



FINANCIAL SECTION

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CONSOLIDATED BALANCE SHEETS

Shimizu Corporation and its subsidiaries
As at March 31, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2011	2011
ASSETS			
Current Assets:			
Cash (Note 9)	¥ 182,659	¥ 136,251	\$ 1,640,396
Notes and accounts receivable—trade	426,118	369,349	4,446,780
Marketable securities (Notes 9 and 11)	36,000	110,000	1,324,343
Costs on uncompleted construction contracts (Notes 4.2) and 5.3))	247,244	134,780	1,622,683
Real estate and uncompleted real estate development projects (Notes 4.2) and 5.3))	68,476	63,530	764,870
PFI projects and other inventories (Notes 4.2) and 5.3))	42,648	47,983	577,702
Deferred tax assets (Note 14)	28,514	25,529	307,361
Other current assets	68,626	81,846	985,384
Less: Allowance for doubtful accounts	(1,806)	(4,952)	(59,625)
Total current assets	1,098,481	964,318	11,609,897
Non-Current Assets:			
Tangible fixed assets:			
Buildings and structures (Note 5.2))	130,517	138,449	1,666,865
Machinery, equipment and vehicles (Note 5.2))	45,379	46,258	556,924
Land (Notes 5.1) and 5.2))	133,993	133,509	1,607,387
Construction in progress	8,381	7,054	84,929
Less: Accumulated depreciation	(101,912)	(109,830)	(1,322,300)
Total tangible fixed assets	216,359	215,441	2,593,807
Intangible fixed assets	4,259	4,021	48,419
Investments and other assets:			
Investment securities (Notes 5.2), 5.3) and 11)	234,202	209,544	2,522,810
Deferred tax assets (Note 14)	1,510	15,263	183,760
Other investments (Note 5.2))	22,885	21,987	264,716
Less: Allowance for doubtful accounts	(7,919)	(6,963)	(83,832)
Less: Allowance for investment loss	(3,247)	-	-
Total investments and other assets	247,431	239,832	2,887,454
Total non-current assets	468,050	459,295	5,529,682
Total assets	¥1,566,531	¥1,423,613	\$17,139,579

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

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2011	2011
LIABILITIES			
Current Liabilities:			
Notes and accounts payable—trade	¥ 349,837	¥ 363,856	\$ 4,380,647
Short-term borrowings (Notes 5.2) and 21)	185,997	161,035	1,938,783
Current portion of project finance borrowings (Notes 5.3) and 21)	2,779	3,106	37,394
Current portion of bonds payable (Note 20)	60,000	–	–
Advances received on uncompleted construction contracts	225,171	156,900	1,889,001
Warranty reserve	3,024	2,535	30,531
Reserve for expected losses on construction contracts in process	32,339	21,065	253,615
Other current liabilities	97,035	81,353	979,453
Total current liabilities	956,186	789,853	9,509,428
Non-Current Liabilities:			
Bonds payable (Note 20)	40,000	70,000	842,764
Long-term borrowings (Note 21)	125,647	127,718	1,537,667
Project finance borrowings (Notes 5.3) and 21)	28,510	31,643	380,969
Deferred tax liabilities (Note 14)	1,531	1,410	16,986
Deferred tax liabilities for revaluation reserve for land (Note 5.1))	24,438	24,327	292,891
Reserve for employees' retirement benefits (Note 13)	55,542	54,985	661,991
Reserve for expected losses on affiliates' businesses	2,927	2,643	31,831
Other non-current liabilities	20,536	24,569	295,801
Total non-current liabilities	299,134	337,298	4,060,903
Total liabilities	1,255,320	1,127,151	13,570,331
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2010 and 2011	¥ 74,365	¥ 74,365	\$ 895,320
Additional paid-in capital	43,166	43,143	519,426
Retained earnings	129,875	134,887	1,623,975
Less: Treasury stock, at cost 3,793 thousand shares as at March 31, 2011	–	(1,483)	(17,864)
3,613 thousand shares as at March 31, 2010	(1,551)	–	–
Total shareholders' equity	245,855	250,912	3,020,857
Accumulated Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes (Note 11)	41,381	26,677	321,186
Deferred gain (loss) on hedging, net of taxes (Note 12)	(101)	(69)	(835)
Revaluation reserve for land, net of taxes (Note 5.1))	20,050	20,291	244,293
Foreign currency translation adjustments	(3,459)	(4,335)	(52,192)
Total accumulated other comprehensive income	57,871	42,564	512,452
Minority Interests	7,483	2,985	35,937
Total net assets	311,210	296,461	3,569,248
Total liabilities and net assets	¥1,566,531	¥1,423,613	\$17,139,579

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, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2011	2011
Net Sales:			
Construction contracts (Notes 4.10) and 6.1))	¥1,453,467	¥1,197,145	\$14,413,020
Real estate development and other	135,810	106,609	1,283,529
	1,589,278	1,303,755	15,696,550
Cost of Sales:			
Construction contracts (Note 6.2))	1,365,423	1,107,031	13,328,091
Real estate development and other (Note 6.3))	130,099	105,077	1,265,074
	1,495,523	1,212,108	14,593,166
Gross profit:			
Construction contracts	88,043	90,114	1,084,928
Real estate development and other	5,711	1,532	18,455
	93,755	91,647	1,103,384
Selling, General and Administrative Expenses (Note 6.4))	71,631	71,472	860,487
Operating income	22,123	20,175	242,897
Non-Operating Income (Expenses):			
Interest and dividend income	3,617	4,280	51,538
Interest expenses	(5,913)	(4,739)	(57,062)
Equity in earnings of affiliates (Note 4.17))	956	-	-
Loss on disposal of fixed assets (Note 4.17))	(4,171)	-	-
Foreign exchange loss	-	(1,053)	(12,680)
Other, net (Note 4.17))	1,008	152	1,839
Ordinary income	17,621	18,815	226,530
Special Gains (Losses):			
Gain on sales of fixed assets (Note 6.6))	1,137	123	1,488
Gain on negative goodwill	-	4,086	49,203
Penalty income on development projects	3,495	-	-
Reversal of allowance for investment loss	-	3,247	39,092
Gain on donation of securities	-	948	11,425
Loss on sales of fixed assets (Note 6.7))	(122)	(169)	(2,037)
Loss on devaluation of investment securities	(5,252)	(2,825)	(34,013)
Impairment loss on fixed assets (Note 6.8))	(15,768)	(3,861)	(46,494)
Provision of allowance for investment loss	(3,247)	-	-
Income (Loss) before income taxes and minority interests	(2,136)	20,365	245,193
Provision for Income Taxes (Note 14):			
Current	6,470	11,613	139,819
Deferred	(1,817)	(2,095)	(25,233)
	4,652	9,517	114,585
Net Income Before Minority Interests (Note 4.17))	-	10,848	130,608
Minority Interests in Net Income of Consolidated Subsidiaries	61	0	3
Net Income (Loss)	¥ (6,850)	¥ 10,848	\$ 130,605

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Shimizu Corporation and its subsidiaries
For the year ended March 31, 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2011	2011
Income Before Minority Interests	–	¥ 10,848	\$ 130,608
Other Comprehensive Income:			
Net unrealized gain (loss) on other securities, net of taxes	–	(14,705)	(177,045)
Deferred gain (loss) on hedging, net of taxes	–	0	11
Foreign currency translation adjustment	–	(873)	(10,519)
Share of other comprehensive income of associates accounted for using the equity method	–	(2)	(25)
Total other comprehensive income (Note 7)	–	(15,580)	(187,579)
Comprehensive Income (Note 7)	–	(4,732)	(56,971)
Comprehensive income attributable to:			
Shareholders of the Corporation	–	(4,698)	(56,572)
Minority interests	–	¥ (33)	\$ (399)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Shimizu Corporation and its subsidiaries
For the years ended March 31, 2010 and 2011

Millions of Yen

	Shareholders' Equity				Accumulated Other Comprehensive Income						Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Minority interests		
Balance as at March 31, 2009	¥ 74,365	¥ 43,170	¥ 142,597	¥ (1,515)	¥ 20,019	¥ 16	¥ 19,683	¥ (3,514)	¥ 9,766	¥ 304,588	
Cash dividends paid (¥7.00 per share)	-	-	(5,504)	-	-	-	-	-	-	(5,504)	
Net income for the year	-	-	(6,850)	-	-	-	-	-	-	(6,850)	
Reversal of revaluation reserve for land, net of taxes	-	-	(367)	-	-	-	-	-	-	(367)	
Purchase and disposal of treasury stock, at cost	-	(3)	-	(35)	-	-	-	-	-	(39)	
Changes other than shareholders' equity	-	-	-	-	21,362	(118)	367	54	(2,283)	19,383	
Balance as at March 31, 2010	¥ 74,365	¥ 43,166	¥ 129,875	¥ (1,551)	¥ 41,381	¥ (101)	¥ 20,050	¥ (3,459)	¥ 7,483	¥ 311,210	
Cash dividends paid (¥7.00 per share)	-	-	(5,502)	-	-	-	-	-	-	(5,502)	
Net income for the year	-	-	10,848	-	-	-	-	-	-	10,848	
Reversal of revaluation reserve for land, net of taxes	-	-	(240)	-	-	-	-	-	-	(240)	
Purchase and disposal of treasury stock, at cost	-	(23)	(93)	67	-	-	-	-	-	(48)	
Changes other than shareholders' equity	-	-	-	-	(14,703)	32	240	(875)	(4,498)	(19,805)	
Balance as at March 31, 2011	¥ 74,365	¥ 43,143	¥ 134,887	¥ (1,483)	¥ 26,677	¥ (69)	¥ 20,291	¥ (4,335)	¥ 2,985	¥ 296,461	

Thousands of U.S. Dollars (Note 2)

	Shareholders' Equity				Accumulated Other Comprehensive Income						Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Minority interests		
Balance as at March 31, 2010	\$ 895,320	\$ 519,707	\$ 1,563,629	\$ (18,677)	\$ 498,213	\$(1,226)	\$ 241,401	\$(41,650)	\$ 90,095	\$ 3,746,813	
Cash dividends paid (¥7.00 per share)	-	-	(66,245)	-	-	-	-	-	-	(66,245)	
Net income for the year	-	-	130,605	-	-	-	-	-	-	130,605	
Reversal of revaluation reserve for land, net of taxes	-	-	(2,891)	-	-	-	-	-	-	(2,891)	
Purchase and disposal of treasury stock, at cost	-	(280)	(1,122)	813	-	-	-	-	-	(589)	
Changes other than shareholders' equity	-	-	-	-	(177,026)	391	2,891	(10,542)	(54,157)	(238,443)	
Balance as at March 31, 2011	\$ 895,320	\$ 519,426	\$ 1,623,975	\$(17,864)	\$ 321,186	\$ (835)	\$ 244,293	\$(52,192)	\$ 35,937	\$ 3,569,248	

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, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2011	2011
Cash Flows from Operating Activities:			
Income (Loss) before income taxes and minority interests	¥ (2,136)	¥ 20,365	\$ 245,193
Adjustments for:			
Depreciation and amortization	10,413	10,415	125,393
Impairment loss on fixed assets	15,768	3,861	46,494
Gain on negative goodwill	–	(4,086)	(49,203)
Increase (decrease) in allowance for doubtful accounts	(224)	2,191	26,378
Increase (decrease) in reserve for expected losses on construction contracts in process	(9,963)	(11,274)	(135,734)
Increase (decrease) in reserve for employees' retirement benefits	(808)	(556)	(6,705)
Loss (gain) on sales of fixed assets	57	143	1,733
Loss (gain) on valuation of investment securities	5,252	2,825	34,013
Loss (gain) on sales of investment securities	(1,072)	(98)	(1,183)
Interest and dividend income	(3,617)	(4,280)	(51,538)
Interest expenses	5,913	4,739	57,062
(Increase) decrease in notes and accounts receivable—trade	122,915	55,152	664,010
(Increase) decrease in costs on uncompleted construction contracts	271,715	112,464	1,354,013
(Increase) decrease in real estate for development business	(22,448)	1,775	21,377
(Increase) decrease in PFI projects and other inventories	22,760	(5,375)	(64,719)
Increase (decrease) in notes and accounts payable—trade	(113,003)	14,058	169,256
Increase (decrease) in advances received on uncompleted construction contracts	(251,795)	(68,245)	(821,644)
Other, net	27,424	(21,256)	(255,911)
Subtotal	77,153	112,819	1,358,287
Interest and dividends received	3,738	4,463	53,735
Interest paid	(5,923)	(5,105)	(61,473)
Income taxes paid	(3,370)	(10,536)	(126,856)
Net cash provided by (used in) operating activities	71,598	101,639	1,223,693
Cash Flows from Investing Activities:			
Acquisition of tangible fixed assets	(17,222)	(14,234)	(171,370)
Proceeds from sales of tangible fixed assets	143	213	2,567
Acquisition of marketable securities and investment securities	(11,590)	(4,267)	(51,378)
Proceeds from sales of marketable securities and investment securities	2,798	438	5,282
Other, net	(1,657)	243	2,937
Net cash provided by (used in) investing activities	(27,527)	(17,605)	(211,962)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	(14,616)	12,776	153,823
Proceeds from long-term borrowings	58,300	35,500	427,401
Repayments of long-term borrowings	(73,835)	(70,639)	(850,458)
Proceeds from project finance borrowings	602	6,239	75,114
Repayments of project finance borrowings	(19,020)	(2,779)	(33,462)
Proceeds from issuance of bonds	–	30,000	361,184
Redemption of bonds	–	(60,000)	(722,369)
Dividends	(5,504)	(5,502)	(66,245)
Other, net	(497)	(585)	(7,050)
Net cash provided by (used in) financing activities	(54,571)	(54,990)	(662,061)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	864	(1,451)	(17,474)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,635)	27,592	332,195
Cash and Cash Equivalents at Beginning of Year	228,295	218,659	2,632,544
Cash and Cash Equivalents at End of Year (Note 9)	¥ 218,659	¥246,251	\$2,964,739

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 (collectively the "Group") 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 ¥83.06 to U.S.\$1, the rate of exchange prevailing at March 31, 2011, 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>1) Scope of Consolidation The Corporation had 56 subsidiaries as at March 31, 2011 (54 for 2010). The consolidated financial statements for the years ended March 31, 2011 and 2010 include the accounts of the Corporation and all subsidiaries. The Corporation had 11 affiliates as at March 31, 2011 (11 for 2010). As at March 31, 2011 and 2010, the equity method was applied to all affiliates.</p> <p>(Change of accounting policy) Effective from the fiscal year ended March 31, 2011, the Group has adopted new accounting standards, the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24, March 10, 2008). This change did not have any effect on the Corporation's consolidated financial statements for the year ended March 31, 2011.</p> <p>2) Financial Statements of Subsidiaries The financial year-end of 8 overseas subsidiaries and 1 domestic subsidiary 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>3) Amortization of Goodwill Goodwill is principally amortized over a five-year period on a straight-line basis from the year of acquisition.</p> <p>4) Elimination of Unrealized Intercompany Profits All significant unrealized intercompany profits included in assets such as "Costs on uncompleted construction contracts" among the Group has 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>1) Valuation of Securities The Group classifies securities into two different categories, held-to-maturity debt securities and other securities. The Group holds 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.</p> <p>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. (The carrying value of inventories on the balance sheet is presented at book value after write-down for a 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. (The carrying value of inventories on the balance sheet is presented at book value after write-down for a decline in earnings)</p>

3) Depreciation Method for Tangible Fixed Assets

Depreciation for tangible fixed assets (excluding leased 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 Group is 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 to 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 Losses on Affiliates' Businesses

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

9) 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 Group uses 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: Derivative transactions (interest rate swaps, foreign exchange contracts and non-deliverable-forward).

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.

10) Recognizing Revenues and Cost of Construction Contracts

Revenues and costs of construction contracts that commenced on or after April 1, 2009, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated based on the cost incurred to date as a percentage of the estimated total cost. The completed-contract method is applied to all other construction contracts.

11) Consumption Tax

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

12) 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.”

13) 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.

14) 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.

15) Asset Retirement Obligations

Effective from the fiscal year ended March 31, 2011, the Group has adopted new accounting standards, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

This change reduces operating income by ¥24 million (\$288 thousand), and it reduces ordinary income and income before income taxes and minority interests by ¥571 million (\$6,874 thousand) each, compared to the amounts calculated by the previous method. Asset retirement obligations recognized at the beginning of the fiscal year ended March 31, 2011 were ¥4,643 million (\$55,906 thousand).

16) Business Combinations

Effective from the fiscal year ended March 31, 2011, the Group has adopted new accounting standards, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

17) Change of Presentation Method

(Consolidated Statements of Income)

1. In the previous fiscal year, "Equity in earnings of affiliates" was presented separately. Effective from the fiscal year ended March 31, 2011, however, this item is now included in "Other, net" under "Non-Operating Income (Expenses)" because it accounts for less than 10% of total non-operating income. "Equity in earnings of affiliates" in the fiscal year ended March 31, 2011 totaled ¥730 million (\$8,794 thousand).
2. In the previous fiscal year, "Loss on disposal of fixed assets" was presented separately. Effective from the fiscal year ended March 31, 2011, however, this item is now included in "Other, net" under "Non-Operating Income (Expenses)" because it accounts for less than 10% of total non-operating expenses. "Loss on disposal of fixed assets" in the fiscal year ended March 31, 2011 totaled ¥21 million (\$259 thousand).
3. Effective from the fiscal year ended March 31, 2011, the Group has adopted a new regulation, the "Cabinet Office Ordinance Partially Revising Regulations for Terminology, Forms and Preparation of Financial Statements, etc." (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), and presented net income before minority interests.

18) Additional Information

Effective from the fiscal year ended March 31, 2011, the Group has adopted a new accounting standard, the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). However, the amounts of accumulated other comprehensive income and total accumulated other comprehensive income at March 31, 2010 are the amounts of valuation and translation adjustments and total valuation and translation adjustments at March 31, 2010 respectively.

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.

Total fair values of land after revaluation at March 31, 2011 and 2010 are not less than the respective book value of land after revaluation.

2) Assets Pledged as Collateral

The following assets are pledged as collateral for short-term borrowings of ¥1,390 million.

	Millions of Yen
As at March 31	2010
Buildings and structures	¥ 112
Machinery, equipment and vehicles	309
Land	632
Total	¥1,053

The following assets, which are included above, are pledged as factory foundation collateral at subsidiaries for short-term borrowings of ¥1,090 million.

	Millions of Yen
As at March 31	2010
Buildings and structures	¥112
Machinery, equipment and vehicles	309
Land	283
Total	¥705

The following assets are pledged as collateral for short-term borrowings of ¥1,325 million (\$15,952 thousand).

	Millions of Yen	Thousands of U.S. Dollars
As at March 31	2011	2011
Buildings and structures	¥ 99	\$ 1,198
Machinery, equipment and vehicles	241	2,903
Land	632	7,610
Total	¥972	\$11,713

The following assets, which are included above, are pledged as factory foundation collateral at subsidiaries for short-term borrowings of ¥1,025 million (\$12,340 thousand).

	Millions of Yen	Thousands of U.S. Dollars
As at March 31	2011	2011
Buildings and structures	¥ 99	\$1,198
Machinery, equipment and vehicles	241	2,903
Land	283	3,418
Total	¥624	\$7,521

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

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2010	2011	2011
Investment securities	¥369	¥369	\$4,442
Other investments	493	431	5,197
Total	¥862	¥800	\$9,640

3) Other Notes to Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
As at March 31	2010	2011	2011
Contingent liabilities from guaranteeing indebtedness	¥2,919	¥2,231	\$26,870

(Consolidated liabilities excluding guarantee amounts of other companies)

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
The total amount of business assets pledged as collateral for "Project finance borrowings" by subsidiaries engaged in PFI business	¥34,201	¥44,287	\$533,194

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Amount of "Costs on uncompleted construction contracts," for which a construction loss is anticipated, matching with "Reserve for expected losses on construction contracts in process."	¥14,951	¥2,516	\$30,300

Note: "Costs on uncompleted construction contracts" for which a construction loss is anticipated and "Reserve for expected losses on construction contracts in process" are presented without being offset.

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Breakdown of real estate and uncompleted real estate development projects			
Real estate	¥42,056	¥49,066	\$590,734
Uncompleted real estate development projects	26,419	14,463	174,136

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Breakdown of PFI projects and other inventories			
Merchandise	¥ 947	¥ 774	\$ 9,328
Materials and supplies	497	580	6,987
PFI and other projects	41,203	46,628	561,386

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Investment securities			
Investments in affiliates	¥15,014	¥15,567	\$187,424

6. Notes to Consolidated Statements of Income

- 1) Revenue recognized using the percentage-of-completion method was ¥842,474 million (\$10,142,962 thousand) for the fiscal year ended March 31, 2011.
- 2) Provision of reserve for expected losses on construction contracts in process included in cost of sales was ¥10,755 million (\$129,495 thousand) for the fiscal year ended March 31, 2011.
- 3) Inventory write-down of ¥2,779 million (\$33,460 thousand) due to reduced profitability was included in cost of sales for the year ended March 31, 2011.
- 4) 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
	2010	2011	2011
Salaries and allowances to employees	¥22,632	¥22,338	\$268,943
Retirement benefit expenses for employees	2,520	2,476	29,810
Provision of allowance for doubtful accounts	1,070	2,815	33,892

5) Research and development costs (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
	2010	2011	2011
Research and development costs	¥7,683	¥7,426	\$89,413

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

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Land	¥ 1	¥ -	\$ -
Investment securities	1,113	119	1,432
Others	21	4	55

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

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Land	¥13	¥102	\$1,229
Investment securities	41	20	249
Others	67	46	558

8) Impairment loss on fixed assets

Impairment loss on fixed assets were as follows:

For the year ended March 31, 2010

Purpose	Type	Location	Impairment loss (Millions of Yen)
Business-use assets	Buildings, and other	Kyoto, and other	¥15,768

The Group puts its assets primarily into units whose income and expenditure are continuously monitored.

Of the fixed assets held by the Group, the book values of three business-use assets, including commercial facilities, and one idle asset were adjusted downward to amounts deemed recoverable because their profitability significantly declined, and an impairment loss was posted as a special loss.

The recoverable value of assets or assets group is primarily estimated from the net sale value based on real estate appraisal standards.

For the year ended March 31, 2011

Purpose	Type	Location	Impairment loss (Millions of Yen)	Impairment loss (Thousands of U.S. Dollars)
Business-use assets	Land	Ishikawa, and other	¥2,440	\$29,385
	Buildings, and other	Ishikawa, and other	1,421	17,109

The Group puts its assets primarily into units whose income and expenditure are continuously monitored.

Of the fixed assets held by the Group, the book values of three business-use assets, including an office building that is rented out by the Corporation and factory facilities of its subsidiaries, and two idle assets, were adjusted downward to amounts deemed recoverable because their profitability had significantly declined, and an impairment loss was posted as a special loss.

The recoverable value of assets or assets group is primarily estimated from the net sale value based on real estate appraisal standards.

7. Notes to Consolidated Statement of Comprehensive Income	Comprehensive income		Millions of Yen
	For the year ended March 31, 2010		2010
	Comprehensive income attributable to shareholders of the Corporation		¥14,448
	Comprehensive income attributable to minority interests		90
	Total		¥14,538
	Other comprehensive income		Millions of Yen
	For the year ended March 31, 2010		2010
	Net unrealized gain (loss) on other securities, net of taxes		¥21,352
	Deferred gain (loss) on hedging, net of taxes		47
	Foreign currency translation adjustment		76
Share of other comprehensive income of associates accounted for using the equity method		(148)	
Total		¥21,327	

8. Notes to Consolidated Statements of Changes in Net Assets	1) Type and number of outstanding shares				
	For the year ended March 31, 2010				
		Number of shares (Thousands)			
	Type of shares	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	3,500	136	23	3,613
	Notes: 1. The increase in 136 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 23 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, 2011					
	Number of shares (Thousands)				
Type of shares	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	3,613	1,176	996	3,793	
Notes: 1. The increase in 1,176 thousand shares of treasury stock is due to the purchases of 761 thousand shares in accordance with Article 797, Paragraph 1 of the Companies Act, the purchases of 364 thousand shares from missing shareholders and the purchases of 51 thousand shares in quantities less than the minimum trading unit of shares.					
2. The decrease in 996 thousand shares of treasury stock is due to the allotment attributed to the share exchange agreement of 988 thousand shares and additional purchases of 8 thousand shares in quantities less than the minimum trading unit of shares.					

2) Dividends

(1) Dividends paid to shareholders

For the year ended March 31, 2010					
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 26, 2009)	Common stock	¥2,752	¥3.50	March 31, 2009	June 29, 2009
Board of directors (November 12, 2009)	Common stock	¥2,752	¥3.50	September 30, 2009	December 3, 2009

For the year ended March 31, 2011

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, 2010)	Common stock	¥2,751	¥3.50	March 31, 2010	June 30, 2010
Board of directors (November 10, 2010)	Common stock	¥2,750	¥3.50	September 30, 2010	December 2, 2010

(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, 2010

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 29, 2010)	Common stock	Retained earnings	¥2,751	¥3.50	March 31, 2010	June 30, 2010

For the year ended March 31, 2011

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 29, 2011)	Common stock	Retained earnings	¥2,751	\$33,123	¥3.50	\$0.04	March 31, 2011	June 30, 2011

9. Note 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
	2010	2011	2011
Cash (as per consolidated balance sheets)	¥182,659	¥136,251	\$1,640,396
Marketable securities (Negotiable certificate of deposit)	36,000	110,000	1,324,343
Cash and cash equivalents	¥218,659	¥246,251	\$2,964,739

10. Financial Instruments

1. Overview

1) Policy for financial instruments

The Shimizu Group raises operating funds primarily through bank borrowings and bond issues. Temporary fund surpluses are managed principally through short-term deposits with little risk. Under the Group's policy, the Group uses derivatives only for the purpose of reducing risks by hedge, and not for speculative purposes.

2) Types of financial instruments, risk and risk management

Regarding credit risk associated with customer's operating receivables such as notes receivable and accounts receivable from construction contracts, the Group appropriately reduces such risk in response to the payment conditions and customer's credit situation.

Regarding investment securities held primarily for the purpose of maintaining business relationships, the Group regularly monitors their market value and the financial condition of investees, and reconsiders the holding purpose on an ongoing basis after the acquisition.

Regarding volatility risk of foreign exchange rates and interest rates, the Group conducts market risk management in line with its risk management rules for volatility in financial markets.

The Group manages liquidity risk associated with raising funds by appropriately planning fund raising based on a three-month cash flow projection prepared monthly and the fiscal year's cash flow projection.

3) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is based on market value, or reasonable estimate if there is no market value. Since certain assumptions are used for estimating values, values could be different if different assumptions are applied. In addition, the derivative contract amounts described in "Derivatives" (Note 12) are not indicative of the actual market risk involved in derivative transactions.

2. Estimated fair value of financial instruments

The carrying value of the financial statements on the consolidated balance sheets as at March 31, 2010 and 2011, and estimated fair value are shown below. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

As at March 31, 2010	Millions of Yen		
	Carrying value	Estimated fair value	Difference
Assets			
(1) Cash	¥182,659	¥182,659	¥ -
(2) Notes and accounts receivable—trade	426,118	425,855	(263)
(3) Marketable securities	36,000	36,000	-
(4) Investment securities	188,248	188,248	-
Liabilities			
(5) Notes and accounts payable—trade	349,837	349,837	-
(6) Short-term borrowings	185,997	185,997	-
(7) Bonds payable and current portion of bonds payable	100,000	100,154	154
(8) Long-term borrowings	125,647	126,539	892
(9) Project finance borrowings and current portion of project finance borrowings	31,289	32,231	941
Derivative transactions			
(10) Derivative transactions(*)	(13)	(13)	-

As at March 31, 2011	Millions of Yen		
	Carrying value	Estimated fair value	Difference
Assets			
(1) Cash	¥136,251	¥136,251	¥ -
(2) Notes and accounts receivable—trade	369,349	368,926	(423)
(3) Marketable securities	110,000	110,000	-
(4) Investment securities	169,445	169,445	-
Liabilities			
(5) Notes and accounts payable—trade	363,856	363,856	-
(6) Short-term borrowings	161,035	161,035	-
(7) Bonds payable and current portion of bonds payable	70,000	70,224	224
(8) Long-term borrowings	127,718	129,060	1,342
(9) Project finance borrowings and current portion of project finance borrowings	34,749	36,024	1,275
Derivative transactions			
(10) Derivative transactions(*)	(11)	(11)	-

Thousands of U.S. Dollars

As at March 31, 2011	Carrying value	Estimated fair value	Difference
Assets			
(1) Cash	\$1,640,396	\$1,640,396	\$ —
(2) Notes and accounts receivable—trade	4,446,780	4,441,684	(5,095)
(3) Marketable securities	1,324,343	1,324,343	—
(4) Investment securities	2,040,038	2,040,038	—
Liabilities			
(5) Notes and accounts payable—trade	4,380,647	4,380,647	—
(6) Short-term borrowings	1,938,783	1,938,783	—
(7) Bonds payable and current portion of bonds payable	842,764	845,466	2,702
(8) Long-term borrowings	1,537,667	1,553,827	16,160
(9) Project finance borrowings and current portion of project finance borrowings	418,364	433,718	15,354
Derivative transactions			
(10) Derivative transactions(*)	(142)	(142)	—

(*) Net liabilities that arose from derivative transactions are presented on a net basis in parentheses.

Notes: 1. Method to determine the estimated fair value of financial instruments

(1) Cash, (3) Marketable securities, (5) Notes and accounts payable—trade, (6) Short-term borrowings

The Corporation uses carrying value for these amounts because they will be settled in the short term, meaning that carrying value approximate fair value.

(2) Notes and accounts receivable—trade

By receivables with separate fixed terms, the fair value is calculated by applying a discount rate determined taking into account the term of collection and the credit risk.

(4) Investment securities

The fair value of stocks is determined based on the stock market price and the fair value of bonds is determined based on the stock market price or prices quoted by financial institutions. Among "Investment securities," non-listed shares, etc. (¥40,099 million (\$482,772 thousand) in the consolidated balance sheets) are not included in the above because determining the fair value for them is extremely difficult.

(7) Bonds payable and Current portion of bonds payable

The fair value of bonds with market quotations issued by the Corporation is based on the prevailing market price. The fair value of bonds without market quotations is based on the present value of the total of the principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

(8) Long-term borrowings, (9) Project finance borrowings and current portion of project finance borrowings

The fair value of long-term borrowings and project finance borrowings is estimated by applying a discount rate to be applied if a similar new borrowings agreement would be entered into to the total of principal and interest. Some long-term borrowings and project finance borrowings are subject of special treatment of interest rate swap, and these are calculated by applying a discount rate to be applied if a similar new borrowings agreement would be entered into to the total principal and interest, which are treated together with the interest rate swap.

(10) Derivative transactions

The fair value of derivative transactions is valued from prices quoted by financial institutions.

2. Anticipated redemption amount after balance sheet date for monetary assets and securities with maturities

As at March 31, 2010	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥182,659	¥ –	¥ –
Notes and accounts receivable—trade	399,476	26,432	210
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Bonds payable	–	20	–
Other	–	50	–
Other (negotiable certificate of deposit)	36,000	–	–
Total	¥618,135	¥26,502	¥210

As at March 31, 2011	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥136,251	¥ –	¥ –
Notes and accounts receivable—trade	330,942	38,309	97
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Bonds payable	–	1,020	–
Other	–	50	–
Other (negotiable certificate of deposit)	110,000	–	–
Total	¥577,193	¥39,379	¥97

As at March 31, 2011	Thousands of U.S. Dollars		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	\$1,640,396	\$ –	\$ –
Notes and accounts receivable—trade	3,984,380	461,223	1,176
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Bonds payable	–	12,280	–
Other	–	601	–
Other (negotiable certificate of deposit)	1,324,343	–	–
Total	\$6,949,120	\$474,105	\$1,176

3. Anticipated redemptions after balance sheet date for corporate bonds and long-term borrowings

Refer to “Corporate Bonds” (Note 20) and “Borrowings” (Note 21) in the Notes to Consolidated Financial Statements.

11. Securities

1) Other securities (with market value)

As at March 31, 2010	Millions of Yen		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥165,073	¥ 93,979	¥71,094
Sub total	165,073	93,979	71,094
Securities with unrealized losses			
Stocks	23,175	26,307	(3,132)
Other	36,000	36,000	–
Sub total	59,175	62,307	(3,132)
Total	¥224,248	¥156,287	¥67,961

Note: Among other securities, non-listed shares, etc. (¥30,938 million in the consolidated balance sheets) are not included in the above because determining their fair values is extremely difficult.

As at March 31, 2011	Millions of Yen		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥127,224	¥ 75,339	¥51,885
Sub total	127,224	75,339	51,885
Securities with unrealized losses			
Stocks	42,221	49,754	(7,533)
Other	110,000	110,000	–
Sub total	152,221	159,754	(7,533)
Total	¥279,445	¥235,093	¥44,351

Note: Among other securities, non-listed shares, etc. (¥24,531 million (\$295,348 thousand) in the consolidated balance sheets) are not included in the above because determining their fair values is extremely difficult.

As at March 31, 2011	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	\$1,531,718	\$ 907,043	\$624,674
Sub total	1,531,718	907,043	624,674
Securities with unrealized losses			
Stocks	508,319	599,023	(90,703)
Other	1,324,343	1,324,343	–
Sub total	1,832,663	1,923,367	(90,703)
Total	\$3,364,381	\$2,830,410	\$533,970

2) Other securities sold

For the year ended March 31, 2010	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares, etc.	¥ 2,798	¥ 1,113	¥ (41)

For the year ended March 31, 2011	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares, etc.	¥ 459	¥ 119	¥ (20)

For the year ended March 31, 2011	Thousands of U.S. Dollars		
	Sales amount	Total gain on sales	Total loss on sales
Shares, etc.	\$5,528	\$1,432	\$(249)

3) Securities with impairment loss

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Impairment loss on other securities	¥5,252	¥2,825	\$34,013

12. Derivatives

1. Derivative transactions for which hedge accounting is not applied

The fiscal year ended March 31, 2010 and 2011

Not applicable.

2. Derivative transactions for which hedge accounting is applied

1) Currency-related transactions

As at March 31, 2010

Hedging method	Transaction type	Main hedged item	Millions of Yen		
			Contract amount	Contract over 1 year	Market value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy				
	U.S. dollar		¥14	¥-	¥ (0)
	Euro		82	-	(13)

Note: The fair value of derivative transactions is valued from prices quoted by financial institutions.

As at March 31, 2011

Hedging method	Transaction type	Main hedged item	Millions of Yen		
			Contract amount	Contract over 1 year	Market value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy				
	U.S. dollar		¥238	¥ -	¥(2)
	Non-Deliverable-Forward (NDF)				
	Buy				
	Philippine Peso		409	256	(9)

Note: The fair value of derivative transactions is valued from prices quoted by financial institutions.

As at March 31, 2011

Hedging method	Transaction type	Main hedged item	Thousands of U.S. Dollars		
			Contract amount	Contract over 1 year	Market value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy				
	U.S. dollar		\$2,872	\$ -	\$ (27)
	Non-Deliverable-Forward (NDF)				
	Buy				
	Philippine Peso		4,924	3,092	(115)

2) Interest-related transactions

As at March 31, 2010

Hedging method	Transaction type	Main hedged item	Millions of Yen		
			Contract amount	Contract over 1 year	Market value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and project finance borrowings			
	Payment fixed/receiving variable		¥50,459	¥42,059	(Note)

Note: Since special treatment of interest rate swaps is made together with hedged long-term borrowings and project finance borrowings, their market values of interest rate swaps have been included in those of the relevant long-term borrowings and project finance borrowings.

As at March 31, 2011			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Market value
Special treatment of interest rate swap	Interest rate swap transaction Payment fixed/ receiving variable	Long-term borrowings and project finance borrowings	¥29,979	¥28,879	(Note)

As at March 31, 2011			Thousands of U.S. Dollars		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Market value
Special treatment of interest rate swap	Interest rate swap transaction Payment fixed/ receiving variable	Long-term borrowings and project finance borrowings	\$360,931	\$347,688	(Note)

Note: Since special treatment of interest rate swaps is made together with hedged long-term borrowings and project finance borrowings, their market values of interest rate swaps have been included in those of the relevant long-term borrowings and project finance borrowings.

13. 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, 2011, the Corporation and 23 consolidated subsidiaries (23 for 2010) offered lump-sum retirement payment plans and the Corporation and 8 consolidated subsidiaries (7 for 2010) 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
	2010	2011	2011
Projected benefit obligations	¥(168,505)	¥(160,906)	\$(1,937,232)
Plan assets	97,060	94,961	1,143,283
Funded status	(71,445)	(65,945)	(793,949)
Unrecognized prior service cost	(836)	(784)	(9,447)
Unrecognized actuarial differences	16,738	11,745	141,405
Reserve for employees' retirement benefits	¥ (55,542)	¥ (54,985)	\$ (661,991)

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
	2010	2011	2011
Service cost	¥ 6,000	¥ 5,929	\$ 71,389
Interest cost	3,403	3,280	39,489
Expected return on plan assets	(1,619)	(1,627)	(19,599)
Amortization of prior service cost	(233)	(242)	(2,923)
Amortization of actuarial differences	4,161	3,978	47,900
Retirement benefit expenses for employees	¥11,713	¥11,317	\$136,256

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

	2010	2011
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	1.7% (mainly)	1.7% (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)

14. Deferred Tax Accounting

1) As at March 31, 2010 and 2011, the significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen	
As at March 31	2010	
Deferred tax assets		
Non-deductible portion of reserves and allowances	¥	40,103
Losses on write-down of assets		18,662
Non-deductible depreciation of fixed assets		11,442
Tax losses carried forward		6,284
Other		17,269
Sub total		93,761
Less: valuation reserve		(33,915)
Total deferred tax assets		59,846
Deferred tax liabilities		
Net unrealized gains on other securities		(26,537)
Other		(4,817)
Total deferred tax liabilities		(31,354)
Net deferred tax assets	¥	28,492

	Millions of Yen		Thousands of U.S. Dollars	
As at March 31	2011		2011	
Deferred tax assets				
Non-deductible portion of reserves and allowances	¥	35,172	\$	423,457
Losses on write-down of assets		21,107		254,123
Non-deductible depreciation of fixed assets		11,790		141,947
Tax losses carried forward		7,112		85,631
Other		21,251		255,852
Sub total		96,433		1,161,013
Less: valuation reserve		(34,684)		(417,584)
Total deferred tax assets		61,749		743,428
Deferred tax liabilities				
Net unrealized gains on other securities		(17,632)		(212,287)
Other		(4,735)		(57,010)
Total deferred tax liabilities		(22,367)		(269,298)
Net deferred tax assets	¥	39,381	\$	474,129

2) For the year ended March 31, 2011, the reconciliation of the statutory tax rate to the effective income tax rate was as follows:

As at March 31	2011
Statutory tax rate	40.5%
Increase (decrease) in taxes resulting from permanent differences:	
Expenses not deductible for income tax purposes	8.9%
Income not included for income tax purposes	(3.8%)
Inhabitant tax per capita and other	1.1%
Effective income tax rate	46.7%

Note: For the year ended March 31, 2010, the reconciliation is not presented because there was a net loss before income taxes.

15. Business Combination

For the year ended March 31, 2010

No relevant transactions

For the year ended March 31, 2011

Transaction between the Corporation and minority shareholders

1. Overview of the transaction

(1) Companies subject to business combinations and description of businesses

i) Wholly owning parent company in share exchange

Name: Shimizu Corporation

Business: Construction, development, design and engineering business

ii) Wholly owned subsidiary in share exchange

Name: MILX Corporation

Business: Sales of construction material, leasing and insurance agency business

(2) Date of business combination: February 10, 2011

(3) Legal form of business combination by the share exchange

The Corporation became the wholly owning parent company of MILX Corporation and MILX Corporation became the wholly owned subsidiary of the Corporation.

(4) Company name of wholly owned subsidiary after business combination

Not changed.

(5) Purpose of business combination

The purpose of this business combination is to streamline and accelerate the group management of the Group and to respond punctually to changes in the business environment of the construction industry.

2. Overview of accounting methods used

The Corporation accounted the transaction as a transaction between the Corporation and minority shareholders in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

3. Additional acquisition of stocks of subsidiaries

(1) Acquisition cost

Consideration: Treasury stock of the Corporation of ¥347 million (\$4,189 thousand)

(2) Detail of the method used to calculate share exchange ratio and number of stocks delivered

i) Share exchange ratio

29 shares of common stock of the Corporation were delivered by allotment for each 1 share of common stock of MILX Corporation

ii) Detail of the method used to calculate share exchange ratio

The method used to calculate the share exchange ratio was determined by the contract parties after discussion considered the following points:

- MILX Corporation is an unlisted entity.
- The share exchange transaction was executed with minority shareholders
- The acquisition cost of share of common stock of MILX Corporation already held by the Corporation
- Previous business relationships

- iii) Number of stocks delivered
988,494 shares
- (3) Amount and reason of gain on negative goodwill
- i) The amount of gain on negative goodwill
¥4,086 million (\$49,203 thousand)
- ii) Reason
The acquisition cost of the shares of common stock of MILX Corporation purchased from minority shareholders was less than the decreased amount of minority interests.

16. Investment and Rental Properties

The Corporation and certain consolidated subsidiaries own office buildings, residential units, commercial facilities and other real estate properties for lease, mainly in Tokyo and other major urban centers.

As at March 31, 2010 and 2011, the carrying values, changes during the year, and fair values of those properties were as follows:

	Millions of Yen		
	As of March 31, 2009	Increase (Decrease)	Balance As at March 31, 2010
Carrying value	¥ 64,987	¥33,473	¥ 98,460
Fair value			¥ 130,756

- Notes: 1. The carrying value is presented after deducting accumulated depreciation from acquisition cost.
2. The changes during the year primarily consist of real estate acquisitions (increase: ¥52,473 million and impairment loss (decrease: ¥15,728 million)).
3. The fair value is mainly calculated by the Corporation based on real estate appraisal standards, or on the appraisal report prepared by external certified appraisers.

	Millions of Yen		
	As of March 31, 2010	Increase (Decrease)	Balance As at March 31, 2011
Carrying value	¥ 98,460	¥ 257	¥ 98,717
Fair value			¥ 127,538

	Thousands of U.S. Dollars		
	As of March 31, 2010	Increase (Decrease)	Balance As at March 31, 2011
Carrying value	\$1,185,412	\$ 3,098	\$1,188,511
Fair value			\$1,535,501

- Notes: 1. The carrying value is presented after deducting accumulated depreciation from acquisition cost.
2. The changes during the year primarily consist of real estate acquisitions (increase: ¥5,844 million (\$70,362 thousand)) and depreciation (decrease: ¥3,916 million (\$47,156 thousand)).
3. The fair value is mainly calculated by the Corporation based on real estate appraisal standards, or on the appraisal report prepared by external certified appraisers.

For the years ended March 31, 2010 and 2011, incomes from rental business were as follows:

For the year ended March 31, 2010	Millions of Yen			
	Net sales of rental business	Cost of sales of rental business	Gross profit of rental business	Other loss
Consolidated statement of income	¥ 11,212	¥ 9,039	¥ 2,172	¥ (16,071)

Note: Other loss is primarily the impairment loss (¥15,728 million) recorded as a special loss.

For the year ended March 31, 2011	Millions of Yen			
	Net sales of rental business	Cost of sales of rental business	Gross profit of rental business	Other loss
Consolidated statement of income	¥ 13,726	¥ 11,094	¥ 2,631	¥ (2,252)

For the year ended March 31, 2011	Thousands of U.S. Dollars			
	Net sales of rental business	Cost of sales of rental business	Gross profit of rental business	Other loss
Consolidated statement of income	\$165,257	\$133,577	\$31,679	\$(27,114)

Note: Other loss is primarily the impairment loss (¥2,255 million (\$27,150 thousand)) recorded as a special loss.

17. Segment Information

1) Business Segments

For the year ended March 31, 2010	Millions of Yen					
	Construction	Real estate development	Other	Total	Eliminations	Consolidated
I. Net sales and Operating income						
Net sales						
Customers	¥1,453,467	¥ 42,734	¥ 93,076	¥1,589,278	¥ -	¥1,589,278
Intersegment or transfer	34,757	1,154	77,527	113,439	(113,439)	-
Total	¥1,488,225	¥ 43,888	¥170,603	¥1,702,717	¥(113,439)	¥1,589,278
Operating expenses	1,467,718	46,367	164,699	1,678,786	(111,631)	1,567,155
Operating income (loss)	¥ 20,506	¥ (2,479)	¥ 5,904	¥ 23,931	¥ (1,807)	¥ 22,123
II. Assets, Depreciation and amortization, Impairment loss, and Capital expenditures						
Assets	¥1,268,312	¥219,166	¥233,781	¥1,721,260	¥(154,728)	¥1,566,531
Depreciation and amortization	4,408	3,387	2,673	10,469	(55)	10,413
Impairment loss	24	15,400	343	15,768	-	15,768
Capital expenditures	5,626	11,370	2,220	19,216	(575)	18,641

Note: 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) 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 total assets for the years ended March 31, 2010, respectively, geographical segment information has not been presented.

3) Overseas Net Sales

For the year ended March 31, 2010	Millions of Yen		
	Asia	Other regions	Total
I Overseas net sales	¥95,212	¥66,660	¥ 161,873
II Consolidated net sales	-	-	1,589,278
III Ratio of overseas net sales to consolidated net sales (%)	6.0%	4.2%	10.2%

Notes: 1. Geographical segments have been formed by geographical proximity of countries or regions.

2. Countries or regions in each geographical segment

(1) Asia: Singapore, Malaysia, Taiwan

(2) Other regions: UAE, USA

3. Overseas net sales is comprised of net sales in countries or regions other than Japan by the Group.

4) Segment Information

1. Overview of Reportable Segment

The Group is engaged in construction, real estate development and other related businesses. Construction business and real estate business both operated by the Corporation are the main businesses of the Group. Construction business of the Corporation is carried out by branches located in various region. Real estate business of the Corporation, which involves development, rental and sales, is conducted by the Investment

and Development Division. The Board of Directors regularly reviews the management and operating results of each branch and division. Therefore, based on the aggregate criteria and the quantitative criteria, "Construction business of the Corporation," which consists of branches of the Corporation, and "Real estate business of the Corporation," conducted by the Investment and Development Division, are deemed to be the two reportable segments of the Group.

2. Detail of the method used to calculate net sales, profit or loss, assets and liabilities by reportable segment
The accounting policies of the reportable segments are mostly the same as those in "4. Summary of Significant Accounting Policies." However, segment profit does not include provision and reversal amounts of reserves and allowances which are included in the consolidated financial statements.

Intersegment transactions are based on arm's length price.

3. Net sales, profit or loss, assets and liabilities by reportable segment were as follows:

For the year ended March 31, 2010	Millions of Yen					
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	¥1,347,279	¥20,536	¥221,462	¥1,589,278	¥ -	¥1,589,278
Intersegment or transfer	54,270	159	171,316	225,746	(225,746)	-
Total	¥1,401,549	¥20,696	¥392,778	¥1,815,024	¥(225,746)	¥1,589,278
Segment profit (loss) (Note 1)	¥ 19,197	¥ (580)	¥ 6,576	¥ 25,193	¥ (3,069)	¥ 22,123

Notes: 1. Segment profit (loss) is adjusted to the operating income of the Corporation's consolidated statements of income.

2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries.

3. The adjustment of ¥3,069 million (\$36,958 thousand) in segment profit (loss) was intersegment eliminations, etc.

4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

For the year ended March 31, 2011	Millions of Yen					
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	¥ 1,095,869	¥ 26,264	¥ 181,622	¥ 1,303,755	¥ -	¥ 1,303,755
Intersegment or transfer	25,543	137	151,566	177,246	(177,246)	-
Total	¥ 1,121,412	¥ 26,401	¥ 333,188	¥ 1,481,002	¥ (177,246)	¥ 1,303,755
Segment profit (loss) (Note 1)	¥ 24,427	¥ (4,500)	¥ 4,756	¥ 24,683	¥ (4,508)	¥ 20,175

For the year ended March 31, 2011	Thousands of U.S. Dollars					
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
Net sales						
Customers	\$13,193,704	\$316,209	\$2,186,636	\$15,696,550	\$ -	\$15,696,550
Intersegment or transfer	307,530	1,654	1,824,778	2,133,963	(2,133,963)	-
Total	\$13,501,235	\$317,863	\$4,011,414	\$17,830,513	\$(2,133,963)	\$15,696,550
Segment profit (loss) (Note 1)	\$ 294,094	\$ (54,187)	\$ 57,269	\$ 297,176	\$ (54,279)	\$ 242,897

Notes: 1. Segment profit (loss) are adjusted to the operating income of the Corporation's consolidated statements of income.

2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries.

3. The adjustment of ¥4,508 million (\$54,279 thousand) in segment profit (loss) was intersegment eliminations, etc.

4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

(Additional Information)

Effective from the fiscal year ended March 31, 2011, the Group has adopted new accounting standards, the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

5) Related information

For the year ended March 31, 2011

1. Product and Service Information

This item is omitted because the net sales from the Construction business including architecture, civil engineering and other related business represented over 90% of the net sales of the Corporation's consolidated statements of income.

2. Geographical Segments

(1) Net sales

This item is omitted because net sales to customers in Japan represented over 90% of the net sales of the Corporation's consolidated statements of income.

(2) Tangible fixed assets

This item is omitted because tangible assets located in Japan represented over 90% of the tangible fixed assets on the consolidated balance sheet.

3. Information by main customers

This item is omitted because net sales to no single customer represented 10% or more of total net sales of the Corporation's consolidated statements of income.

6) Impairment loss on fixed assets by reportable segment

For the year ended March 31, 2011	Millions of Yen				Total
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 1)	Corporate and eliminations (Note 2)	
Impairment loss	¥-	¥ 1,498	¥ 1,606	¥ 757	¥ 3,861

For the year ended March 31, 2011	Thousands of U.S. Dollars				Total
	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 1)	Corporate and eliminations (Note 2)	
Impairment loss	\$-	\$18,035	\$19,344	\$9,114	\$46,494

Notes: 1. The amount of "Other" segment is impairment loss on business assets held by consolidated subsidiaries, which is a business segment not included in the reportable segments.

2. Corporate and eliminations are impairment losses on idle real estates and not allocated to a business segment.

7) Amortization of goodwill and amortized balance by reportable segment

For the year ended March 31, 2011

This item is omitted in accordance with Article 15-2 Paragraph 4 of the Regulations for Consolidated Financial Statements.

8) Gain on negative goodwill by reportable segment

For the year ended March 31, 2011

Effective of February 10, 2011, MILX Corporation became a wholly owned subsidiary of the Corporation by share exchange. The gain on negative goodwill of ¥4,086 million (\$49,203 thousand) was not allocated to a business segment because it was recorded as special gains in the Corporation's consolidated statements of income.

18. Related Party Transactions

For the year ended March 31, 2010

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		Nature of Transaction	Amounts of Transaction		Balance at the end of the year	
					Held (held by Others)	Relationship		Millions of Yen	Account	Millions of Yen	
Junichi Oyamada	Director and close relative	-	-	Corporate auditor of the Corporation; lawyer	Direct: 0.0%	Corporate lawyer	Lawyer compensation	¥15	-	-	-

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		Nature of Transaction	Amounts of Transaction		Balance at the end of the year	
					Held (held by Others)	Relationship		Millions of Yen	Account	Millions of Yen	Account
Junichi Oyamada	Director and close relative	-	-	Corporate auditor of the Corporation; lawyer	Direct: 0.0%	Corporate lawyer	Lawyer compensation	¥4	-	-	-

For the year ended March 31, 2011

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		Nature of Transaction	Amounts of Transaction			Balance at the end of the year	
					Held (held by Others)	Relationship		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%	Corporate lawyer	Lawyer compensation	¥11	\$133	-	-	-

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		Nature of Transaction	Amounts of Transaction			Balance at the end of the year	
					Held (held by Others)	Relationship		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%	Corporate lawyer	Lawyer compensation	¥8	\$101	-	-	-

19. Amounts per Share

	Yen		U.S. Dollars
	2010	2011	2011
Net assets per share of common stock	¥386.96	¥373.99	\$4.50
Basic net income (loss) per share of common stock	¥ (8.73)	¥ 13.83	\$0.17
Diluted net income per share of common stock	-	¥ 13.80	\$0.17

Note: For the year ended March 31, 2010, diluted net income per share of common stock is not presented despite the existence of diluted shares because there was a net loss per share of common stock.

1. Basis of net assets per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Net assets	¥311,210	¥296,461	\$3,569,248
Amounts deducted from net assets	7,483	2,985	35,937
Minority interests	7,483	2,985	35,937
Net assets applicable to common stock	303,726	293,476	3,533,310
Number of shares of common stock at the year end	784,901	784,721	784,721
	thousand shares	thousand shares	thousand shares

2. Basis of net income (loss) per share of common stock

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Net income (loss)	¥(6,850)	¥10,848	\$130,605
Net income (loss) not attributed to common shares	–	–	–
Net income (loss) attributed to common shares	(6,850)	10,848	130,605
Average number of shares issued and outstanding during the period	784,967 thousand shares	784,648 thousand shares	784,648 thousand shares

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Adjustment in net income (Stock subscription rights of affiliated companies decrease the equity investment earnings when they are exercised.)	¥–	¥(16)	\$(194)
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	
	2010	2011
Common stock associated with the issuance of stock acquisition rights by one equity-method affiliate	300	300

Note: For the year ended March 31, 2010, in addition, there exist 315 shares of common stock associated with the issuance of stock acquisition rights by one equity-method affiliate that were not included in the above calculation despite the existence of a dilution effect because there was a net loss per share of common stock.

20. Corporate Bonds

Issued by	Issue type	Issue date	Millions of Yen						
			Balance at March 31, 2010	Balance at March 31, 2011	Thousands of U.S. Dollars	Interest Rate (%)	Collateral	Maturity	Remarks
Corporation	10th unsecured straight bond	Oct. 20, 2008	¥ 20,000	¥ –	\$ –	1.163	None	Oct. 20, 2010	(*1)
Corporation	11th unsecured straight bond	Oct. 20, 2008	20,000	–	–	1.163	None	Oct. 20, 2010	(*1)
Corporation	12th unsecured straight bond	Nov. 5, 2008	20,000	–	–	1.099	None	Nov. 5, 2010	(*1)
Corporation	13th unsecured straight bond	Dec. 19, 2008	24,000	24,000	288,947	1.331	None	Dec. 19, 2013	(*1)
Corporation	14th unsecured straight bond	Jan. 29, 2009	16,000	16,000	192,631	1.185	None	Jan. 29, 2014	(*1)
Corporation	15th unsecured straight bond	Dec. 2, 2010	–	15,000	180,592	1.180	None	Dec. 1, 2017	(*2)
Corporation	16th unsecured straight bond	Feb. 2, 2011	–	15,000	180,592	1.040	None	Feb. 2, 2017	(*2)
Total	–	–	¥100,000	¥70,000	\$842,764	–	–	–	–

Notes: (*1) Limited to qualified institutional investors and with early redemption clause

(*2) With limited inter-bond pari passu 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 2 years less than 3 years	¥40,000	\$481,579

21. Borrowings

Item	Millions of Yen				
	Balance at March 31, 2010	Balance at March 31, 2011	Thousands of U.S. Dollars	Average interest rate (%)	Repayment term
Short-term borrowings	¥119,185	¥131,760	\$1,586,328	0.98	–
Current portion of long-term borrowings	69,591	32,380	389,849	1.42	–
Current portion of lease obligations	274	274	3,305	–	–
Long-term borrowings (Excluding current portion)	154,157	159,361	1,918,636	1.64	2012–2031
Lease obligations (Excluding current portion)	387	329	3,972	–	–
Total	¥343,597	¥324,107	\$3,902,093	–	–

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 deducting for interest equivalents.

The balances of borrowings above are 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 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	¥42,823	\$515,572
Over 2 years less than 3 years	35,587	428,453
Over 3 years less than 4 years	26,986	324,889
Over 4 years less than 5 years	17,073	205,551

Lease obligations (excluding current portion)	Millions of Yen	Thousands of U.S. Dollars
Over 1 year less than 2 years	¥155	\$1,876
Over 2 years less than 3 years	99	1,197
Over 3 years less than 4 years	41	500
Over 4 years less than 5 years	15	189

22. Asset Retirement Obligations

In accordance with Article 92, Paragraph 2 of “Regulation for Consolidated Financial Statements” the amount of asset retirement obligations for the year ended March 31, 2011 has not been presented because it represented less than 1% of total liabilities and net assets on the consolidated balance sheet.

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, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, 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, 2011 and 2010, 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, 2011 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 LLC

Ernst & Young ShinNihon LLC
June 29, 2011

NONCONSOLIDATED BALANCE SHEETS

SUPPLEMENTAL INFORMATION

Shimizu Corporation
As at March 31, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
ASSETS			
Current Assets:			
Cash	¥ 161,961	¥ 109,828	\$ 1,322,283
Notes receivable	15,852	10,634	128,034
Accounts receivable from completed construction contracts	373,514	327,464	3,942,501
Marketable securities	36,000	110,000	1,324,343
Real estate held for sale	33,066	32,540	391,765
Costs on uncompleted construction contracts	235,311	127,976	1,540,767
Materials and supplies	181	154	1,860
Prepaid expenses	82	82	998
Deferred tax assets	26,051	23,084	277,922
Accounts receivable—other	28,587	31,508	379,340
Other current assets	31,451	41,431	498,811
Less: Allowance for doubtful accounts	(1,622)	(4,794)	(57,721)
Total current assets	940,439	809,910	9,750,907
Non-Current Assets:			
Tangible fixed assets:			
Buildings	44,107	46,582	560,832
Structures	1,262	1,199	14,446
Machinery and equipment	1,046	701	8,449
Vehicles	268	303	3,648
Tools, furniture and fixtures	2,692	2,458	29,595
Land	92,723	93,468	1,125,312
Construction in progress	8,148	7,054	84,929
Total tangible fixed assets	150,250	151,768	1,827,215
Intangible fixed assets:			
Leasehold	1,639	1,626	19,577
Software	1,706	1,467	17,666
Other intangible fixed assets	3	1	22
Total intangible fixed assets	3,350	3,095	37,266
Investments and other assets:			
Investment securities	216,608	191,767	2,308,781
Investments in subsidiaries and affiliates	26,842	27,307	328,767
Investments in other securities of subsidiaries and affiliates	3,306	3,306	39,802
Investments in capital	4	4	51
Long-term loans	43	40	492
Long-term loans to employees	119	96	1,163
Long-term loans to subsidiaries and affiliates	14,129	8,441	101,635
Claims in bankruptcy or reorganization proceedings	3,177	3,053	36,757
Long-term prepaid expenses	306	2,379	28,646
Deferred tax assets	–	13,065	157,300
Other investments	14,093	12,188	146,742
Less: Allowance for doubtful accounts	(8,004)	(7,026)	(84,592)
Less: Allowance for investment loss	(3,247)	–	–
Total investments and other assets	267,380	254,624	3,065,549
Total non-current assets	420,980	409,488	4,930,031
Total assets	¥1,361,420	¥1,219,398	\$14,680,939

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 ¥83.06 to U.S.\$1, the approximate rate prevailing at March 31, 2011.

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
LIABILITIES			
Current Liabilities:			
Notes payable	¥ 16,955	¥ 13,199	\$ 158,910
Accounts payable for construction contracts	283,296	305,147	3,673,825
Short-term borrowings	148,934	114,132	1,374,100
Current portion of bonds payable	60,000	–	–
Lease obligations	357	352	4,243
Asset retirement obligations	–	6	77
Accounts payable—other	21,342	1,796	21,624
Accrued expenses	11,216	10,392	125,122
Income taxes payable	4,683	5,126	61,723
Advances received on uncompleted construction contracts	215,082	149,538	1,800,369
Withholdings	69,786	80,594	970,313
Warranty reserve	2,762	2,334	28,109
Reserve for expected losses on construction contracts in process	30,954	19,936	240,026
Other current liabilities	273	265	3,194
Total current liabilities	865,646	702,823	8,461,641
Non-Current Liabilities:			
Bonds payable	40,000	70,000	842,764
Long-term borrowings	123,160	120,943	1,456,095
Lease obligations	463	470	5,658
Asset retirement obligations	–	3,973	47,840
Deferred tax liabilities	694	–	–
Deferred tax liabilities for revaluation reserve for land	24,438	24,327	292,891
Reserve for employees' retirement benefits	51,012	50,443	607,318
Reserve for expected losses on affiliates' business	3,237	2,469	29,725
Other non-current liabilities	7,560	10,105	121,662
Total non-current liabilities	250,567	282,732	3,403,956
Total liabilities	1,116,214	985,556	11,865,598
NET ASSETS			
Shareholders' Equity:			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2010 and 2011	¥ 74,365	¥ 74,365	\$ 895,320
Additional paid-in capital:			
Capital reserve	43,143	43,143	519,426
Other additional paid-in capital	23	–	–
Retained earnings:			
Legal reserve	18,394	18,394	221,464
Contingent Reserve	57,500	41,000	493,619
Other retained earnings	(8,273)	11,042	132,944
Less: Treasury stock, at cost			
2,457 thousand shares as at March 31, 2011	–	(1,062)	(12,791)
2,278 thousand shares as at March 31, 2010	(1,130)	–	–
Total shareholders' equity	184,023	186,883	2,249,983
Valuation and Translation Adjustments:			
Net unrealized gain (loss) on other securities, net of taxes	41,139	26,674	321,148
Deferred gain (loss) on hedging, net of taxes	(7)	(7)	(84)
Revaluation reserve for land, net of taxes	20,050	20,291	244,293
Total valuation and translation adjustments	61,182	46,958	565,357
Total net assets	245,205	233,842	2,815,340
Total liabilities and net assets	¥1,361,420	¥1,219,398	\$14,680,939

NONCONSOLIDATED STATEMENTS OF INCOME

Shimizu Corporation
For the years ended March 31, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Net Sales:			
Construction contracts	¥1,381,209	¥1,111,808	\$13,385,610
Other related business	30,659	42,203	508,111
	1,411,868	1,154,012	13,893,722
Cost of Sales:			
Construction contracts	1,306,241	1,033,259	12,439,915
Other related business	30,031	44,578	536,701
	1,336,272	1,077,837	12,976,617
Gross profit:			
Construction contracts	74,967	78,549	945,694
Other related business	628	(2,374)	(28,589)
	75,596	76,174	917,105
Selling, General and Administrative Expenses:			
Operating income	16,542	17,310	208,413
Non-Operating Income (Expenses):			
Interest and dividend income	4,727	5,075	61,110
Interest expenses	(5,504)	(4,276)	(51,481)
Provision of allowance for doubtful accounts	(7)	(6)	(72)
Loss on disposal of fixed assets	(3,185)	-	-
Foreign exchange loss	-	(1,032)	(12,433)
Other, net	473	(563)	(6,781)
Ordinary income	13,046	16,508	198,754
Special Gains (Losses):			
Gain on sales of fixed assets	1,129	122	1,472
Penalty income on development projects	2,957	-	-
Reversal of allowance for investment loss	-	3,247	39,092
Gain on donation of securities	-	918	11,063
Loss on sales of fixed assets	(122)	(162)	(1,956)
Loss on devaluation of investment securities	(5,243)	(2,825)	(34,013)
Impairment loss on fixed assets	(15,728)	(2,255)	(27,150)
Provision of allowance for investment loss	(3,247)	-	-
Income (Loss) before income taxes	(7,208)	15,554	187,262
Provision for Income Taxes:			
Current	3,903	9,067	109,162
Deferred	(2,182)	(2,164)	(26,057)
	1,720	6,902	83,104
Net Income (Loss)	¥ (8,928)	¥ 8,651	\$ 104,158

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 ¥83.06 to U.S.\$1, the approximate rate prevailing at March 31, 2011.

NONCONSOLIDATED BREAKDOWN OF ORDERS

Shimizu Corporation
For the years ended March 31, 2010 and 2011

(1) Construction orders awarded and contracts

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Construction business (orders)			
Architectural Construction			
Domestic Operations	¥ 809,279	¥ 920,400	\$11,081,157
Overseas Operations	37,977	58,661	706,256
Subtotal	847,256	979,062	11,787,414
Civil Engineering			
Domestic Operations	188,225	155,026	1,866,434
Overseas Operations	17,439	8,463	101,896
Subtotal	205,664	163,489	1,968,330
Total construction business	1,052,921	1,142,552	13,755,744
Other related business (contracts)	17,314	62,003	746,490
Total	¥1,070,236	¥1,204,555	\$14,502,234

(2) Net sales

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Construction business			
Architectural Construction			
Domestic Operations	¥ 971,227	¥ 809,937	\$ 9,751,230
Overseas Operations	120,044	41,418	498,653
Subtotal	1,091,272	851,355	10,249,884
Civil Engineering			
Domestic Operations	257,739	218,864	2,635,021
Overseas Operations	32,197	41,588	500,704
Subtotal	289,936	260,453	3,135,726
Total construction business	1,381,209	1,111,808	13,385,610
Other related business	30,659	42,203	508,111
Total	¥1,411,868	¥1,154,012	\$13,893,722

(3) Backlog

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Construction business			
Architectural Construction			
Domestic Operations	¥ 725,674	¥ 836,138	\$10,066,682
Overseas Operations	57,684	74,927	902,090
Subtotal	783,359	911,066	10,968,773
Civil Engineering			
Domestic Operations	339,354	275,515	3,317,068
Overseas Operations	58,332	25,207	303,485
Subtotal	397,687	300,723	3,620,553
Total construction business	1,181,046	1,211,789	14,589,327
Other related business	25,950	45,750	550,811
Total	¥1,206,996	¥1,257,539	\$15,140,138

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 ¥83.06 to U.S.\$1, the approximate rate prevailing at March 31, 2011.