolution approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 28, 2007)	Common stock	Retained earnings	¥2,754	¥3.50	March 31, 2007	June 29, 2007

For the year ended March 31, 2008

Resolution approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 27, 2008)	Common stock	Retained earnings	¥2,754	\$27,558	¥3.50	\$0.035	March 31, 2008	June 30, 2008

8. Notes to Consolidated Statements of Cash Flows

The reconciliation between cash and cash equivalents reported in the consolidated statements of cash flows and amounts reported in the consolidated balance sheets is as follows:

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Cash (as per consolidated balance sheets)	¥165,025	¥169,326	\$1,694,276
Marketable securities (Negotiable certificate of deposit).	—	45,000	450,270
Cash and cash equivalents	<u>¥165,025</u>	<u>¥214,326</u>	<u>\$2,144,547</u>

9. Leases

Information on finance leases other than those deemed to transfer ownership of the leased assets to the lessee for the years ended March 31, 2007 and 2008 can be summarized as follows:

1. As a lessee

1) The acquisition cost, accumulated depreciation, and net book value as at March 31, 2007 and 2008, were as follows:

As at March 31, 2007	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 2,448	¥1,417	¥1,030
Total	<u>¥ 2,448</u>	<u>¥1,417</u>	<u>¥1,030</u>

As at March 31, 2008	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 1,470	¥ 826	¥ 643
Total	<u>¥ 1,470</u>	<u>¥ 826</u>	<u>¥ 643</u>

As at March 31, 2008	Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	\$14,709	\$8,271	\$6,437
Total	<u>\$14,709</u>	<u>\$8,271</u>	<u>\$6,437</u>

2) Minimum payments under lease contracts with non-cancelable terms as at March 31, 2007 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Within 1 year.	¥ 524	¥ 344	\$3,447
Over 1 year	506	298	2,990
Total	<u>¥ 1,030</u>	<u>¥ 643</u>	<u>\$6,437</u>

- 3) Lease payments, that is the amount corresponding to depreciation expenses, during the years ended March 31, 2007 and 2008, amounted to ¥709 million and ¥501 million (\$5,018 thousand), respectively.
 4) Depreciation expenses are computed with the straight-line method over a period up to the length of the relevant lease contracts with no residual value.
 5) The figures shown above include the portion of interest thereon.

2. As a lessor

1) The acquisition cost, accumulated depreciation, and net book value as at March 31, 2007 and 2008, were as follows:

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
As at March 31, 2007			
Machinery, equipment and vehicles	¥ 1,046	¥ 383	¥ 662
Total	<u>¥ 1,046</u>	<u>¥ 383</u>	<u>¥ 662</u>

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
As at March 31, 2008			
Machinery, equipment and vehicles	¥ 1,706	¥ 665	¥ 1,040
Total	<u>¥ 1,706</u>	<u>¥ 665</u>	<u>¥ 1,040</u>

	Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value
As at March 31, 2008			
Machinery, equipment and vehicles	\$17,074	\$6,658	\$10,416
Total	<u>\$17,074</u>	<u>\$6,658</u>	<u>\$10,416</u>

2) Minimum receivables under lease contracts with non-cancelable terms as at March 31, 2007 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
As at March 31			
Within 1 year	¥ 268	¥ 400	\$ 4,011
Over 1 year	544	785	7,862
Total	<u>¥ 813</u>	<u>¥1,186</u>	<u>\$11,874</u>

3) Lease revenue during the years ended March 31, 2007 and 2008 amounted to ¥307 million and ¥448 million (\$4,489 thousand), respectively. Depreciation expenses for the years ended March 31, 2007 and 2008 were ¥199 million and ¥379 million (\$3,795 thousand), respectively.

4) The figures shown above include the portion of interest thereon.

10. Securities

The book and market values as at March 31, 2007 and 2008 of held-to-maturity debt securities and other securities were as follows:

1) *Held-to-maturity debt securities (with market value)*

	Millions of Yen		
	Book value	Market value	Difference
As at March 31, 2007			
Securities with unrealized gains			
Government bonds	¥ 50	¥ 50	¥ 0
Sub total	50	50	0
Securities with unrealized losses			
Government bonds	50	49	(0)
Corporate bonds	401	400	(0)
Sub total	451	449	(1)
Total	<u>¥501</u>	<u>¥499</u>	<u>¥(1)</u>

Note: The Corporation and its consolidated subsidiaries held no held-to-maturity debt securities without a market value as at March 31, 2007.

As at March 31, 2008	Millions of Yen		
	Book value	Market value	Difference
Securities with unrealized gains			
Government bonds	¥ -	¥ -	¥ -
Sub total	-	-	-
Securities with unrealized losses			
Government bonds	-	-	-
Corporate bonds	-	-	-
Sub total	-	-	-
Total	¥ -	¥ -	¥ -

As at March 31, 2008	Thousands of U.S. Dollars		
	Book value	Market value	Difference
Securities with unrealized gains			
Government bonds	\$ -	\$ -	\$ -
Sub total	-	-	-
Securities with unrealized losses			
Government bonds	-	-	-
Corporate bonds	-	-	-
Sub total	-	-	-
Total	\$ -	\$ -	\$ -

Note: The Corporation and its consolidated subsidiaries held no held-to-maturity debt securities without a market value as at March 31, 2008.

2) Held-to-maturity debt securities sold

As at March 31, 2007	Millions of Yen		
	Cost of sales	Sales amount	Sales income
Government bonds	¥ -	¥ -	¥ -
Corporate bonds	-	-	-
Total	¥ -	¥ -	¥ -

As at March 31, 2008	Millions of Yen		
	Cost of sales	Sales amount	Sales income
Government bonds	¥ 100	¥ 99	¥ (0)
Corporate bonds	401	399	(2)
Total	¥ 501	¥ 498	¥ (2)

As at March 31, 2008	Thousands of U.S. Dollars		
	Cost of sales	Sales amount	Sales income
Government bonds	\$1,000	\$ 993	\$ (6)
Corporate bonds	4,014	3,994	(20)
Total	\$5,015	\$4,988	\$(27)

Note: Consolidated subsidiaries sold held-to-maturity debt securities according to funding requirements.

3) Other securities (with market value)

As at March 31, 2007	Millions of Yen		
	Acquisition cost	Book value	Difference
Securities with unrealized gains			
Stocks	¥118,698	¥338,265	¥219,566
Other	100	101	1
Sub total	118,798	338,366	219,567
Securities with unrealized losses			
Stocks	9,713	7,352	(2,360)
Sub total	9,713	7,352	(2,360)
Total	¥128,511	¥345,718	¥217,206

As at March 31, 2008	Millions of Yen		
	Acquisition cost	Book value	Difference
Securities with unrealized gains			
Stocks	¥109,945	¥223,154	¥113,208
Other	—	—	—
Sub total	109,945	223,154	113,208
Securities with unrealized losses			
Stocks	18,685	15,320	(3,365)
Sub total	18,685	15,320	(3,365)
Total	¥128,630	¥238,474	¥109,843

As at March 31, 2008	Thousands of U.S. Dollars		
	Acquisition cost	Book value	Difference
Securities with unrealized gains			
Stocks	\$1,100,113	\$2,232,881	\$1,132,767
Other	—	—	—
Sub total	1,100,113	2,232,881	1,132,767
Securities with unrealized losses			
Stocks	186,962	153,292	(33,670)
Sub total	186,962	153,292	(33,670)
Total	\$1,287,076	\$2,386,173	\$1,099,097

4) Main types and consolidated balance sheet amounts of securities without market value

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Negotiable certificates of deposit	¥ —	¥45,000	\$450,270
Non-listed shares	22,281	17,247	172,577
Non-listed preferred investment securities	6,781	13,848	138,568
Investment in anonymous association	3,651	9,755	97,610

5) Other securities sold

As at March 31, 2007	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares, etc.	¥1,226	¥ 742	¥—

As at March 31, 2008	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares, etc.	¥ 785	¥ 610	¥—

As at March 31, 2008	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares, etc.	\$7,861	\$6,105	\$-

6) The redemption schedule for other securities with maturity dates and held-to-maturity debt securities as of March 31, 2007 and 2008, were as follows:

As at March 31, 2007	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years
Debt securities:			
Government bonds	¥ -	¥100	¥-
Corporate bonds	¥ -	¥401	¥-
Other	¥ -	¥ -	¥-

As at March 31, 2008	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years
Debt securities:			
Government bonds	¥ -	¥ -	¥-
Corporate bonds	¥ -	¥ -	¥-
Other:			
Negotiable certificates of deposit	¥ 45,000	¥ -	¥-

As at March 31, 2008	Thousands of U.S. Dollars		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years
Debt securities:			
Government bonds	\$ -	\$ -	\$-
Corporate bonds	\$ -	\$ -	\$-
Other:			
Negotiable certificates of deposit	\$450,270	\$ -	\$-

11. Derivatives

1. Information on Derivatives

1) General

The Corporation and its subsidiaries use derivative financial instruments, which consist of interest rate swaps, foreign currency swaps and forward foreign exchange contracts.

2) Policy

The Corporation and its subsidiaries use derivative financial instruments to hedge current and future assets and liabilities. The Corporation and its subsidiaries do not hold or issue derivative financial instruments for trading or speculative purposes.

3) Objective

The Corporation and its subsidiaries enter into interest rate swaps to reduce the risk associated with interest rate changes, and enter into foreign currency swaps and forward foreign exchange contracts to reduce the risk associated with foreign exchange rate changes.

Hedging instruments and items covered by hedges are described in "12) Accounting for Hedging" under "4. Summary of Significant Accounting Policies" in the section "Notes to consolidated financial statements."

4) Risk

The interest rate swaps, foreign currency swaps and forward foreign exchange contracts entered into by the Corporation and its subsidiaries are susceptible to risk associated with interest rate changes and foreign exchange rate changes. However, this risk is limited because all derivative transactions are entered into solely to hedge exposure to such changes. In addition, because the counterparties to these derivative transactions are limited to creditworthy international financial institutions, the Corporation and its subsidiaries do not anticipate any losses arising from the default of a counterparty.

5) Management of Risk

Derivative transactions entered into by the Corporation and its subsidiaries have been made in accordance with the internal management regulations of the Corporation, and the transactions are assessed and confirmed in accordance with these regulations.

The Corporation and its subsidiaries report the status of these transactions to the chief financial officer every half financial year.

2. Market Value of Derivative Transactions

Currency-related

	Millions of yen			
	Notional principal or contract amount	With maturity of over 1 year	Market value	Unrealized gains (losses)
As of March 31, 2007				
Foreign currency swaps				
Receive: Yen; Pay: U.S. dollar	¥2,950	¥-	¥4	¥4

Notes: (1) The market value of derivative transactions is calculated based on the prices provided by client financial institutions.
(2) The aforementioned transactions are entered into to reduce foreign currency exchange rate risk. Valuation gains and losses resulting from such transactions have an effect to offset with fiscal year and exchange gains and losses on assets and liabilities denominated in foreign currency, calculated using the foreign exchange rate prevailing at the end of the fiscal year.

	Millions of yen			
	Notional principal or contract amount	With maturity of over 1 year	Market value	Unrealized gains (losses)
As of March 31, 2008				
Foreign currency swaps				
Receive: Yen; Pay: U.S. dollar	¥ -	¥-	¥-	¥-

	Thousands of U.S. Dollars			
	Notional principal or contract amount	With maturity of over 1 year	Market value	Unrealized gains (losses)
As of March 31, 2008				
Foreign currency swaps				
Receive: Yen; Pay: U.S. dollar	\$ -	\$-	\$-	\$-

12. Retirement Benefits

1) Summary of Employees' Retirement Benefit Plans

The Corporation and certain consolidated subsidiaries have lump-sum retirement payment plans and tax qualified defined benefit pension plans. As at March 31, 2008, the Corporation and 24 consolidated subsidiaries (24 for 2007) offered lump-sum retirement payment plans and the Corporation and 8 consolidated subsidiaries (7 for 2007) also offered tax qualified defined benefit pension plans.

On April 1, 2008, the Company, which presents the consolidated financial statements, moved from a qualified retirement pension plan, previously used, to a defined benefit pension plan.

2) Projected Benefit Obligations

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
As at March 31			
Projected benefit obligations	¥(180,326)	¥(177,288)	\$(1,773,948)
Plan assets	103,038	100,602	1,006,626
Funded status	(77,287)	(76,686)	(767,321)
Unrecognized prior service cost	(1,443)	(1,218)	(12,192)
Unrecognized actuarial differences	19,413	20,385	203,980
Reserve for employees' retirement benefits	¥ (59,317)	¥ (57,518)	\$ (575,534)

Note: Some consolidated subsidiaries used a simplified method to compute their projected benefit obligations.

3) Retirement Benefit Expenses for Employees

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Service cost	¥ 6,220	¥ 6,235	\$ 62,393
Interest cost	3,587	3,529	35,314
Expected return on plan assets	(1,488)	(1,533)	(15,346)
Amortization of prior service cost	(224)	(224)	(2,249)
Amortization of actuarial differences	3,118	3,154	31,560
Retirement benefits expenses for employees	¥ 11,211	¥ 11,160	\$ 111,672

Note: The retirement benefit expenses of consolidated subsidiaries using a simplified computation method are included in "Service cost."

4) Assumptions and Policies Used to Calculate Projected Benefit Obligations

	2007	2008
Method of attributing the projected benefit obligations to periods of service	Straight-line basis	Straight-line basis
Discount rate	2.0%	2.0%
Expected rates of return on plan assets	1.5% (mainly)	1.5% (mainly)
Amortization periods for prior service cost	10 years (amortized using the straight-line method)	10 years (amortized using the straight-line method)
Amortization periods for actuarial differences.	10 years (amortized from the following financial year using the straight-line method)	10 years (amortized from the following financial year using the straight-line method)

13. Stock Options

The stock options outstanding as of March 31, 2008 are as follows:

Stock Option	Company Name	Persons Granted	Number of Options Granted	Date of Grant	Vesting Conditions	Eligible Employment Period	Exercise Period
2003	Super Regional, Inc.	2 directors	240 shares	December 4, 2003	Persons granted stock options must be a director or regular employee of the Company at the time of exercise.	No specified period	From December 1, 2005 to November 18, 2013
2004	Super Regional, Inc.	2 directors 2 employees	380 shares	June 28, 2004	Persons granted stock options must be a director or regular employee of the Company at the time of exercise.	No specified period	From June 12, 2006 to June 10, 2014

The stock option activity is as follows:

No. of stock options	Shares	
	2004	2005
Non-vested		
March 31, 2006 — Outstanding	—	380
Granted	—	—
Canceled	—	—
Vested	—	380
March 31, 2007 — Outstanding	—	—
Vested		
March 31, 2006 — Outstanding	240	—
Vested	—	380
Exercised	—	—
Canceled	—	40
March 31, 2007 — Outstanding	240	340
Non-vested		
March 31, 2007 — Outstanding	—	—
Granted	—	—
Canceled	—	—
Vested	—	—
March 31, 2008 — Outstanding	—	—
Vested		
March 31, 2007 — Outstanding	240	340
Vested	—	—
Exercised	—	—
Canceled	—	40
March 31, 2008 — Outstanding	240	300

Price information is as follows:

No. of stock options	Yen	
	2004	2005
Exercise price	¥50,000	¥50,000
Average stock price at exercise	—	—
Fair value price at grant date	—	—

14. Deferred Tax Accounting

1) As at March 31, 2007 and 2008, the significant components of deferred tax assets and liabilities were as follows:

As at March 31	Millions of Yen
	2007
Deferred tax assets	
Non-deductible portion of reserves and allowances	¥ 29,050
Losses on write-down of assets	20,726
Tax losses carry forwards	6,482
Other	30,416
Sub total	86,676
Less: valuation reserve	(37,715)
Total deferred tax assets	48,961
Deferred tax liabilities	
Net unrealized gains on other securities	(87,867)
Other	(4,427)
Total deferred tax liabilities	(92,294)
Net deferred tax liabilities	¥(43,333)

As at March 31	Millions of Yen	Thousands of U.S. Dollars
	2008	2008
Deferred tax assets		
Non-deductible portion of reserves and allowances	¥ 37,814	\$ 378,371
Losses on write-down of assets	16,683	166,939
Tax losses carry forwards	5,407	54,103
Other	26,954	269,704
Sub total	<u>86,859</u>	<u>869,118</u>
Less: valuation reserve	<u>(33,229)</u>	<u>(332,493)</u>
Total deferred tax assets	<u>53,630</u>	<u>536,624</u>
Deferred tax liabilities		
Net unrealized gains on other securities	(44,373)	(443,999)
Other	(5,117)	(51,205)
Total deferred tax liabilities	<u>(49,490)</u>	<u>(495,205)</u>
Net deferred tax assets	<u>¥ 4,139</u>	<u>\$ 41,419</u>

2) As at March 31, 2007 and 2008, the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

As at March 31	2007
Statutory tax rate	40.5%
Increase (decrease) in taxes resulting from permanent differences:	
Expenses not deductible for income tax purposes	5.3%
Income not included for income tax purposes	(1.6%)
Inhabitants' tax per capita and other	2.7%
Effective income tax rate	<u>46.9%</u>
As at March 31	2008
Statutory tax rate	40.5%
Increase (decrease) in taxes resulting from permanent differences:	
Expenses not deductible for income tax purposes	7.8%
Income not included for income tax purposes	(3.9%)
Decrease of valuation reserve	(11.3%)
Inhabitants' tax per capita and other	1.0%
Effective income tax rate	<u>34.2%</u>

15. Segment Information

1) Business Segments

For the year ended March 31, 2007	Millions of Yen					
	Construction	Real estate development	Other	Total	Eliminations	Consolidated
I. Net sales and Operating income						
Net sales						
Customers.....	¥1,496,871	¥ 65,821	¥ 91,393	¥1,654,087	¥ -	¥1,654,087
Intersegment or transfer..	13,283	1,358	51,751	66,393	(66,393)	-
Total	1,510,155	67,179	143,145	1,720,480	(66,393)	1,654,087
Operating expenses.....	1,475,231	54,951	137,498	1,667,680	(64,439)	1,603,241
Operating income	34,924	12,228	5,647	52,799	(1,954)	50,845
II. Assets, Depreciation and amortization, Impairment losses on fixed assets and Capital expenditures						
Assets	1,625,297	148,875	162,713	1,936,886	(86,325)	1,850,561
Depreciation and amortization..	3,418	1,877	3,381	8,678	-	8,678
Impairment losses on fixed assets.....	-	-	2,588	2,588	-	2,588
Capital expenditures	¥ 6,277	¥ 8,537	¥ 4,016	¥ 18,832	¥ -	¥ 18,832

For the year ended March 31, 2008	Millions of Yen					
	Construction	Real estate development	Other	Total	Eliminations	Consolidated
I. Net sales and Operating income						
Net sales						
Customers.....	¥1,511,235	¥ 85,739	¥ 88,084	¥1,685,059	¥ -	¥1,685,059
Intersegment or transfer ..	33,533	1,058	57,227	91,819	(91,819)	-
Total	1,544,768	86,797	145,312	1,776,878	(91,819)	1,685,059
Operating expenses.....	1,530,342	51,797	140,618	1,722,758	(89,948)	1,632,809
Operating income	14,425	35,000	4,694	54,120	(1,870)	52,250
II. Assets, Depreciation and amortization, and Capital expenditures						
Assets	1,586,439	186,045	215,245	1,987,731	(109,769)	1,877,961
Depreciation and amortization..	3,998	2,406	3,645	10,050	(22)	10,027
Capital expenditures	¥ 4,473	¥ 15,468	¥ 4,180	¥ 24,121	¥ (443)	¥ 23,678

For the year ended March 31, 2008	Thousands of U.S. Dollars					
	Construction	Real estate development	Other	Total	Eliminations	Consolidated
I. Net sales and Operating income						
Net sales						
Customers	\$ 15,121,426	\$ 857,912	\$ 881,373	\$ 16,860,712	\$	– \$ 16,860,712
Intersegment or transfer . .	335,533	10,586	572,623	918,743	(918,743)	–
Total	15,456,959	868,499	1,453,996	17,779,456	(918,743)	16,860,712
Operating expenses	15,312,614	518,282	1,407,026	17,237,923	(900,029)	16,337,894
Operating income	144,345	350,216	46,970	541,532	(18,714)	522,818
II. Assets, Depreciation and amortization, and Capital expenditures						
Assets	15,873,922	1,861,574	2,153,750	19,889,248	(1,098,357)	18,790,890
Depreciation and amortization . .	40,010	24,076	36,477	100,564	(229)	100,334
Capital expenditures	\$ 44,762	\$ 154,775	\$ 41,826	\$ 241,363	\$ (4,436)	\$ 236,927

Notes: 1. Outline of the businesses:

- Construction business: Construction, civil engineering
- Real estate development business: Sales, purchases and rentals of real estate
- Other business: Sales of construction materials, leasing financing, etc.

2. Change to accounting policy

For the year ended March 31, 2007

Not applicable.

For the year ended March 31, 2008

As described in (13) Important Items Concerning the Presentation of the Consolidated Financial Statements under 4.

Summary of Significant Accounting Policies in the section notes to Consolidated Financial Statements, the completed contract method had been used for revenue recognition for all construction work projects. However, the Corporation has changed to applying the percentage of completion method for large long-term construction work projects (for which the contract amount is ¥2 billion or more and the construction period is over one year) that newly started on or after April 1, 2007. This change has been made to more appropriately reflect the periodic income from construction-related business activities and to further strengthen management control, considering the current trend of accounting policy for construction contracts, because the proportion of large long-term construction projects against annual orders received has been increasing yearly.

Accordingly, some consolidated subsidiaries have also started applying the percentage of completion method for long-term contracts for the applicable construction work.

As a result of this change, in the construction business, net sales were ¥73,689 million higher and operating income was ¥3,042 million higher than they would have been if the previous method had been applied.

2) Geographical Segments

As net sales in Japan of all business segments and Japan-based assets of all business segments represented over 90% of total net sales and assets for the years ended March 31, 2007 and March 31, 2008, respectively, geographical segment information has not been presented.

3) Overseas Net Sales

Overseas net sales for the years ended March 31, 2007 and March 31, 2008 have not been presented because they represented less than 10% of total net sales.

16. Related Party Transactions

For the year ended March 31, 2007		% of Voting Right		Relationship			Amounts of Transaction		Balance at the end of the year			
Related Party	Attribution Address	Capital or Investment	Type of Business	Held (held by Others)	Concurrent Director	Business Relationship	Nature of Transaction	Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen	Thousands of U.S. Dollars
Junichi Oyamada	Director and close relative	–	–	Corporate auditor of the Corporation; lawyer	Direct: 0.0%	–	–	Lawyer compensation	6	64	–	–

Note: Transactional amounts do not include consumption taxes.

Policy regarding transaction conditions:

Transactions are determined and conducted in accordance with the basic rules regarding compensation prescribed by the Japan Federation of Bar Associations.

For the year ended March 31, 2008										Amounts of Transaction		Balance at the end of the year		
Related Party	Attribution	Address	Capital or Investment	Type of Business	% of Voting Right	Held (held by Others)	Relationship		Nature of Transaction	Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen	Thousands of U.S. Dollars
							Concurrent Director	Business Relationship						
Junichi Oyamada	Director and close relative	-	-	Corporate auditor of the Corporation; lawyer	Direct: 0.0%	-	-	Lawyer compensation	7	79	-	-	-	

Note: Transactional amounts do not include consumption taxes.

Policy regarding transaction conditions:

Transactions are determined and conducted in accordance with the basic rules regarding compensation prescribed by the Japan Federation of Bar Associations.

17. Amounts per Share

	Japaneses Yen		U.S. Dollars
	2007	2008	2008
Net assets per share of common stock	¥490.23	¥435.81	\$4.36
Basic net income per share of common stock	¥ 32.60	¥ 34.42	\$0.34
Diluted net income per share of common stock	¥ 32.59	¥ 34.41	\$0.34

1. Net assets per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Net assets	¥392,931	¥349,468	\$3,496,782
Amounts deducted from net assets	7,664	7,058	70,624
Minority interests	7,664	7,058	70,624
Net assets applicable to common stock	385,266	342,410	3,426,157
Number of shares of common stock at the year end	785,882 thousand shares	785,685 thousand shares	785,685 thousand shares

2. Basic net income per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Net income	¥25,618	¥27,047	\$270,632
Net income not attributed to common shares	-	-	-
Net income attributed to common shares	25,618	27,047	270,632
Average number of shares issued and outstanding during the period	785,954 thousand shares	785,781 thousand shares	785,781 thousand shares

3. Diluted net income per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Adjustment in net income	¥ (2)	¥ (4)	\$ (47)
(Stock subscription rights of affiliated companies decrease the equity investment earnings when they are exercised.)			
Number of common stock increased share warrants	-	-	-

4. Because there is no dilution effect, the summary of diluted stock is not included in the calculation of diluted net income per share.

	Share	
	2007	2008
Common stock associated with the exercise of stock subscription rights of one consolidated subsidiary	580	540

Note: In accordance with the "Accounting Standard for Net Income per Share" (Implementation Guidance No. 9, revised on January 31, 2006), the calculation of consolidated diluted net income per share takes into account stock options issued by consolidated subsidiaries or affiliated companies that are unlisted. There is no diluted stock in the issuing companies.

18. Corporate Bonds

(Unit : Millions of Yen)									
Issued by	Issue type	Issue date	Balance at April 1, 2007	Balance at March 31, 2008	Thousands of U.S. Dollars	Interest Rate (%)	Collateral	Maturity	Remarks
Corporation	6th unsecured straight bond	Apr. 22, 2003	¥20,000	¥(20,000) ¥ 20,000	\$(200,120) \$ 200,120	0.75	None	Apr. 22, 2008	-
Corporation	7th unsecured straight bond	Jun. 25, 2003	10,000	-	-	0.36	None	Jun. 25, 2007	-
Corporation	8th unsecured straight bond	Feb. 25, 2004	10,000	-	-	0.62	None	Feb. 25, 2008	-
Corporation	9th unsecured straight bond	Mar. 16, 2004	10,000	(10,000) 10,000	(100,060) 100,060	0.91	None	Mar. 16, 2009	-
Total	-	-	¥50,000	¥(30,000) 30,000	\$300,180	-	-	-	-

Notes: (1) The amount in parentheses for the balance at the end of the fiscal year ended March 31, 2008 represents the amount due within 1 year.

(2) The aggregate annual maturities of bonds are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Within 1 year.	¥ 30,000	\$ 300,180
Over 1 year and within 2 years	-	-
Total	¥ 30,000	\$ 300,180

19. Borrowings

(Unit : Millions of Yen)					
Item	Balance at March 31, 2007	Balance at March 31, 2008	Thousands of U.S. Dollars	Average interest rate (%)	Repayment term
Short-term borrowings.	¥ 84,022	¥118,227	\$1,182,998	1.56	-
Current portion of long-term borrowings.	26,345	32,934	329,540	1.57	-
Current portion of lease obligations	-	-	-	-	-
Long-term borrowings (Excluding current portion)	94,641	120,531	1,206,041	1.63	2009~2031
Lease obligations (Excluding current portion)	-	-	-	-	-
Commercial paper.	10,000	50,000	500,300	0.75	-
Total	¥215,010	¥321,693	\$3,218,871	-	-

Note: The "average interest rate" is the weighted average interest rate for the average balance of borrowings during the fiscal year under review.

Aggregate annual maturities of long-term borrowings (excluding current portion) are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years.	¥ 29,984	\$ 300,024
Over 2 years less than 3 years.	28,594	286,117
Over 3 years less than 4 years.	15,498	155,080
Over 4 years less than 5 years.	14,373	143,817
Over 5 years and thereafter.	32,080	321,002
Total	¥120,531	\$1,206,041

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Shimizu Corporation

We have audited the accompanying consolidated balance sheet of Shimizu Corporation and consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the year ended March 31, 2008, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Shimizu Corporation and consolidated subsidiaries for the year ended March 31, 2007, were audited by other auditors whose report dated June 28, 2007, expressed an unqualified opinion on those financial statements.

We conducted our audit 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 audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shimizu Corporation and consolidated subsidiaries at March 31, 2008, and the consolidated results of their operations and their cash flows for the year ended March 31, 2008 in conformity with accounting principles generally accepted in Japan.

Supplemental Information:

As described in Note 4 13), the completed contract method had been used for revenue recognition for all construction work projects. However, the Corporation has changed to applying the percentage of completion method for large long-term construction work projects that newly started on or after April 1, 2007.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young Shin Nihon

Ernst & Young ShinNihon
June 13, 2008

SUPPLEMENTAL INFORMATION

NONCONSOLIDATED BALANCE SHEETS

Shimizu Corporation
As at March 31, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
ASSETS			
Current Assets:			
Cash	¥ 117,007	¥ 120,929	\$ 1,210,016
Notes receivable	37,578	19,681	196,933
Accounts receivable from completed construction contracts	234,547	285,473	2,856,449
Marketable securities	—	45,000	450,270
Real estate held for sale	25,700	30,695	307,137
Costs on uncompleted construction contracts	547,562	574,668	5,750,139
Materials and supplies	2,425	191	1,914
Prepaid expenses	135	132	1,329
Deferred tax assets	20,747	25,340	253,557
Accounts receivable—other	53,213	40,759	407,838
Other current assets	53,748	48,860	488,899
Less: Allowance for doubtful accounts	(1,464)	(1,271)	(12,720)
Total current assets	<u>1,091,203</u>	<u>1,190,461</u>	<u>11,911,765</u>
Non-Current Assets:			
Tangible fixed assets:			
Buildings	29,166	41,765	417,910
Structures	1,113	1,427	14,282
Machinery and equipment	1,318	1,524	15,254
Vehicles	190	309	3,101
Tools, furniture and fixtures	1,270	2,556	25,584
Land	91,150	89,829	898,837
Construction in progress	8,222	1,226	12,273
Total tangible fixed assets	<u>132,434</u>	<u>138,641</u>	<u>1,387,244</u>
Intangible fixed assets:			
Leasehold	749	275	2,756
Software	1,394	1,719	17,201
Other intangible fixed assets	0	1	10
Total intangible fixed assets	<u>2,144</u>	<u>1,995</u>	<u>19,967</u>
Investments and other assets:			
Investment securities	376,146	277,757	2,779,245
Investments in subsidiaries and affiliates	28,175	28,046	280,633
Investments in capital	4	4	42
Long-term loans	50	49	494
Long-term loans to employees	271	212	2,127
Long-term loans to subsidiaries and affiliates	6,843	14,474	144,836
Claims in bankruptcy or reorganization proceedings	1,690	1,444	14,451
Long-term prepaid expenses	368	323	3,241
Other investments	13,739	13,055	130,630
Less: Allowance for doubtful accounts	(7,244)	(7,224)	(72,292)
Total investments and other assets	<u>420,045</u>	<u>328,144</u>	<u>3,283,410</u>
Total non-current assets	<u>554,623</u>	<u>468,780</u>	<u>4,690,623</u>
Total assets	<u>¥1,645,827</u>	<u>¥1,659,242</u>	<u>\$16,602,388</u>

Notes: (1) This financial information, based on our news release ("Kessan Tanshin") announced at the Tokyo Stock Exchange on May 15, 2008, is presented solely for the convenience of users.

(2) Yen amounts have been rounded down to the nearest million.

(3) U.S. dollar amounts have been translated at the exchange rate of ¥99.94 to U.S.\$1, the approximate rate prevailing at March 31, 2008.

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
LIABILITIES			
Current Liabilities:			
Notes payable	¥ 40,316	¥ 33,486	\$ 335,068
Accounts payable for construction contracts	338,788	348,743	3,489,531
Short-term borrowings	83,718	131,212	1,312,909
Commercial paper	10,000	50,000	500,300
Current portion of bonds payable	20,000	30,000	300,180
Accounts payable—other	13,761	8,600	86,057
Accrued expenses	11,162	11,079	110,859
Income taxes payable	12,063	14,111	141,204
Advances received on uncompleted construction contracts	429,877	447,005	4,472,734
Withholdings	85,251	79,081	791,293
Unearned revenue	44	0	8
Warranty reserve	3,450	3,484	34,866
Reserve for expected losses on construction contracts in process	4,530	17,646	176,575
Other current liabilities	249	272	2,725
Total current liabilities	<u>1,053,215</u>	<u>1,174,726</u>	<u>11,754,316</u>
Non-Current Liabilities:			
Bonds payable	30,000	—	—
Long-term borrowings	68,173	82,937	829,876
Deferred tax liabilities	66,795	23,510	235,248
Deferred tax liabilities for revaluation reserve for land	25,475	24,682	246,968
Reserve for employees' retirement benefits	54,449	52,983	530,157
Reserve for expected loss on affiliates' business	—	3,237	32,389
Other non-current liabilities	8,809	8,385	83,906
Total non-current liabilities	<u>253,702</u>	<u>195,737</u>	<u>1,958,547</u>
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2007 and 2008	¥ 74,365	¥ 74,365	\$ 744,099
Additional paid-in capital:			
Capital reserve	43,143	43,143	431,694
Other additional paid-in capital	41	47	471
Retained earnings:			
Legal reserve	18,394	18,394	184,059
Other retained earnings	53,926	68,581	686,225
Less: Treasury stock, at cost			
1,393 thousand shares as at March 31, 2008	(700)	(829)	(8,301)
Total shareholders' equity	<u>189,172</u>	<u>203,702</u>	<u>2,038,248</u>
Valuation and Translation Adjustments:			
Net unrealized gains on other securities, net of taxes	128,552	65,073	651,121
Deferred gains (losses) on hedging, net of taxes	15	(27)	(274)
Revaluation reserve for land, net of taxes	21,169	20,030	200,428
Total valuation and translation adjustments	<u>149,736</u>	<u>85,076</u>	<u>851,275</u>
Total net assets	<u>338,908</u>	<u>288,779</u>	<u>2,889,524</u>
Total liabilities and net assets	<u>¥1,645,827</u>	<u>¥1,659,242</u>	<u>\$16,602,388</u>

NONCONSOLIDATED STATEMENTS OF INCOME

Shimizu Corporation
For the years ended March 31, 2007 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Net Sales:			
Completed construction contracts	¥1,380,269	¥1,393,833	\$13,946,698
Other related business	42,890	65,695	657,346
	<u>1,423,159</u>	<u>1,459,528</u>	<u>14,604,045</u>
Cost of Sales:			
Completed construction contracts	1,288,494	1,324,455	13,252,508
Other related business	33,271	40,720	407,447
	<u>1,321,766</u>	<u>1,365,175</u>	<u>13,659,955</u>
Gross profit:			
Completed construction contracts	91,774	69,377	694,190
Other related business	9,618	24,974	249,899
	<u>101,393</u>	<u>94,352</u>	<u>944,090</u>
Selling, General and Administrative Expenses:	<u>57,565</u>	<u>57,270</u>	<u>573,053</u>
Operating income	43,827	37,081	371,036
Non-Operating Income (Expenses):			
Interest and dividend income	5,505	7,651	76,559
Interest expenses	(2,902)	(3,237)	(32,395)
Provision for warranty reserve	(3,450)	–	–
Provision of allowance for doubtful accounts	–	(647)	(6,478)
Loss on disposal of fixed assets	–	(2,708)	(27,097)
Other, net	(828)	(2,857)	(28,592)
Ordinary income	<u>42,151</u>	<u>35,281</u>	<u>353,031</u>
Special Gains (Losses):			
Prior year adjustments	–	–	–
Gains on sale of fixed assets	854	835	8,359
Gains on sale of investment securities	691	515	5,155
Loss on devaluation of investment securities	–	(5,969)	(59,734)
Losses on affiliates' businesses	(3,947)	(3,737)	(37,394)
Income before income taxes	<u>39,749</u>	<u>26,925</u>	<u>269,416</u>
Provision for Income Taxes:			
Current	11,790	15,200	152,091
Refund of income taxes for prior periods	–	(1,886)	(18,876)
Deferred	<u>3,004</u>	<u>(5,413)</u>	<u>(54,170)</u>
	<u>14,794</u>	<u>7,899</u>	<u>79,044</u>
Net Income	<u>¥ 24,955</u>	<u>¥ 19,025</u>	<u>\$ 190,371</u>

Notes: (1) This financial information, based on our news release (“Kessan Tanshin”) announced at the Tokyo Stock Exchange on May 15, 2008, is presented solely for the convenience of users.

(2) Yen amounts have been rounded down to the nearest million.

(3) U.S. dollar amounts have been translated at the exchange rate of ¥99.94 to U.S.\$1, the approximate rate prevailing at March 31, 2008.

NONCONSOLIDATED BREAKDOWN OF ORDERS

Shimizu Corporation
For the years ended March 31, 2007 and 2008

(1) Construction orders awarded and contracts

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Construction business (orders)			
Architectural Construction			
Domestic Operations	¥1,114,039	¥1,227,785	\$12,285,228
Overseas Operations	119,547	94,512	945,696
Sub total	<u>1,233,586</u>	<u>1,322,298</u>	<u>13,230,924</u>
Civil Engineering			
Domestic Operations	164,634	187,635	1,877,477
Overseas Operations	22,878	43,556	435,824
Sub total	<u>187,513</u>	<u>231,191</u>	<u>2,313,301</u>
Total construction business	<u>1,421,099</u>	<u>1,553,489</u>	<u>15,544,226</u>
Other related business (contracts)	69,993	73,544	735,884
Total	<u>¥1,491,092</u>	<u>¥1,627,034</u>	<u>\$16,280,110</u>

(2) Net sales

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Construction business			
Architectural Construction			
Domestic Operations	¥1,077,111	¥1,097,700	\$10,983,591
Overseas Operations	100,697	67,548	675,889
Sub total	<u>1,177,809</u>	<u>1,165,248</u>	<u>11,659,480</u>
Civil Engineering			
Domestic Operations	191,735	187,187	1,873,001
Overseas Operations	10,724	41,396	414,216
Sub total	<u>202,460</u>	<u>228,584</u>	<u>2,287,218</u>
Total construction business	<u>1,380,269</u>	<u>1,393,833</u>	<u>13,946,698</u>
Other related business	42,890	65,695	657,346
Total	<u>¥1,423,159</u>	<u>¥1,459,528</u>	<u>\$14,604,045</u>

(3) Backlog

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Construction business			
Architectural Construction			
Domestic Operations	¥1,034,006	¥1,164,092	\$11,647,912
Overseas Operations	170,673	197,637	1,977,565
Sub total	<u>1,204,680</u>	<u>1,361,730</u>	<u>13,625,477</u>
Civil Engineering			
Domestic Operations	395,350	395,797	3,960,354
Overseas Operations	110,083	112,243	1,123,107
Sub total	<u>505,434</u>	<u>508,041</u>	<u>5,083,462</u>
Total construction business	<u>1,710,114</u>	<u>1,869,771</u>	<u>18,708,940</u>
Other related business	41,646	49,495	495,249
Total	<u>¥1,751,760</u>	<u>¥1,919,266</u>	<u>\$19,204,189</u>

Notes: (1) This financial information, based on our news release ("Kessan Tanshin") announced at the Tokyo Stock Exchange on May 15, 2008, is presented solely for the convenience of users.

(2) Yen amounts have been rounded down to the nearest million.

(3) U.S. dollar amounts have been translated at the exchange rate of ¥99.94 to U.S.\$1, the approximate rate prevailing at March 31, 2008.