

# FINANCIAL SECTION

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# CONSOLIDATED BALANCE SHEETS

Shimizu Corporation and its subsidiaries  
As at March 31, 2008 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2009	2009
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash (Note 8)	¥ 169,326	¥ 193,295	\$ 1,970,186
Notes and accounts receivable—trade	336,830	568,983	5,799,441
Marketable securities (Notes 8 and 10)	45,000	35,000	356,742
Costs on uncompleted construction contracts	601,991	520,025	5,300,432
Real estate and uncompleted real estate development projects (Notes 4.2) and 5.3))	56,156	71,168	725,394
PFI projects and other inventories (Notes 4.2), 4.16) and 5.3))	–	65,471	667,324
Other inventories (Note 4.16))	47,210	–	–
Deferred tax assets (Note 14)	27,235	33,388	340,319
Other current assets	97,511	92,916	947,067
Less: Allowance for doubtful accounts	(1,656)	(2,754)	(28,077)
<b>Total current assets</b>	<b>1,379,605</b>	<b>1,577,494</b>	<b>16,078,831</b>
<b>Non-Current Assets:</b>			
Tangible fixed assets:			
Buildings and structures (Note 5.2))	116,295	118,254	1,205,323
Machinery, equipment and vehicles (Note 5.2))	47,254	44,446	453,029
Land (Notes 5.1) and 5.2))	114,448	114,423	1,166,272
Construction in progress	1,243	2,656	27,076
Less: Accumulated depreciation	(90,069)	(95,053)	(968,848)
<b>Total tangible fixed assets</b>	<b>189,173</b>	<b>184,726</b>	<b>1,882,853</b>
Intangible fixed assets	2,683	2,851	29,068
Investments and other assets:			
Investment securities (Notes 5.2), 5.3) and 10)	292,683	200,134	2,039,897
Deferred tax assets (Note 14)	1,958	8,076	82,321
Other investments (Note 5.2))	19,155	21,433	218,467
Less: Allowance for doubtful accounts	(7,297)	(7,180)	(73,191)
<b>Total investments and other assets</b>	<b>306,499</b>	<b>222,463</b>	<b>2,267,495</b>
<b>Total non-current assets</b>	<b>498,356</b>	<b>410,042</b>	<b>4,179,416</b>
<b>Total assets</b>	<b>¥1,877,961</b>	<b>¥1,987,536</b>	<b>\$20,258,248</b>

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

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2009	2009
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Notes and accounts payable—trade	¥ 444,567	¥ 464,357	\$ 4,733,029
Short-term borrowings (Notes 4.16), 5.3) and 19)	151,162	196,668	2,004,568
Commercial paper (Note 19)	50,000	–	–
Current portion of project finance borrowings (Notes 4.16), 5.3) and 19)	–	18,990	193,561
Current portion of bonds payable (Note 18)	30,000	–	–
Advances received on uncompleted construction contracts	473,314	477,061	4,862,519
Warranty reserve	3,497	3,262	33,251
Reserve for expected loss on construction contracts in process	21,201	42,302	431,171
Other current liabilities	105,016	100,446	1,023,819
Total current liabilities	1,278,759	1,303,089	13,281,922
<b>Non-Current Liabilities:</b>			
Bonds payable (Note 18)	–	100,000	1,019,264
Long-term borrowings (Notes 4.16), 5.3) and 19)	120,531	145,012	1,478,063
Project finance borrowings (Notes 4.16), 5.3) and 19)	–	30,717	313,095
Deferred tax liabilities (Note 14)	25,054	1,474	15,030
Deferred tax liabilities for revaluation reserve for land (Note 5.1))	24,682	24,442	249,132
Reserve for employees' retirement benefits (Note 12)	57,518	56,350	574,358
Reserve for expected loss on affiliates' businesses	3,237	3,093	31,534
Other non-current liabilities	18,708	18,766	191,283
Total non-current liabilities	249,733	379,858	3,871,763
<b>NET ASSETS</b>			
<b>Shareholders' Equity:</b>			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2008 and 2009	¥ 74,365	¥ 74,365	\$ 757,978
Additional paid-in capital	43,190	43,170	440,016
Retained earnings	141,466	142,597	1,453,445
Less: Treasury stock, at cost 3,500 thousand shares as at March 31, 2009	–	(1,515)	(15,447)
2,829 thousand shares as at March 31, 2008	(1,220)	–	–
Total shareholders' equity	257,802	258,617	2,635,993
<b>Valuation and Translation Adjustments:</b>			
Net unrealized gains on other securities, net of taxes (Note 10)	65,519	20,019	204,048
Deferred gains (losses) on hedging, net of taxes (Note 11)	(78)	16	170
Revaluation reserve for land, net of taxes (Note 5.1))	20,030	19,683	200,622
Foreign currency translation adjustments	(864)	(3,514)	(35,821)
Total valuation and translation adjustments	84,608	36,204	369,020
<b>Minority Interests</b>	7,058	9,766	99,548
Total net assets	349,468	304,588	3,104,562
Total liabilities and net assets	¥1,877,961	¥1,987,536	\$20,258,248

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, 2008 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2009	2009
<b>Net Sales:</b>			
Completed construction contracts (Notes 4.11) and 6.1))	¥1,511,235	¥1,728,365	\$17,616,604
Real estate development and other	173,824	159,207	1,622,744
	1,685,059	1,887,572	19,239,349
<b>Cost of Sales:</b>			
Completed construction contracts	1,431,289	1,651,026	16,828,322
Real estate development and other (Note 6.2))	131,173	141,775	1,445,068
	1,562,463	1,792,802	18,273,390
Gross profit:			
Completed construction contracts	79,945	77,338	788,281
Real estate development and other	42,651	17,431	177,676
	122,596	94,770	965,958
<b>Selling, General and Administrative Expenses</b> (Note 6.3))	70,346	72,441	738,372
Operating income	52,250	22,328	227,586
<b>Non-Operating Income (Expenses):</b>			
Interest and dividend income	4,941	4,572	46,601
Interest expenses	(4,035)	(5,222)	(53,233)
Insurance payments received	1,386	-	-
Equity in earnings of affiliates (Note 4.16))	-	1,187	12,102
Loss on disposal of fixed assets (Note 4.16))	(2,708)	-	-
Other, net (Notes 4.16) and 6.7))	(3,489)	(2,070)	(21,107)
Ordinary income	48,345	20,794	211,948
<b>Special Gains (Losses):</b>			
Gain on sales of fixed assets (Note 6.5))	900	18	192
Gain on sales of investment securities	610	52	537
Loss on sales of fixed assets (Note 6.6))	-	(82)	(843)
Loss on devaluation of investment securities	(5,969)	(9,751)	(99,396)
Loss on affiliates' businesses (Note 6.8))	(3,237)	-	-
Income before income taxes and minority interests	40,649	11,031	112,438
<b>Provision for Income Taxes</b> (Note 14):			
Current	20,559	9,252	94,312
Refund of income taxes for prior periods	(1,886)	-	-
Deferred	(4,781)	(4,971)	(50,675)
	13,891	4,281	43,636
<b>Minority Interests in Net Income (Loss) of Consolidated Subsidiaries</b>	(289)	459	4,686
<b>Net Income</b>	¥ 27,047	¥ 6,290	\$ 64,114

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

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Shimizu Corporation and its subsidiaries  
For the years ended March 31, 2008 and 2009

Millions of Yen

	Shareholders' Equity				Valuation and Translation Adjustments						Total net assets
	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		
<b>Balance as at March 31, 2007</b>	¥ 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)	
<b>Balance as at March 31, 2008</b>	¥ 74,365	¥ 43,190	¥ 141,466	¥ (1,220)	¥ 65,519	¥ (78)	¥ 20,030	¥ (864)	¥ 7,058	¥ 349,468	
Cash dividends paid (¥7.00 per share)	–	–	(5,507)	–	–	–	–	–	–	(5,507)	
Net income for the year	–	–	6,290	–	–	–	–	–	–	6,290	
Reversal of revaluation reserve for land, net of taxes	–	–	347	–	–	–	–	–	–	347	
Purchase and disposal of treasury stock, at cost	–	(20)	–	(295)	–	–	–	–	–	(315)	
Changes other than shareholders' equity	–	–	–	–	(45,500)	94	(347)	(2,649)	2,708	(45,695)	
<b>Balance as at March 31, 2009</b>	¥ 74,365	¥ 43,170	¥ 142,597	¥ (1,515)	¥ 20,019	¥ 16	¥ 19,683	¥ (3,514)	¥ 9,766	¥ 304,588	

Thousands of U.S. Dollars (Note 2)

	Shareholders' Equity				Valuation and Translation Adjustments						Total net assets
	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		
<b>Balance as at March 31, 2008</b>	\$ 757,978	\$ 440,227	\$ 1,441,918	\$ (12,440)	\$ 667,820	\$(795)	\$ 204,166	\$ (8,812)	\$ 71,942	\$ 3,562,006	
Cash dividends paid (¥7.00 per share)	–	–	(56,132)	–	–	–	–	–	–	(56,132)	
Net income for the year	–	–	64,114	–	–	–	–	–	–	64,114	
Reversal of revaluation reserve for land, net of taxes	–	–	3,544	–	–	–	–	–	–	3,544	
Purchase and disposal of treasury stock, at cost	–	(210)	–	(3,006)	–	–	–	–	–	(3,217)	
Changes other than shareholders' equity	–	–	–	–	(463,772)	965	(3,544)	(27,009)	27,606	(465,752)	
<b>Balance as at March 31, 2009</b>	\$ 757,978	\$ 440,016	\$ 1,453,445	\$ (15,447)	\$ 204,048	\$ 170	\$ 200,622	\$(35,821)	\$ 99,548	\$ 3,104,562	

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, 2008 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2008	2009	2009
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes and minority interests	¥ 40,649	¥ 11,031	\$ 112,438
Adjustments for:			
Depreciation and amortization	10,027	11,125	113,398
Increase (decrease) in allowance for doubtful accounts	(716)	1,066	10,867
Increase (decrease) in reserve for expected losses on construction contracts in process (Note 4.16))	–	21,101	215,074
Increase (decrease) in reserve for employees' retirement benefits	(1,800)	(1,161)	(11,843)
Loss (gain) on sales of fixed assets	(900)	58	599
Loss (gain) on valuation of investment securities	5,969	9,751	99,396
Loss (gain) on sales of investment securities	(610)	(47)	(486)
Interest and dividend income	(4,941)	(4,572)	(46,601)
Interest expenses	4,035	5,222	53,233
(Increase) decrease in notes and accounts receivable—trade	(31,907)	(232,535)	(2,370,152)
(Increase) decrease in costs on uncompleted construction contracts	(29,815)	81,879	834,573
(Increase) decrease in real estate for development business	(7,268)	5,226	53,273
(Increase) decrease in PFI projects and other inventories (Note 4.16))	–	(18,263)	(186,152)
Increase (decrease) in notes and accounts payable—trade	(3,212)	20,993	213,982
Increase (decrease) in advances received on uncompleted construction contracts	16,640	4,379	44,636
Other, net (Note 4.16))	20,212	19,301	196,734
Sub total	16,360	(65,442)	(667,027)
Interest and dividend received	5,008	4,663	47,533
Interest paid	(4,096)	(4,995)	(50,919)
Income taxes paid	(14,974)	(24,871)	(253,506)
Net cash (used in) provided by operating activities	2,298	(90,645)	(923,921)
<b>Cash Flows from Investing Activities:</b>			
Acquisition of tangible fixed assets	(22,638)	(9,144)	(93,209)
Proceeds from sale of tangible fixed assets	3,443	382	3,896
Acquisition of marketable securities and investment securities	(16,371)	(1,182)	(12,051)
Proceeds from sale of marketable securities and investment securities	6,429	299	3,051
Other, net	(3,246)	175	1,788
Net cash (used in) provided by investing activities	(32,383)	(9,470)	(96,524)
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term borrowings	33,051	12,917	131,662
Net increase (decrease) in commercial paper	40,000	(50,000)	(509,632)
Proceeds from long-term borrowings (Note 4.16))	59,960	118,950	1,212,414
Repayments of long-term borrowings (Note 4.16))	(26,337)	(30,980)	(315,776)
Proceeds from project finance borrowings (Note 4.16))	–	5,128	52,271
Repayments of project finance borrowings (Note 4.16))	–	(2,381)	(24,274)
Proceeds from issuance of bonds	–	100,000	1,019,264
Redemption of bonds	(20,000)	(30,000)	(305,779)
Dividends	(5,509)	(5,507)	(56,132)
Other, net	(139)	(695)	(7,085)
Net cash (used in) provided by financing activities	81,026	117,430	1,196,931
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	(1,640)	(4,870)	(49,643)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	49,300	12,444	126,842
<b>Cash and Cash Equivalents at Beginning of Year</b>	165,025	214,326	2,184,548
<b>Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation</b>	–	1,524	15,538
<b>Cash and Cash Equivalents at End of Year (Note 8)</b>	¥214,326	¥ 228,295	\$ 2,326,929

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Shimizu Corporation and its subsidiaries

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1. Basis of Presentation of Consolidated Financial Statements	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.
2. U.S. Dollar Amounts	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 ¥98.11 to U.S.\$1, the rate of exchange prevailing at March 31, 2009, 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.
3. Principles of Consolidation	<p><i>1) Scope of Consolidation</i> The Corporation had 50 subsidiaries as at March 31, 2009 (50 for 2008). The consolidated financial statements for the years ended March 31, 2009 and 2008 include the accounts of the Corporation and all subsidiaries. The Corporation had 12 affiliates as at March 31, 2009 (12 for 2008). As at March 31, 2009 and 2008, 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. In addition, the financial year of one domestic subsidiary ends on November 30. Consolidation of this subsidiary is performed by using provisional financial statements as of the balance sheet date.</p> <p><i>(Change of Accounting Policy)</i> Effective from the consolidated fiscal year ended March 31, 2009, the Corporation has adopted the new accounting standard, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006). This change did not have any effect on the Corporation's consolidated financial statements for the consolidated fiscal year ended March 31, 2009.</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. 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.</p>

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## 2) Valuation of Inventories

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. (Effective from the consolidated fiscal year ended March 31, 2009, the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings)

PFI projects and other inventories: At cost on an individual basis or at cost, cost being determined by the moving average method. (Effective from the consolidated fiscal year ended March 31, 2009, the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings)

Other inventories (Applicable for the consolidated fiscal year ended March 31, 2008): At cost, cost being determined by the moving average method, or at cost on an individual basis.

### (Change of Accounting Policy)

Effective from the consolidated fiscal year ended March 31, 2009, the Corporation has adopted the new accounting standard, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006).

This change reduces operating income, ordinary income and income before income taxes by ¥2,740 million (\$27,932 thousand) each, compared to amounts calculated by the previous method.

The effect of this change on business segments is shown in the business segment information section.

## 3) Depreciation Method for Tangible Fixed Assets

For the consolidated fiscal year ended March 31, 2009, depreciation for tangible fixed assets (excluding lease 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.

For the consolidated fiscal year ended March 31, 2008, 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) Allowance for Doubtful Accounts

For receivables classified as "normal," the allowance for doubtful accounts is provided based on a historical default ratio. For receivables classified as "doubtful" or "bankrupt," the allowance for doubtful accounts is provided based on individual assessment on the probability of collection.

## 5) 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 previous warranty experience.

## 6) Reserve for Expected Losses on Construction Contracts in Process

An allowance is provided for estimated future losses related the construction contracts in process.

## 7) 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.

## 8) 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.

## 9) Leases

Until the consolidated fiscal year ended March 31, 2008, finance leases other than those deemed to transfer ownership of the leased assets to the lessee were accounted for with a method similar to that applicable to ordinary leases.

### (Change of Accounting Policy)

Effective from the consolidated fiscal year ended March 31, 2009, the Corporation has adopted new accounting standards, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revised March 30, 2007) and "Practical Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revised March 30, 2007). As a result, financial leases other than those deemed to transfer ownership of the leased assets to the lessee are now accounted for using accounting methods applicable to ordinary sale and purchase transactions. The effect of this change on the Corporation's consolidated financial statements for the consolidated fiscal year ended March 31, 2009 was minimal.

## 10) 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 certain 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 hedged items:

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

Hedged items: 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 trading or speculation.

#### **11) Recognition of Revenue**

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.

#### **12) Consumption Tax**

Consumption tax payable or receivable is excluded from each account in the consolidated statements of income.

#### **13) 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."

#### **14) 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 readily convertible into cash and subject to minor risks of fluctuations in value.

#### **15) 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 account for deferred taxes 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.

#### **16) Change of Presentation Method**

##### **(Consolidated Balance Sheets)**

1. In the previous consolidated fiscal year, inventories relating to construction of public facilities by subsidiaries engaged in PFI business and other small inventories were presented as "Other inventories." Effective from the consolidated fiscal year ended March 31, 2009, however, these inventories are collectively presented as "PFI projects and other inventories."
2. In the previous consolidated fiscal year, proceeds from non-recourse loans received by subsidiaries engaged in PFI and other businesses and collateralized by their respective assets were included in "Short-term borrowings" and "Long-term borrowings." Effective from the consolidated fiscal year ended March 31, 2009, however, these loans are listed separately as "Current portion of project finance borrowings" and "Project finance borrowings." The balance of "Current portion of project finance borrowings" totaled ¥2,333 million and the balance of "Project finance borrowings" totaled ¥28,327 million at March 31, 2008.

##### **(Consolidated Statements of Income)**

1. In the previous consolidated fiscal year, "Equity in earnings of affiliates" was included in "Other, net," under "Non-Operating Income." Effective from the consolidated fiscal year ended March 31, 2009, however, this item is listed separately because it accounts for more than 10% of total non-operating income. "Equity in earnings of affiliates" in the previous consolidated fiscal year totaled ¥528 million.
2. In the previous consolidated fiscal year, "Loss on disposal of fixed assets" was presented separately. Effective from the consolidated fiscal year ended March 31, 2009, however, this item is now included in "Other, net" under "Non-Operating Expenses" because it accounts for less than 10% of total non-operating expenses. "Loss on disposal of fixed assets" in the consolidated fiscal year ended March 31, 2009 totaled ¥497 million (\$5,072 thousand).

(Consolidated Statements of Cash Flows)

1. In the previous consolidated fiscal year, "Increase (decrease) in reserve for expected losses on construction contracts in process" was included in "Other, net" under "Cash flows from operating activities." Effective from the consolidated fiscal year ended March 31, 2009, however, this item is listed separately, because of its increased importance in the context of the consolidated financial statements. "Increase (decrease) in reserve for expected losses on construction contracts in process" included in "Other, net" under "Cash flows from operating activities" in the previous consolidated fiscal year totaled ¥13,909 million.
2. In the previous consolidated fiscal year, "(Increase) decrease in PFI projects and other inventories" was included in "Other, net" under "Cash flows from operating activities." Effective from the consolidated fiscal year ended March 31, 2009, however, this item is listed separately because of its increased importance in the context of the consolidated financial statements. "(Increase) decrease in PFI projects and other inventories" included in "Other, net" under "Cash flows from operating activities" in the previous consolidated fiscal year totaled -¥13,129 million.
3. In the previous consolidated fiscal year, "Proceeds from project finance borrowings" was included in "Proceeds from long-term borrowings" under "Cash Flows from Financing Activities." Effective from the consolidated fiscal year ended March 31, 2009, however, this item is listed separately because of its increased importance in the context of the consolidated financial statements. "Proceeds from Project Finance borrowings" included in "Proceeds from long-term borrowings" under "Cash Flows from Financing Activities" in the previous consolidated fiscal year totaled ¥15,320 million.
4. In the previous consolidated fiscal year, "Repayments of project finance borrowings" was included in "Net increase (decrease) in short-term borrowings" under "Cash flows from financing activities." Effective from the consolidated fiscal year ended March 31, 2009, however, this item is listed separately because of its increased importance in the context of the consolidated financial statements. "Repayments of project finance borrowings" included in "Net increase (decrease) in short-term borrowings" under "Cash flows from financing activities" in the previous consolidated fiscal year totaled -¥1,144 million.

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 of using the assessed value for property taxes with appropriate adjustments.

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Excess amount of the book value of land after revaluation over the fair value	¥8,301	¥15,415	\$157,120

2) Assets Pledged as Collateral

The following assets are pledged as collateral for short-term borrowings and others of ¥1,934 million.

As at March 31	Millions of Yen
	2008
Buildings and structures	¥ 180
Machinery, equipment and vehicles	401
Land	670
Total	¥1,253

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.

	Millions of Yen	
As at March 31	2008	
Buildings and structures	¥	139
Machinery, equipment and vehicles		401
Land		283
<b>Total</b>	<b>¥</b>	<b>824</b>

The following assets are pledged as collateral for short-term borrowings and others of ¥1,810 million (\$18,448 thousand).

	Millions of Yen	Thousands of U.S. Dollars
As at March 31	2009	2009
Buildings and structures	¥ 124	\$ 1,269
Machinery, equipment and vehicles	395	4,029
Land	632	6,443
<b>Total</b>	<b>¥1,151</b>	<b>\$11,741</b>

The following assets, which are included above, are pledged as factory foundation collateral at subsidiaries for short-term borrowings and others of ¥1,510 million (\$15,390 thousand).

	Millions of Yen	Thousands of U.S. Dollars
As at March 31	2009	2009
Buildings and structures	¥ 124	\$ 1,269
Machinery, equipment and vehicles	395	4,029
Land	283	2,894
<b>Total</b>	<b>¥ 803</b>	<b>\$ 8,193</b>

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

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2008	2009	2009
Investment securities	¥ 369	¥ 369	\$ 3,761
Other investments	567	496	5,058
<b>Total</b>	<b>¥ 936</b>	<b>¥ 865</b>	<b>\$ 8,819</b>

### 3) Other Notes to Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2008	2009	2009
Contingent liabilities from guaranteeing indebtedness	¥ 6,380	¥ 5,379	\$ 54,827

(Consolidated liabilities excluding guarantee amounts of other companies)

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2008	2009	2009
The total amount of business assets pledged as collateral for "Project finance borrowings" by subsidiaries engaged in PFI business	¥35,535	¥ 51,301	\$522,898

(The balance of "Project finance borrowings" above as at March 31, 2008 was ¥30,661 million.)

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2009		2009
Breakdown of Real estate and uncompleted real estate development projects			
Real estate	<b>¥31,182</b>		<b>\$317,836</b>
Uncompleted real estate development projects	<b>39,985</b>		<b>407,557</b>

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2009		2009
Breakdown of PFI projects and other inventories			
Merchandise	<b>¥ 905</b>		<b>\$ 9,229</b>
Materials and supplies	<b>325</b>		<b>3,318</b>
PFI and other projects	<b>64,240</b>		<b>654,776</b>

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Investment securities			
Investments in affiliates	¥13,358	<b>¥14,308</b>	<b>\$145,843</b>

## 6. Notes to Consolidated Statements of Income

1) Revenue recognized using the percentage of completion method was ¥578,437 million (\$5,895,809 thousand) for the fiscal year ended March 31, 2009.

2) ¥3,453 million write-down of inventory book value for impairment loss to reflect reduced profitability was included in cost of sales for the year ended March 31, 2009.

3) 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
	2008	2009	2009
Salaries and allowances to employees	¥22,727	<b>¥22,248</b>	<b>\$226,770</b>
Retirement benefit expenses for employees	2,283	<b>2,347</b>	<b>23,927</b>
Research and development expenditures	7,465	–	–
Provision of allowance for doubtful accounts	–	<b>1,503</b>	<b>15,325</b>

4) 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
	2008	2009	2009
Research and development expenditures	¥ 8,530	<b>¥ 7,868</b>	<b>\$ 80,198</b>

5) Gain on sales of fixed assets were as follows:

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Land	¥ 900	<b>¥ 5</b>	<b>\$ 56</b>
Investment securities	610	<b>52</b>	<b>537</b>
Others	–	<b>13</b>	<b>135</b>

6) Loss on sales of fixed assets were as follows:

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Land	¥ –	¥ 49	\$ 504
Investment securities	–	5	51
Others	–	28	286

7) Effective from the consolidated fiscal year ended March 31, 2009, the amounts for “Other, net” under “Non-Operating Income (Expenses)” includes “Insurance payments received,” less corresponding expenses. The amount of offset was ¥1,286 million (\$13,116 thousand).

8) Loss on affiliates’ businesses was as follows in the fiscal year ended March 31, 2008:

Allowance for the expected loss on affiliates’ businesses: ¥3,237 million

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
For the year ended March 31, 2008				
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.

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
For the year ended March 31, 2009				
Issued stock:				
Common stock	788,514	–	–	788,514
Treasury stock:				
Common stock	2,829	1,087	416	3,500

Notes: (1) The increase in 1,087 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 416 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

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders’ cut-off date	Effective date
For the year ended March 31, 2008					
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

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders’ cut-off date	Effective date
For the year ended March 31, 2009					
Annual general meeting of shareholders (June 27, 2008)	Common stock	¥2,754	¥3.50	March 31, 2008	June 30, 2008
Board of directors (November 12, 2008)	Common stock	¥2,752	¥3.50	September 30, 2008	December 9, 2008

(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, 2008

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 27, 2008)	Common stock	Retained earnings	¥2,754	¥3.50	March 31, 2008	June 30, 2008

For the year ended March 31, 2009

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 26, 2009)	Common stock	Retained earnings	¥2,752	\$28,052	¥3.50	\$0.03	March 31, 2009	June 29, 2009

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:

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2008	2009	2009
Cash (as per consolidated balance sheets)	¥169,326	¥193,295	\$1,970,186
Marketable securities (Negotiable certificate of deposit)	45,000	35,000	356,742
Cash and cash equivalents	¥214,326	¥228,295	\$2,326,929

9. Leases

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

1. As a lessee

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

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

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

	Millions of Yen
	2008
Within 1 year	¥344
Over 1 year	298
Total	¥643

3) Lease payments, that is corresponding to depreciation expenses, during the year ended March 31, 2008 amounted to ¥501 million.

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, 2008 were as follows:

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

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

As at March 31	Millions of Yen
	2008
Within 1 year	¥ 400
Over 1 year	785
Total	¥1,186

3) Lease revenue during the years ended March 31, 2008 amounted to ¥448 million. Depreciation expenses for the years ended March 31, 2008 were ¥379 million.

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

## 10. Securities

### 1) Held-to-maturity debt securities sold

For the fiscal year ended 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)

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

For the fiscal year ended March 31, 2009	Millions of Yen		
	Cost of sales	Sales amount	Sales income
Government bonds	¥ -	¥ -	¥ -
Corporate bonds	-	-	-
Total	¥ -	¥ -	¥ -

For the fiscal year ended March 31, 2009	Thousands of U.S. Dollars		
	Cost of sales	Sales amount	Sales income
Government bonds	\$ -	\$ -	\$ -
Corporate bonds	-	-	-
Total	\$ -	\$ -	\$ -

2) Other securities (with market value)

As at March 31, 2008	Millions of Yen		
	Acquisition cost	Book value	Difference
Securities with unrealized gains			
Stocks	¥ 109,945	¥ 223,154	¥ 113,208
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)
<b>Total</b>	<b>¥ 128,630</b>	<b>¥ 238,474</b>	<b>¥ 109,843</b>

As at March 31, 2009	Millions of Yen		
	Acquisition cost	Book value	Difference
Securities with unrealized gains			
Stocks	<b>¥ 83,172</b>	<b>¥ 124,093</b>	<b>¥ 40,920</b>
Sub total	<b>¥ 83,172</b>	<b>¥ 124,093</b>	<b>¥ 40,920</b>
Securities with unrealized losses			
Stocks	<b>36,252</b>	<b>28,662</b>	<b>(7,590)</b>
Sub total	<b>36,252</b>	<b>28,662</b>	<b>(7,590)</b>
<b>Total</b>	<b>¥ 119,425</b>	<b>¥ 152,755</b>	<b>¥ 33,329</b>

As at March 31, 2009	Thousands of U.S. Dollars		
	Acquisition cost	Book value	Difference
Securities with unrealized gains			
Stocks	<b>\$ 847,752</b>	<b>\$1,264,836</b>	<b>\$417,083</b>
Other	–	–	–
Sub total	<b>\$ 847,752</b>	<b>\$1,264,836</b>	<b>\$417,083</b>
Securities with unrealized losses			
Stocks	<b>369,512</b>	<b>292,147</b>	<b>(77,365)</b>
Sub total	<b>369,512</b>	<b>292,147</b>	<b>(77,365)</b>
<b>Total</b>	<b>\$1,217,265</b>	<b>\$1,556,983</b>	<b>\$339,718</b>

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

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Negotiable certificates of deposit	¥45,000	<b>¥35,000</b>	<b>\$356,742</b>
Non-listed shares	17,247	<b>17,049</b>	<b>173,779</b>
Non-listed preferred investment securities	13,848	<b>12,953</b>	<b>132,027</b>
Investment in anonymous association	9,755	<b>3,067</b>	<b>31,262</b>

4) Other securities sold

For the fiscal year ended March 31, 2008	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares, etc.	¥ 785	¥ 610	¥ –

For the fiscal year ended March 31, 2009	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	<b>¥ 299</b>	<b>¥ 52</b>	<b>¥ (5)</b>

For the fiscal year ended March 31, 2009	Thousands of U.S. Dollars		
	Sales amount	Total gain on sales	Total loss on sales
Shares	<b>\$3,051</b>	<b>\$537</b>	<b>\$(51)</b>

5) The redemption schedule for other securities with maturity dates and held-to-maturity debt securities as of March 31, 2008 and 2009 was as follows:

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
Other:			
Negotiable certificates of deposit	¥ 45,000	¥-	¥-

  

As at March 31, 2009	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years
Other:			
Negotiable certificates of deposit	¥ 35,000	¥-	¥-

  

As at March 31, 2009	Thousands of U.S. Dollars		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years less than 10 years
Other:			
Negotiable certificates of deposit	\$356,742	\$-	\$-

## 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 risks in 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 hedged items are described in "10) 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 counterparties.

#### 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

Information on derivatives is not presented, since all derivative transactions are accounted for by the hedge accounting method.

## 12. Retirement Benefits

### 1) Summary of Employees' Retirement Benefit Plans

The Corporation and certain consolidated subsidiaries have lump-sum retirement payment plans, tax qualified pension plans and defined benefit pension plans. As at March 31, 2009, the Corporation and 23 consolidated subsidiaries (23 for 2008) offered lump-sum retirement payment plans and the Corporation and 7 consolidated subsidiaries (7 for 2008) also offered either a tax qualified pension plan or a defined benefit pension plan.

### 2) Projected Benefit Obligations

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Projected benefit obligations	¥(177,288)	<b>¥(174,496)</b>	<b>\$(1,778,578)</b>
Plan assets	100,602	<b>96,481</b>	<b>983,405</b>
Funded status	(76,686)	<b>(78,014)</b>	<b>(795,173)</b>
Unrecognized prior service cost	(1,218)	<b>(1,069)</b>	<b>(10,898)</b>
Unrecognized actuarial differences	20,385	<b>22,733</b>	<b>231,713</b>
Reserve for employees' retirement benefits	¥ (57,518)	<b>¥ (56,350)</b>	<b>\$ (574,358)</b>

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
	2008	2009	2009
Service cost	¥ 6,235	<b>¥ 6,130</b>	<b>\$ 62,487</b>
Interest cost	3,529	<b>3,465</b>	<b>35,319</b>
Expected return on plan assets	(1,533)	<b>(1,688)</b>	<b>(17,209)</b>
Amortization of prior service cost	(224)	<b>(233)</b>	<b>(2,377)</b>
Amortization of actuarial differences	3,154	<b>3,572</b>	<b>36,417</b>
Retirement benefits expenses for employees	¥11,160	<b>¥11,247</b>	<b>\$114,637</b>

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

	2008	2009
Method of attributing the projected benefit obligations to periods of service	Straight-line basis	<b>Straight-line basis</b>
Discount rate	2.0%	<b>2.0%</b>
Expected rates of return on plan assets	1.5% (mainly)	<b>1.7% (mainly)</b>
Amortization periods for prior service cost	10 years (amortized using the straight-line method)	<b>10 years (amortized using the straight-line method)</b>
Amortization periods for actuarial differences	10 years (amortized from the following financial year using the straight-line method)	<b>10 years (amortized from the following financial year using the straight-line method)</b>

### 13. Stock Options

The stock options outstanding as of March 31, 2009 are as follows:

Stock Option	Company Name	Persons Granted	Number of Options Granted	Date of Grant	Vesting Conditions	Eligible Employment Period	Exercise Period
2004	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
2005	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:

Number of stock options	Shares	
	2004	2005
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
Non-vested		
March 31, 2008 — Outstanding	—	—
Granted	—	—
Canceled	—	—
Vested	—	—
March 31, 2009 — Outstanding	—	—
Vested		
March 31, 2008 — Outstanding	240	300
Vested	—	—
Exercised	240	—
Canceled	—	—
March 31, 2009 — Outstanding	—	300

Price information is as follows:

For the fiscal year ended March 31, 2008	Yen	
	2004	2005
Exercise price	¥50,000	¥50,000
Average stock price at exercise	—	—
Fair value price at grant date	—	—

For the fiscal year ended March 31, 2009	Yen	
	2004	2005
Exercise price	¥50,000	¥50,000
Average stock price at exercise	37,783	—
Fair value price at grant date	—	—

14. Deferred Tax Accounting

1) As at March 31, 2008 and 2009, the significant components of deferred tax assets and liabilities were as follows:

As at March 31	Millions of Yen	
	2009	2008
Deferred tax assets		
Non-deductible portion of reserves and allowances	¥ 37,814	
Losses on write-down of assets	16,683	
Tax losses carried forward	5,407	
Other	26,954	
Sub total	86,859	
Less: valuation reserve	(33,229)	
Total deferred tax assets	53,630	
Deferred tax liabilities		
Net unrealized gains on other securities	(44,373)	
Other	(5,117)	
Total deferred tax liabilities	(49,490)	
Net deferred tax assets	¥ 4,139	
	Millions of Yen	Thousands of U.S. Dollars
As at March 31	2009	2009
Deferred tax assets		
Non-deductible portion of reserves and allowances	¥ 45,084	\$ 459,526
Losses on write-down of assets	14,088	143,596
Tax losses carried forward	6,070	61,878
Other	22,851	232,913
Sub total	88,094	897,914
Less: valuation reserve	(29,884)	(304,597)
Total deferred tax assets	58,210	593,316
Deferred tax liabilities		
Net unrealized gains on other securities	(13,257)	(135,131)
Other	(4,961)	(50,575)
Total deferred tax liabilities	(18,219)	(185,707)
Net deferred tax assets	¥ 39,990	\$ 407,609

2) As at March 31, 2008 and 2009, the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

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%
<b>Effective income tax rate</b>	<b>34.2%</b>

  

As at March 31	2009
Statutory tax rate	<b>40.5%</b>
Increase (decrease) in taxes resulting from permanent differences:	
Expenses not deductible for income tax purposes	<b>18.8%</b>
Income not included for income tax purposes	<b>(8.0%)</b>
Decrease of valuation reserve and other	<b>(12.4%)</b>
<b>Effective income tax rate</b>	<b>38.8%</b>

## 15. Segment Information

### 1) Business Segments

For the year ended March 31, 2008	Millions of Yen					
	Construction	Real estate development	Other	Total	Eliminations	Consolidated
<b>I. Net sales and Operating income</b>						
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)	-
<b>Total</b>	<b>1,544,768</b>	<b>86,797</b>	<b>145,312</b>	<b>1,776,878</b>	<b>(91,819)</b>	<b>1,685,059</b>
Operating expenses	1,530,342	51,797	140,618	1,722,758	(89,948)	1,632,809
<b>Operating income</b>	<b>14,425</b>	<b>35,000</b>	<b>4,694</b>	<b>54,120</b>	<b>(1,870)</b>	<b>52,250</b>
<b>II. Assets, Depreciation and amortization, and Capital expenditures</b>						
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, 2009	Millions of Yen					
	Construction	Real estate development	Other	Total	Eliminations	Consolidated
<b>I. Net sales and Operating income</b>						
Net sales						
Customers	<b>¥1,728,365</b>	<b>¥ 75,294</b>	<b>¥ 83,912</b>	<b>¥1,887,572</b>	<b>¥ -</b>	<b>¥1,887,572</b>
Intersegment or transfer	<b>30,038</b>	<b>1,007</b>	<b>66,986</b>	<b>98,032</b>	<b>(98,032)</b>	<b>-</b>
<b>Total</b>	<b>1,758,403</b>	<b>76,302</b>	<b>150,899</b>	<b>1,985,604</b>	<b>(98,032)</b>	<b>1,887,572</b>
Operating expenses	<b>1,749,215</b>	<b>68,095</b>	<b>144,028</b>	<b>1,961,340</b>	<b>(96,096)</b>	<b>1,865,244</b>
<b>Operating income</b>	<b>9,187</b>	<b>8,206</b>	<b>6,870</b>	<b>24,264</b>	<b>(1,936)</b>	<b>22,328</b>
<b>II. Assets, Depreciation and amortization, and Capital expenditures</b>						
Assets	<b>1,654,649</b>	<b>192,317</b>	<b>272,108</b>	<b>2,119,075</b>	<b>(131,539)</b>	<b>1,987,536</b>
Depreciation and amortization	<b>4,963</b>	<b>3,453</b>	<b>2,768</b>	<b>11,185</b>	<b>(59)</b>	<b>11,125</b>
Capital expenditures	<b>¥ 3,800</b>	<b>¥ 3,841</b>	<b>¥ 2,733</b>	<b>¥ 10,375</b>	<b>¥ -</b>	<b>¥ 10,375</b>

Thousands of U.S. Dollars

For the year ended March 31, 2009	Construction	Real estate development	Other	Total	Eliminations	Consolidated
<b>I. Net sales and Operating income</b>						
Net sales						
Customers	\$17,616,604	\$ 767,452	\$ 855,292	\$19,239,349	\$ -	\$19,239,349
Intersegment or transfer	306,169	10,267	682,770	999,207	(999,207)	-
Total	17,922,773	777,719	1,538,063	20,238,556	(999,207)	19,239,349
Operating expenses	17,829,130	694,072	1,468,032	19,991,235	(979,472)	19,011,762
Operating income	93,643	83,647	70,030	247,321	(19,734)	227,586
<b>II. Assets, Depreciation and amortization, and Capital expenditures</b>						
Assets	16,865,247	1,960,222	2,773,508	21,598,979	(1,340,730)	20,258,248
Depreciation and amortization	50,588	35,204	28,217	114,009	(611)	113,398
Capital expenditures	\$ 38,739	\$ 39,151	\$ 27,864	\$ 105,755	\$ -	\$ 105,755

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 of accounting policy

For the year ended March 31, 2009

As described in 2) Valuation of Inventories under 4. Summary of Significant Accounting Policies in the section Notes to Consolidated Financial Statements, effective from the consolidated fiscal year ended March 31, 2009, the Corporation has adopted the new accounting standard, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006).

The effect of this change was to reduce operating income in the "Real estate development" segment and in the "Other" segment by ¥2,742 million and ¥13 million, respectively, compared to the amounts that would have been reported if the previous method had been applied consistently.

## 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, 2008 and 2009, respectively, geographical segment information has not been presented.

## 3) Overseas Net Sales

Overseas net sales for the years ended March 31, 2008 and 2009 have not been presented because they represented less than 10% of total net sales.

## 16. Related Party Transactions

For the year ended March 31, 2008  
Directors, individual investors, etc.

Related Party	Attribution	Address	Capital or Investment	Type of Business	% of Voting Rights	Relationship			Amounts of Transaction		Balance at the end of the year
					Held (held by Others)	Concurrent Director	Business Relationship	Nature of Transaction	Millions of Yen	Account	Millions of Yen
Junichi Oyamada	Director and close relative	-	-	Corporate auditor of the Corporation; lawyer	Direct: 0.0%	-	-	Lawyer compensation	7	-	-

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, 2009

(Additional Information)

Effective from the consolidated fiscal year ended March 31, 2009, the Corporation adopted new accounting standards, "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11, October 17, 2006) and "Implementation Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13, October 17, 2006).

Adoption of these standards has expanded the scope of disclosure to include information on transactions of the Corporation filing the consolidated financial statements with its consolidated subsidiaries and related parties.

### 1. Related party transactions between the corporation and related parties

Directors and major shareholders (individual shareholders only), etc., of the Corporation

Related Party	Category	Address	Capital or Investment	Type of Business	% of Voting Rights	Relationship	Nature of Transaction	Amounts of Transaction		Balance at the end of the year	
					Held (held by Others)			Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen
Junichi Oyamada	Director and close relative	-	-	Corporate auditor of the Corporation; lawyer	Direct: 0.0%	Corporate lawyer	Lawyer compensation	11	112	-	-

### 2. Related party transactions between subsidiaries and related parties

Directors and major shareholders (individual shareholders only), etc., of the Corporation

Related Party	Category	Address	Capital or Investment	Type of Business	% of Voting Rights	Relationship	Nature of Transaction	Amounts of Transaction		Balance at the end of the year	
					Held (held by Others)			Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen
Junichi Oyamada	Director and close relative	-	-	Corporate auditor of the Corporation; lawyer	Direct: 0.0%	Corporate lawyer	Lawyer compensation	5	53	-	-

## 17. Amounts per Share

	Yen		U.S. Dollars
	2008	2009	2009
Net assets per share of common stock	¥ 435.81	¥ <b>375.56</b>	\$ <b>3.82</b>
Basic net income per share of common stock	¥ 34.42	¥ <b>8.01</b>	\$ <b>0.08</b>
Diluted net income per share of common stock	¥ 34.41	¥ <b>8.00</b>	\$ <b>0.08</b>

### 1. Basis of net assets per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Net assets	¥349,468	¥ <b>304,588</b>	\$ <b>3,104,562</b>
Amounts deducted from net assets	7,058	<b>9,766</b>	<b>99,548</b>
Minority interests	7,058	<b>9,766</b>	<b>99,548</b>
Net assets applicable to common stock	342,410	<b>294,821</b>	<b>3,005,014</b>
Number of shares of common stock at the year end	785,685 thousand shares	<b>785,014</b> thousand shares	<b>785,014</b> thousand shares

### 2. Basis of net income per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Net income	¥ 27,047	¥ <b>6,290</b>	\$ <b>64,114</b>
Net income not attributed to common shares	–	–	–
Net income attributed to common shares	27,047	<b>6,290</b>	<b>64,114</b>
Average number of shares issued and outstanding during the period	785,781 thousand shares	<b>785,255</b> thousand shares	<b>785,255</b> thousand shares

### 3. Basis of diluted net income per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Adjustment in net income	¥ (4)	¥ <b>(7)</b>	\$ <b>(77)</b>
(Stock subscription rights of affiliated companies decrease the equity investment earnings when they are exercised.)			
Number of common stock increased share warrants	–	–	–

### 4. Summary of diluted stock not included in the calculation of diluted net income per share due to absence of dilution effect

	Shares	
	2008	2009
Common stock associated with the exercise of stock subscription rights of one consolidated subsidiary	540	–
Common stock associated with the issuance of stock acquisition rights by one equity-method affiliate.	–	<b>300</b>

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

Millions of Yen

Issued by	Issue type	Issue date	Balance at March 31, 2008	Balance at March 31, 2009	Thousands of U.S. Dollars	Interest Rate (%)	Collateral	Maturity	Remarks
Corporation	6th unsecured straight bond	Apr. 22, 2003	¥20,000	–		0.75	None	Apr. 22, 2008	–
Corporation	9th unsecured straight bond	Mar. 16, 2004	10,000	–		0.91	None	Mar. 16, 2009	–
Corporation	10th unsecured straight bond	Oct. 20, 2008	–	<b>20,000</b>	\$ 203,852	1.163	None	Oct. 20, 2010	(*)
Corporation	11th unsecured straight bond	Oct. 20, 2008	–	<b>20,000</b>	203,852	1.163	None	Oct. 20, 2010	(*)
Corporation	12th unsecured straight bond	Nov. 5, 2008	–	<b>20,000</b>	203,852	1.099	None	Nov. 5, 2010	(*)
Corporation	13th unsecured straight bond	Dec. 19, 2008	–	<b>24,000</b>	244,623	1.331	None	Dec. 19, 2013	(*)
Corporation	14th unsecured straight bond	Jan. 29, 2009	–	<b>16,000</b>	163,082	1.185	None	Jan. 29, 2014	(*)
Total	–	–	¥30,000	<b>¥100,000</b>	\$1,019,264	–	–	–	–

Notes: (\*) Limited to qualified institutional investors and with early redemption clause

Aggregate annual maturities of long-term borrowings due within five years from the balance sheet date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	<b>¥60,000</b>	<b>\$611,558</b>
Over 4 years less than 5 years	<b>40,000</b>	<b>407,705</b>

## 19. Borrowings

Item	Millions of Yen				
	Balance at March 31, 2008	Balance at March 31, 2009	Thousands of U.S. Dollars	Average interest rate (%)	Repayment term
Short-term borrowings	¥118,227	<b>¥130,907</b>	<b>\$1,334,289</b>	1.47	–
Current portion of long-term borrowings	32,934	<b>84,751</b>	<b>863,840</b>	1.48	–
Current portion of lease obligations	–	<b>317</b>	<b>3,232</b>	–	–
Long-term borrowings (Excluding current portion)	120,531	<b>175,730</b>	<b>1,791,159</b>	1.71	2010–2031
Lease obligations (Excluding current portion)	–	<b>377</b>	<b>3,843</b>	–	–
Commercial paper	50,000	–	–	–	–
<b>Total</b>	<b>¥321,693</b>	<b>¥392,083</b>	<b>\$3,996,365</b>	–	–

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

The average interest rate on lease obligations is not presented because lease obligations carried on the consolidated balance sheet represent the amount before adjustment for interest equivalents included in the total lease obligations.

The balance of borrowings above is inclusive of “Current portion of project finance borrowings” under Current Liabilities and “Project finance borrowings” under Non-Current Liabilities.

Aggregate annual maturities of long-term borrowings and “Outstanding lease obligations,” excluding the current portion, due to be paid back within five years from the balance sheet date are as follows:

Long-term borrowings	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	<b>¥67,262</b>	<b>\$685,587</b>
Over 2 years less than 3 years	<b>24,409</b>	<b>248,795</b>
Over 3 years less than 4 years	<b>23,290</b>	<b>237,388</b>
Over 4 years less than 5 years	<b>18,094</b>	<b>184,426</b>

Lease obligations (excluding current portion )	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	<b>¥196</b>	<b>\$2,001</b>
Over 2 years less than 3 years	<b>127</b>	<b>1,302</b>
Over 3 years less than 4 years	<b>42</b>	<b>436</b>
Over 4 years less than 5 years	<b>10</b>	<b>102</b>

# REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Shimizu Corporation

We have audited the accompanying consolidated balance sheets of Shimizu Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shimizu Corporation and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 ShinNihon LLC*

*Ernst & Young ShinNihon LLC*  
June 26, 2009

SUPPLEMENTAL INFORMATION

# NONCONSOLIDATED BALANCE SHEETS

Shimizu Corporation  
As at March 31, 2008 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	¥ 120,929	¥ 161,948	\$ 1,650,683
Notes receivable	19,681	46,325	472,176
Accounts receivable from completed construction contracts	285,473	476,243	4,854,183
Marketable securities	45,000	35,000	356,742
Real estate held for sale	30,695	22,424	228,567
Costs on uncompleted construction contracts	574,668	491,943	5,014,206
Materials and supplies	191	196	1,999
Prepaid expenses	132	102	1,043
Deferred tax assets	25,340	30,449	310,364
Accounts receivable—other	40,759	39,489	402,498
Other current assets	48,860	44,227	450,793
Less: Allowance for doubtful accounts	(1,271)	(2,462)	(25,098)
Total current assets	1,190,461	1,345,888	13,718,160
<b>Non-Current Assets:</b>			
Tangible fixed assets:			
Buildings	41,765	40,205	409,803
Structures	1,427	1,378	14,049
Machinery and equipment	1,524	1,404	14,319
Vehicles	309	576	5,874
Tools, furniture and fixtures	2,556	2,972	30,298
Land	89,829	89,656	913,841
Construction in progress	1,226	2,520	25,691
Total tangible fixed assets	138,641	138,715	1,413,879
Intangible fixed assets:			
Leasehold	275	261	2,666
Software	1,719	1,668	17,001
Other intangible fixed assets	1	2	22
Total intangible fixed assets	1,995	1,931	19,690
Investments and other assets:			
Investment securities	277,757	184,506	1,880,604
Investments in subsidiaries and affiliates	28,046	26,659	271,726
Investments in other securities of subsidiaries and affiliates	—	2,500	25,481
Investments in capital	4	4	43
Long-term loans	49	46	475
Long-term loans to employees	212	150	1,530
Long-term loans to subsidiaries and affiliates	14,474	15,818	161,231
Claims in bankruptcy or reorganization proceedings	1,444	1,765	17,995
Long-term prepaid expenses	323	271	2,763
Deferred tax assets	—	6,013	61,293
Other investments	13,055	14,322	145,983
Less: Allowance for doubtful accounts	(7,224)	(7,093)	(72,299)
Total investments and other assets	328,144	244,963	2,496,830
Total non-current assets	468,780	385,611	3,930,399
Total assets	¥1,659,242	¥1,731,500	\$17,648,560

Notes: (1) Yen amounts have been rounded down to the nearest million.

(2) U.S. dollar amounts have been translated at the exchange rate of ¥98.11 to U.S.\$1, the approximate rate prevailing at March 31, 2009.

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Notes payable	¥ 33,486	¥ 35,076	\$ 357,519
Accounts payable for construction contracts	348,743	369,426	3,765,434
Short-term borrowings	131,212	181,961	1,854,664
Commercial paper	50,000	–	–
Current portion of bonds payable	30,000	–	–
Lease obligations	–	475	4,845
Accounts payable—other	8,600	8,534	86,990
Accrued expenses	11,079	12,077	123,104
Income taxes payable	14,111	–	–
Advances received on uncompleted construction contracts	447,005	428,956	4,372,202
Withholdings	79,081	90,338	920,790
Unearned revenue	0	5	56
Warranty reserve	3,484	3,249	33,118
Reserve for expected losses on construction contracts in process	17,646	40,533	413,141
Other current liabilities	272	283	2,886
Total current liabilities	1,174,726	1,170,918	11,934,754
<b>Non-Current Liabilities:</b>			
Bonds payable	–	100,000	1,019,264
Long-term borrowings	82,937	134,816	1,374,131
Lease obligations	–	491	5,013
Deferred tax liabilities	23,510	–	–
Deferred tax liabilities for revaluation reserve for land	24,682	24,442	249,132
Reserve for employees' retirement benefits	52,983	51,885	528,846
Reserve for expected loss on affiliates' business	3,237	3,237	32,993
Other non-current liabilities	8,385	7,392	75,348
Total non-current liabilities	195,737	322,265	3,284,731
<b>NET ASSETS</b>			
<b>Shareholders' Equity:</b>			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2008 and 2009	¥ 74,365	¥ 74,365	\$ 757,978
Additional paid-in capital:			
Capital reserve	43,143	43,143	439,746
Other additional paid-in capital	47	26	270
Retained earnings:			
Legal reserve	18,394	18,394	187,492
Other retained earnings	68,581	64,027	652,611
Less: Treasury stock, at cost			
2,165 thousand shares as at March 31, 2009	–	(1,094)	(11,154)
1,590 thousand shares as at March 31, 2008	(829)	–	–
Total shareholders' equity	203,702	198,863	2,026,945
<b>Valuation and Translation Adjustments:</b>			
Net unrealized gains on other securities, net of taxes	65,073	19,825	202,072
Deferred gains (losses) on hedging, net of taxes	(27)	(55)	(566)
Revaluation reserve for land, net of taxes	20,030	19,683	200,622
Total valuation and translation adjustments	85,076	39,452	402,128
Total net assets	288,779	238,316	2,429,074
Total liabilities and net assets	¥1,659,242	¥1,731,500	\$17,648,560

# NONCONSOLIDATED STATEMENTS OF INCOME

Shimizu Corporation

For the years ended March 31, 2008 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
<b>Net Sales:</b>			
Completed construction contracts	¥1,393,833	¥1,624,617	\$16,559,145
Other related business	65,695	68,428	697,466
	1,459,528	1,693,046	17,256,612
<b>Cost of Sales:</b>			
Completed construction contracts	1,324,455	1,561,283	15,913,606
Other related business	40,720	59,947	611,025
	1,365,175	1,621,231	16,524,631
Gross profit:			
Completed construction contracts	69,377	63,333	645,539
Other related business	24,974	8,480	86,441
	94,352	71,814	731,980
<b>Selling, General and Administrative Expenses:</b>			
Operating income	37,081	12,042	122,743
<b>Non-Operating Income (Expenses):</b>			
Interest and dividend income	7,651	6,100	62,176
Interest expenses	(3,237)	(4,725)	(48,163)
Provision of allowance for doubtful accounts	(647)	(9)	(97)
Loss on disposal of fixed assets	(2,708)	-	-
Other, net	(2,857)	(2,332)	(23,773)
Ordinary income	35,281	11,075	112,885
<b>Special Gains (Losses):</b>			
Gain on sales of fixed assets	835	18	187
Gain on sales of investment securities	515	51	523
Loss on sales of fixed assets	-	(81)	(833)
Loss on devaluation of investment securities	(5,969)	(9,751)	(99,396)
Loss on affiliates' businesses	(3,737)	-	-
Income before income taxes	26,925	1,311	13,366
<b>Provision for Income Taxes:</b>			
Current	15,200	4,546	46,341
Refund of income taxes for prior periods	(1,886)	-	-
Deferred	(5,413)	(3,841)	(39,150)
	7,899	705	7,190
<b>Net Income</b>	¥ 19,025	¥ 605	\$ 6,175

Notes: (1) Yen amounts have been rounded down to the nearest million.

(2) U.S. dollar amounts have been translated at the exchange rate of ¥98.11 to U.S.\$1, the approximate rate prevailing at March 31, 2009.

# NONCONSOLIDATED BREAKDOWN OF ORDERS

Shimizu Corporation  
For the years ended March 31, 2008 and 2009

## (1) Construction orders awarded and contracts

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Construction business (orders)			
Architectural Construction			
Domestic Operations	¥1,227,785	¥ 988,546	\$10,075,900
Overseas Operations	94,512	45,361	462,352
Sub total	1,322,298	1,033,908	10,538,253
Civil Engineering			
Domestic Operations	187,635	228,505	2,329,077
Overseas Operations	43,556	1,766	18,004
Sub total	231,191	230,272	2,347,081
Total construction business	1,553,489	1,264,180	12,885,334
Other related business (contracts)	73,544	58,228	593,502
Total	¥1,627,034	¥1,322,408	\$13,478,837

## (2) Net sales

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Construction business			
Architectural Construction			
Domestic Operations	¥1,097,700	¥1,265,015	\$12,893,851
Overseas Operations	67,548	103,247	1,052,365
Sub total	1,165,248	1,368,263	13,946,216
Civil Engineering			
Domestic Operations	187,187	215,435	2,195,856
Overseas Operations	41,396	40,918	417,072
Sub total	228,584	256,354	2,612,928
Total construction business	1,393,833	1,624,617	16,559,145
Other related business	65,695	68,428	697,466
Total	¥1,459,528	¥1,693,046	\$17,256,612

## (3) Backlog

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
Construction business			
Architectural Construction			
Domestic Operations	¥1,164,092	¥ 887,623	\$ 9,047,224
Overseas Operations	197,637	139,751	1,424,438
Sub total	1,361,730	1,027,374	10,471,663
Civil Engineering			
Domestic Operations	395,797	408,868	4,167,446
Overseas Operations	112,243	73,090	744,989
Sub total	508,041	481,959	4,912,435
Total construction business	1,869,771	1,509,333	15,384,098
Other related business	49,495	39,295	400,522
Total	¥1,919,266	¥1,548,629	\$15,784,620

Notes: (1) Yen amounts have been rounded down to the nearest million.

(2) U.S. dollar amounts have been translated at the exchange rate of ¥98.11 to U.S.\$1, the approximate rate prevailing at March 31, 2009.