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(Securities Code: 1803)

June 8, 2015

Dear Shareholders

Yoichi Miyamoto
President and Representative Director
SHIMIZU CORPORATION
2-16-1 Kyobashi, Chuo-ku, Tokyo

Notice of the 113th Annual General Meeting of Shareholders

You are cordially invited to attend the 113th Annual General Meeting of Shareholders of SHIMIZU CORPORATION (the “Corporation”). The meeting will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal voting or the Internet, etc. Prior to voting, please examine the following “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights by one of the methods described on page 2 so that your vote is received by 5:10 p.m. on Thursday, June 25, 2015 (JST).

Details

1. Date and Time:

Friday, June 26, 2015, at 10:00 a.m. (JST)

2. Place:

Shimizu Hall, 2nd Floor of the Head Office
2-16-1 Kyobashi, Chuo-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

Following matters for the 113th fiscal year (from April 1, 2014 to March 31, 2015)

- a. Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements of the Corporation
- b. Audit Reports of the Accounting Auditor on Consolidated Financial Statements and Non-Consolidated Financial Statements of the Corporation
- c. Audit Report of the Audit & Supervisory Board on Business Report, Non-Consolidated Financial Statements and Related Supplementary Schedules of the Corporation, and Consolidated Financial Statements

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of Eleven (11) Directors
Proposal 4: Payment of Directors’ Bonuses

4. Exercising Voting Rights**(1) Exercising voting rights by postal voting**

Please return the enclosed Voting Form indicating your vote for or against each proposal so that your vote is received by 5:10 p.m. on Thursday, June 25, 2015 (JST).

(2) Exercising voting rights via the Internet, etc.

Please access the website for exercising voting rights (<http://www.evotep.jp/>) by PC, smartphone or mobile phone, follow the directions on the screen, and input your vote for or against each proposal by 5:10 p.m. on Thursday, June 25, 2015 (JST).

(3) Treatment of multiple exercises of voting rights

If you exercise your voting rights both by postal voting and via the Internet, etc., only the vote via the Internet, etc. will be treated as valid.

If you exercise your voting rights via the Internet, etc. multiple times, only the last vote exercised will be treated as valid. In addition, if you exercise your voting rights by PC, smartphone or mobile phone multiple times, only the last vote exercised will be treated as valid.

* You are kindly requested to present the enclosed Voting Form to the receptionist when you attend the meeting.

* If you intend to exercise your voting rights by proxy, one other shareholder who possesses voting rights may attend the meeting as your proxy. In the case of attendance by a proxy, your Voting Form, the proxy's Voting Form and a letter of proxy must be presented to the receptionist.

* If any changes have been made to items in the attached documents and Reference Documents for the General Meeting of Shareholders, revised items will be posted on our website (<http://www.shimz.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

We propose the following with respect to appropriation of surplus.

1. Matters regarding year-end dividend

The Corporation considers the strengthening of its financial position, which forms a basis of the long term growth and stable dividends as one of the most important management issues and takes it as a basic policy that the Corporation provides dividends backed by operating results.

Regarding the year-end dividend for the current fiscal year, we propose the payment of ¥4.50 per share, an increase of ¥1 from the midyear dividend, bringing full-year dividends including the midyear dividend to ¥8 per share.

(1) Dividend property allotment to shareholders and total amount thereof

Dividend per share of common stock of the Corporation:	¥4.50
Total amount of dividend:	¥3,536,828,429

(2) Effective date of dividend of surplus:

June 29, 2015

2. Other matters regarding appropriation of surplus

(1) Item and amount of decrease in surplus:

Retained earnings carried forward	¥16,700,000,000
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(2) Item and amount of increase in surplus:

Contingent reserve	¥16,700,000,000
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Proposal 2: Partial Amendment to the Articles of Incorporation

We propose to make a partial amendment to the current Articles of Incorporation as described below.

1. Reason for proposal

In accordance with the enforcement of the “Act for Partial Amendment of the Companies Act” (Act No. 90 of 2014) on May 1, 2015, the Corporation proposes to make partial amendments to the titles and provisions of Article 26 (Limited Liability Agreement with External Director(s)) and Article 33 (Limited Liability Agreement with External Auditor(s)) of the current Articles of Incorporation. Please note that the Corporation has received approval from each Audit & Supervisory Board Member for the amendment of Article 26 of the Articles of Incorporation.

2. Details of proposed amendment

Details of the proposed amendment are as follows:

(Underlined portions indicate the parts that are to be amended.)

Current Articles of Incorporation	Proposed amendment
Chapter 4 Director and Board of Directors Article 19 to 25 (Omitted) (Limited Liability Agreement with <u>External Director(s)</u>) Article 26 The Corporation may, pursuant to Article 427, Paragraph 1 of the Companies Act, execute an agreement with <u>External Director(s)</u> limiting their liability as set forth in Article 423, Paragraph 1 of the Companies Act to the extent provided for by laws and regulations.	Chapter 4 Director and Board of Directors Article 19 to 25 (No change) (Limited Liability Agreement with <u>Director(s)</u>) Article 26 The Corporation may, pursuant to Article 427, Paragraph 1 of the Companies Act, execute an agreement with <u>Director(s) (excluding directors with executive authority over operations, etc.)</u> limiting their liability as set forth in Article 423, Paragraph 1 of the Companies Act to the extent provided for by laws and regulations.
Chapter 5 Audit & Supervisory Board Member and Audit & Supervisory Board Article 27 to 32 (Omitted) (Limited Liability Agreement with <u>External Auditor(s)</u>) Article 33 The Corporation may, pursuant to Article 427, Paragraph 1 of the Companies Act, execute an agreement with <u>External Auditor(s)</u> limiting their liability as set forth in Article 423, Paragraph 1 of the Companies Act to the extent provided for by laws and regulations.	Chapter 5 Audit & Supervisory Board Member and Audit & Supervisory Board Article 27 to 32 (No change) (Limited Liability Agreement with <u>Audit & Supervisory Board Member(s)</u>) Article 33 The Corporation may, pursuant to Article 427, Paragraph 1 of the Companies Act, execute an agreement with <u>Audit & Supervisory Board Member(s)</u> limiting their liability as set forth in Article 423, Paragraph 1 of the Companies Act to the extent provided for by laws and regulations.

Proposal 3: Election of Eleven (11) Directors

The terms of office of current seven (7) directors will expire at the conclusion of this meeting. Accordingly, we propose to elect eleven (11) directors, and to increase the number of directors by newly electing three (3) directors and one (1) external director in order to further strengthen the management structure and the supervision of management.

The candidates for directors are as follows:

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)		Number of the Corporation's shares held
1	Yoichi Miyamoto (May 16, 1947)	July 1971	Joined the Corporation	132,607
		June 2003	Executive Officer of the Corporation	
		June 2005	Managing Officer of the Corporation	
		April 2006	Senior Managing Officer of the Corporation	
		April 2007	Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation	
		June 2007	President and Representative Director of the Corporation (up to the present)	
2	Seikichi Kurosawa (March 24, 1949)	April 1971	Joined the Corporation	147,898
		June 2005	Executive Officer of the Corporation	
		April 2007	Managing Officer, Supervision of Finance, Manager, Finance Dept. of the Corporation	
		June 2007	Director, Managing Officer, Supervision of Finance of the Corporation	
		April 2008	Director, Senior Managing Officer, in charge of Administration at Head Office, Supervision of Finance and in charge of Associated Companies of the Corporation	
		April 2010	Director, Senior Managing Officer, in charge of Administration at Head Office, Finance, Human Resources and Associated Companies of the Corporation	
		April 2011	Executive Vice President and Representative Director, in charge of Administration at Head Office, Finance, Human Resources, Associated Companies and IR of the Corporation	
		April 2012	Executive Vice President and Representative Director, in charge of Administration at Head Office, Finance, General Affairs, Associated Companies and IR of the Corporation	
		April 2014	Executive Vice President and Representative Director, in charge of Administration at Head Office, General Affairs, Associated Companies and IR of the Corporation (up to the present)	
3	Tatsuo Kakiya (June 24, 1948)	April 1971	Joined the Corporation	66,222
		June 2005	Executive Officer of the Corporation	
		April 2008	Managing Officer, Manager, TOKYO Civil Engineering Branch, Civil Engineering Headquarters of the Corporation	
		April 2009	Senior Managing Officer, General Manager, Civil Engineering Headquarters of the Corporation	
		June 2012	Executive Vice President and Representative Director, in charge of Civil Engineering and General Manager, Civil Engineering Headquarters of the Corporation	
		April 2015	Executive Vice President and Representative Director, in charge of Civil Engineering of the Corporation (up to the present)	

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)		Number of the Corporation's shares held
4	Susumu Hoshii (February 16, 1949)	April 1972	Joined the Corporation	44,305
		June 2002	Executive Officer of the Corporation	
		June 2004	Managing Officer, General Manager, Marketing & Sales Promotion Div. II, Building Headquarters of the Corporation	
		April 2007	Senior Managing Officer, Supervision of Marketing & Sales Promotion, Building Headquarters of the Corporation	
		April 2013	Senior Managing Officer, in charge of Marketing & Sales Promotion of the Corporation	
		June 2013	Executive Vice President and Representative Director, in charge of Marketing & Sales Promotion of the Corporation (up to the present)	
5	Osamu Terada (April 7, 1953)	April 1977	Joined the Corporation	28,704
		June 2005	Executive Officer of the Corporation	
		April 2010	Managing Officer, Manager, NAGOYA Branch of the Corporation	
		April 2012	Managing Officer, Manager, TOKYO Branch, Building Headquarters of the Corporation	
		September 2012	Managing Officer, Deputy General Manager, Building Headquarters and Manager, TOKYO Branch, Building Headquarters of the Corporation	
		April 2013	Senior Managing Officer, Deputy General Manager, Building Headquarters and Manager, TOKYO Branch, Building Headquarters of the Corporation	
		April 2014	Senior Managing Officer, General Manager, Building Headquarters, in charge of Overseas of the Corporation	
		June 2014	Executive Vice President and Representative Director, in charge of Building and General Manager, Building Headquarters, in charge of Overseas of the Corporation (up to the present)	
6	Kanji Tanaka (April 21, 1951) *	April 1974	Joined the Corporation	42,379
		April 2007	Executive Officer of the Corporation	
		April 2012	Managing Officer, Deputy General Manager, KANSAI Construction and Civil Engineering Headquarters and Manager, OSAKA Branch, KANSAI Construction and Civil Engineering Headquarters of the Corporation	
		April 2014	Senior Managing Officer, General Manager, KANSAI Construction and Civil Engineering Headquarters and Manager, OSAKA Branch, KANSAI Construction and Civil Engineering Headquarters of the Corporation	
		April 2015	Senior Managing Officer, General Manager, KANSAI Construction and Civil Engineering Headquarters of the Corporation (up to the present)	
7	Toshiyuki Imaki (January 3, 1955) *	April 1980	Joined the Corporation	27,083
		April 2007	Executive Officer of the Corporation	
		April 2013	Managing Officer, Manager, HOKURIKU Branch of the Corporation	
		April 2014	Senior Managing Officer, Deputy General Manager, Building Headquarters and Manager, TOKYO Branch, Building Headquarters of the Corporation (up to the present)	

No.	Name (Date of birth)	Career summary (Position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation)	Number of the Corporation's shares held
8	Kazuyuki Inoue (October 3, 1956) *	<p>April 1981 Joined the Corporation</p> <p>April 2013 Executive Officer of the Corporation</p> <p>April 2014 Managing Officer, Manager, NAGOYA Branch of the Corporation</p> <p>April 2015 Senior Managing Officer, Manager, NAGOYA Branch of the Corporation (up to the present)</p>	13,642
9	Mitsuaki Shimizu (May 21, 1940)	<p>November 1966 Director of the Corporation</p> <p>May 1972 Managing Director of the Corporation</p> <p>May 1975 Senior Managing Director of the Corporation</p> <p>June 1983 Director (part-time) of the Corporation</p> <p>June 1986 Managing Director of the Corporation</p> <p>June 1999 Director of the Corporation (up to the present)</p> <p>Significant concurrent positions outside the Corporation Chairman of SHIMIZU & CO., LTD.</p>	4,000,000
10	Yo Takeuchi (July 14, 1949)	<p>April 1973 Joined Ministry of Finance</p> <p>July 2002 Director-General of the Kanto Local Finance Bureau of Ministry of Finance</p> <p>August 2005 Director-General of the Customs and Tariff Bureau of Ministry of Finance</p> <p>August 2006 President of Development Bank of Japan</p> <p>October 2008 Director & Managing Executive Officer of Development Bank of Japan Inc.</p> <p>June 2013 Director of the Corporation (incumbent)</p> <p>June 2014 External Auditor of PRONEXUS Inc. (incumbent) (up to the present)</p> <p>Significant concurrent positions outside the Corporation Lawyer (Sidley Austin Nishikawa Foreign Law Joint Enterprise) External Auditor of PRONEXUS Inc.</p>	0
11	Aya Murakami (August 7, 1954) *	<p>April 1977 Joined Ministry of Labor</p> <p>April 1996 Director of Women's Welfare Division, Women's Bureau of Ministry of Labor</p> <p>July 1998 Member of Long-term Care Insurance Promotion Office, Director of Welfare Promotion for the Elderly Division, Health and Welfare Bureau for the Elderly of Ministry of Health and Welfare</p> <p>January 2001 Director of Promotion Division, Gender Equality Bureau Cabinet Office</p> <p>August 2003 Director-General of Saitama Labour Bureau of Ministry of Health, Labour and Welfare</p> <p>December 2006 Managing Director of Japan Institute for Women's Empowerment & Diversity Management</p> <p>April 2011 Professor, Department of Law, Faculty of Law of Teikyo University (incumbent) (up to the present)</p>	0

Notes:

1. An asterisk indicates a new candidate.
2. None of the candidates for directors have special interests in the Corporation.
3. Of the candidates for directors, Yo Takeuchi and Aya Murakami are candidates for external directors.
4. Yo Takeuchi has accumulated experience and insight through many years of involvement in public finance administration and company management, and possesses specialist knowledge as a lawyer. The Corporation proposes his reelection as external director in order to utilize these strengths in its management. His period in office as an external director of the Corporation will be two years at the conclusion of this meeting.
5. Although Aya Murakami does not have direct experience of corporate management, she has accumulated experience and insight through many years of involvement in public labor and welfare administration, and possesses specialist knowledge and experience as a professor of the law department of a university. Therefore, the Corporation proposes her election as external director in order to utilize these strengths in its management.

6. The Corporation has designated Yo Takeuchi as an independent reviewer who will not have a conflict of interests with general shareholders, and it submitted notification of this to the financial instruments exchange on which the Corporation is listed. Also, if Aya Murakami is elected, the Corporation plans to designate her as an independent reviewer who will not have a conflict of interests with general shareholders, and to submit notification of this to the financial instruments exchange on which the Corporation is listed.
7. The Corporation entered into a limited liability agreement with Yo Takeuchi pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 26 of the Articles of Incorporation. The maximum amount of the liability for damage based on said contract is the minimum amount prescribed in laws and regulations. In the event he is reelected, it is anticipated that said contract will continue to remain in force. If Aya Murakami is elected, the Corporation plans to enter into a similar limited liability agreement with her.

Proposal 4: Payment of Directors' Bonuses

In consideration of factors such as operating results in the current fiscal year, we propose to pay directors' bonuses to the nine (9) directors (including one (1) external director) who were in office during the current fiscal year of ¥51,000,000 in total (including ¥1,000,000 for the external director).

Attached documents to Notice of the 113th Annual General Meeting of Shareholders

Business Report

(for the year ended March 31, 2015)

[Yen amounts have been rounded down to the nearest billion (million)]

I Current Conditions of the Corporate Group (Consolidated)

1. Review of Operations and Results

<Consolidated financial results in the current fiscal year>

In fiscal 2014, ended March 31, 2015, the Japanese economy continued to gradually recover because public-sector investment was strong, corporate earnings showed signs of improvement, and the impact of the fall-off in demand following the rush in demand ahead of the increase to consumption tax faded, etc. For the overall construction industry, orders rose year on year for various reasons including large projects by public agencies and an upward trend in capital expenditures by private-sector manufacturers. Against this backdrop, Shimizu Corporation and its subsidiaries (the Shimizu Group) reported consolidated net sales of ¥1,567.8 billion, up 4.7% year on year, thanks in part to an increase in net sales from completed construction contracts.

Ordinary income rose 92.1% year on year to ¥56.2 billion and net income increased 135.3% year on year to ¥33.3 billion as a result of an increase in completed construction contracts, greater gross profits from completed construction contracts due to improved margins on construction projects, and other developments.

The Group will pay a year-end dividend of ¥4.50 per share, ¥1.00 greater than the midyear dividend, increasing the full-year dividend to ¥8.00 from ¥7.00 for the previous fiscal year.

As of the end of fiscal 2014, the year-end consolidated balance of interest-bearing debt stood at ¥375.5 billion, an increase of ¥31.3 billion from the end of the previous fiscal year.

Construction business

Net sales in the construction business increased 6.8% year on year to ¥1,444.8 billion. Segment profits increased 31.8% to ¥106.1 billion for various reasons including an increase in net sales and improved margins on construction projects for the Corporation (non-consolidated).

Real estate development and other businesses

Net sales in the real estate development and other businesses fell 15.4% year on year to ¥123.0 billion, but segment profits rose 10.6% to ¥16.8 billion because of several developments including an increase in profits of the Corporation (non-consolidated).

<Consolidated forecasts for the next fiscal year>

In fiscal 2015, ending March 31, 2016, it will be necessary to carefully watch several issues including economic trends in both emerging countries and countries rich in natural resources and the debt crisis in Europe, but the Japanese economy will probably continue to gradually recover as corporate earnings are expected to improve on account of a range of economic stimulus measures implemented by the government.

As for the construction industry, we will need to continue to pay attention to labor supply and demand and the price of materials in order to secure margins on construction projects. However, we project that orders from both the public and private sectors will be steady as public-sector investment is expected to remain firm and private-sector capital expenditures are forecast to continue increasing slowly.

Under these conditions, for fiscal 2015, the Shimizu Group forecasts consolidated net sales of ¥1,600.0 billion (up 2.1% year on year), ordinary income of ¥64.0 billion (up 13.8%), and net income of ¥41.0 billion (up 22.8%).

Regarding the full-year dividends for the next fiscal year, we intend to propose the payment of ¥10 per share, an increase of ¥2 compared to fiscal 2014.

The Group also projects interest-bearing debt at the fiscal year-end will not exceed ¥380.0 billion (up ¥4.4 billion from the end of the previous fiscal year).

Construction orders awarded and contracts, net sales and backlog

		(Millions of Yen)			
		Backlog as at March 31, 2014	Construction orders awarded and contracts	Net sales	Backlog as at March 31, 2015
Construction business	Architectural construction	965,072	1,040,785	1,047,270	958,588
	Civil engineering	337,633	380,585	254,386	463,832
	Total	1,302,705	1,421,371	1,301,656	1,422,420
Real estate development and other		35,591	29,243	39,109	25,725
Total		1,338,297	1,450,614	1,340,766	1,448,145

Major project orders awarded

Architectural construction	Saitama Prefectural Government	Construction Work at the New Saitama Prefectural Pediatric Care Center
	Nomura Real Estate Development Co., Ltd.	Yokohama Nomura Building Project (provisional name)
	TACHIHI HOLDINGS Co., Ltd.	LaLaport Tachikawa Tachihi Project (provisional name)
Civil engineering	East Nippon Expressway Company Limited	Tokyo Outer Ring Road Main Route Tunnel (Southward) Oizumi-Minami
	Ministry of Land, Infrastructure, Transport and Tourism	Yamba Dam Main Construction Project

Major construction contracts completed

Architectural construction	Mitsui Fudosan Residential Co., Ltd. Tokyo Tatemono Co., Ltd. Mitsubishi Jisho Residence Co., Ltd. Tokyu Land Corporation Sumitomo Realty & Development Co., Ltd. Nomura Real Estate Development Co., Ltd.	SKYZ TOWER & GARDEN Project
	JG Trustee Pte. Ltd. JG2 Trustee Pte. Ltd.	West Gate Project (Singapore)
	Japan Racing Association	Sapporo Racecourse Stand Renovation, etc.
Civil engineering	Central Nippon Expressway Company Limited	Second Tomei Expressway Tojo Tunnel and One Other Tunnel
	East Nippon Expressway Company Limited	Joban Expressway-Yamamoto

2. Trends in Assets and Operating Results

(1) Trends in assets and operating results of the corporate group (Consolidated)

(Millions of Yen)

	110th Fiscal Year (Fiscal 2011)	111th Fiscal Year (Fiscal 2012)	112th Fiscal Year (Fiscal 2013)	113th Fiscal Year (Current fiscal year) (Fiscal 2014)
Net sales	1,336,194	1,416,044	1,497,578	1,567,843
Net income	1,430	5,901	14,191	33,397
Net income per share (Yen)	1.82	7.52	18.09	42.56
Total assets	1,410,975	1,456,441	1,512,686	1,703,399
Net assets	307,002	358,094	376,048	481,896

Note: Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

(2) Trends in assets and operating results of the Corporation (Non-consolidated)

(Millions of Yen)

	110th Fiscal Year (Fiscal 2011)	111th Fiscal Year (Fiscal 2012)	112th Fiscal Year (Fiscal 2013)	113th Fiscal Year (Current fiscal year) (Fiscal 2014)
Construction orders awarded and contracts	1,183,142	1,159,910	1,392,970	1,450,614
Net sales	1,184,864	1,217,341	1,253,060	1,340,766
Net income	5,557	5,680	6,713	23,554
Net income per share (Yen)	7.07	7.23	8.54	29.97
Total assets	1,196,312	1,233,028	1,287,900	1,445,421
Net assets	249,127	298,179	312,367	399,901

Note: Net income per share is calculated by deducting the number of treasury shares from the average total number of issued shares during the period.

3. Status of Financing

The Corporation issued straight bonds by public offering as follows, and used the funds to provide for repayment of borrowings, etc.

December 2014	21st unsecured straight bond	¥10.0 billion
March 2015	22nd unsecured straight bond	¥10.0 billion

4. Status of Capital Investment

The amount of capital investment made in the current fiscal year is ¥18.5 billion. Most of this consisted of acquisition of fixed assets for rental business and other business operations. Of this capital investment, ¥13.0 billion was investment by the Corporation (non-consolidated).

5. Status of Major Subsidiaries (As at March 31, 2015)

Name	Capital (Millions of Yen)	Ratio of ownership by the Corporation (%)	Major business
Shimizu Comprehensive Development Corporation	3,000	100	Purchase, sale, letting and management in connection with real estate
TTK Corporation	1,837	76.8	Contracted construction of bridges and frames
Daiichi Setsubi Engineering Corporation	400	94.3	Contracted construction of building facilities
Milx Corporation	372	100	Sale and leasing of construction materials and equipment in addition to insurance agency business
SC Machinery Corp.	200	100	Leasing of construction machinery
Katayama Stratech Corp.	100	97.9	Contracted construction of bridges and frames
SHIMIZU BLC Co., Ltd.	100	100	Contracted renewal of buildings and contracted building management business

Note: The ratios of ownership by the Corporation provided above are identical to the ratios of voting rights held.

6. Major Businesses (As at March 31, 2015)

The Shimizu Group's main businesses areas are construction and development. It is also engaged in operations that are incidental to each of its business areas including the sale and leasing of construction materials and equipment as well as financing.

The Corporation, which is the main business corporation in the Shimizu Group, has obtained a Specific Construction Business License (specific-26 no. 3200) and an Ordinary Construction Business License (ordinary-26 no. 3200) from the relevant minister in accordance with the Construction Business Act, and carries out construction, civil engineering, and related business accordingly.

The Corporation has also obtained a license from the relevant minister as a Building Lots and Buildings Traders (13 no. 1081) in accordance with the Building Lots and Buildings Transaction Business Act, and carries out businesses related to real estate accordingly.

7. Major Branches (As at March 31, 2015)

(1) The Corporation

Head Office			
2-16-1 Kyobashi, Chuo-ku, Tokyo			
Branches			
TOKYO Branch	(Chuo-ku, Tokyo)	YOKOHAMA Branch	(Yokohama)
CHIBA Branch	(Chiba)	OSAKA Branch	(Osaka)
KOBE Branch	(Kobe)	SHIKOKU Branch	(Takamatsu)
HOKKAIDO Branch	(Sapporo)	TOHOKU Branch	(Sendai)
HOKURIKU Branch	(Kanazawa)	KANTO Branch	(Saitama)
NAGOYA Branch	(Nagoya)	HIROSHIMA Branch	(Hiroshima)
KYUSHU Branch	(Fukuoka)	TOKYO Civil Engineering Branch	(Chuo-ku, Tokyo)
YOKOHAMA Civil Engineering Branch (Yokohama)		International Div.	(Singapore)
Investment and Development Div. (Chuo-ku, Tokyo)		Engineering Headquarters (Chuo-ku, Tokyo)	
Institute of Technology (Koto-ku, Tokyo)			
International business network			
Dalian, Shanghai, Guangzhou, Hong Kong, Taipei, Manila, Hanoi, Ho Chi Minh City, Bangkok, Vientiane, Yangon, Kuala Lumpur, Singapore, Jakarta, Dhaka, Bangalore, Gurgaon, Tashkent, Dubai, Istanbul, Lusaka, Wroclaw, Prague, London, New York, Atlanta, Queretaro			

(2) Major subsidiaries

Shimizu Comprehensive Development Corporation	(Chuo-ku, Tokyo)
TTK Corporation	(Chuo-ku, Tokyo)
Daiichi Setsubi Engineering Corporation	(Minato-ku, Tokyo)
Milx Corporation	(Chuo-ku, Tokyo)
SC Machinery Corp.	(Yokohama)
Katayama Stratech Corp.	(Osaka)
SHIMIZU BLC Co., Ltd.	(Chuo-ku, Tokyo)

8. Status of Employees (As at March 31, 2015)

(1) Employees of the corporate group (Consolidated)

	Number of employees (including contract workers)	Change from March 31, 2014
Construction business	14,396	+ 78
Real estate development and other businesses	1,191	- 9
Total	15,587	+ 69

(2) Status of employees of the Corporation (Non-consolidated) (including contract workers) 10,547

* Employees of the Corporation excluding contract workers are shown below.

Number of employees	8,360	Change from March 31, 2014	Increase of 107
Average age	43.4	Average years of continuous service	17.3 years

9. Status of Major Creditors (As at March 31, 2015)

Creditor	Amount borrowed (Millions of Yen)
Mizuho Bank, Ltd.	57,649
Mitsubishi UFJ Trust and Banking Corporation	53,127
The Hachijuni Bank, Ltd.	11,710
The Dai-ichi Life Insurance Company, Limited	10,011
The Norinchukin Bank	9,853
Sumitomo Mitsui Banking Corporation	8,231
The Chiba Bank, Ltd.	6,987
Development Bank of Japan Inc.	5,617
The Hyakugo Bank, Ltd.	5,326
Fukoku Mutual Life Insurance Company	5,286

10. Issues to Be Addressed

Shimizu has created Smart Vision 2010, a long-term vision outlining the ideal shape of the Shimizu Group's businesses 10 years into the future, and Midterm Management Plan, which establishes the company's management policies for the coming five-year period. Based on these documents, Shimizu has created a three-year medium-term management plan, which defines the Group's business strategies for the next three years. This management plan is updated each year on a rolling basis. Fiscal 2015 is the first year of the three-year medium-term management plan, which is based on the Midterm Management Plan 2014 that was created in July 2014, and under this plan, Shimizu's main focus will be on further improving profitability in the construction business. The plan also includes measures to establish management foundations in new business fields.

MIDTERM MANAGEMENT PLAN 2014: SUMMARY

1. Progress in the construction business
 - Progress in sales and solutions
 - Technological and Human resource progress
 - Progress in site management
2. Steady growth in three key businesses: stock management business, global business, and sustainability business
 - Stabilizing earnings in investment and development business and engineering business
 - Securing sustained growth and stable earnings in global business
 - Focused investments to ensure profitability in three new business areas into the future (ecoBCP^{*1} business, sustainable green business, and new businesses)
3. Further enhancements in management foundations
 - Strengthening technological capabilities
 - Strengthening human resource management
 - Strengthening the corporate structure
 - Strengthening promotion of CSR

Shimizu is aiming to raise its corporate value (Shimizu Value) by contributing to the creation of value for both society and customers and improving shareholder value through the above three strategies.

THREE-YEAR MEDIUM-TERM MANAGEMENT PLAN (FY2015-FY2017): SUMMARY

Management Policies

Flexibly respond to changes in the environment, move forward with efforts to develop the construction business and diversify Shimizu's earnings foundation, strive to further strengthen the business foundation that supports these efforts, and raise the corporate value of the whole Shimizu Group.

Key measures

1. Further improve profitability in the construction business
 - Systematically secure profits from upstream phases of construction projects
 - Strengthen competitiveness to win orders so that Shimizu can create and secure top projects
 - Step up efforts to win long-term projects and major projects
2. Establish a system for undertaking construction that can handle strong construction demand
 - Implement various measures to secure a sufficient workforce for the construction industry
3. Improve our ability to develop solutions that meet society's and customers' needs in areas such as environmental and energy measures, and disaster prevention and mitigation
 - Promote ecoBCP solutions that combine environmental considerations and business continuity
 - Contribute to initiatives to strengthen Japan's infrastructure and disaster recovery efforts through disaster prevention and mitigation, and infrastructure regeneration related technologies.
4. Optimally allocate management resources and focus investments in order to expand into new business fields
 - Expand the stock management business (investment and development, BSP^{*2}) by improving cooperation across the Shimizu Group
 - Establish a business foundation and promote efforts to focus investments in the sustainability business field
 - Move forward with company-wide efforts related to the global expansion of its various businesses, including the construction business, stock management business, and sustainability business
5. Create an efficient business makeup and raise corporate value
 - Ensure rigorous compliance and management of business risks
 - Work to undertake CSR activities tied to business activities and based on the CSV^{*3} concept
6. Promote business diversity and strengthen human resource management
 - Promote the active participation of women and aggressively hire and train people with disabilities and non-Japanese
 - Train staff to play an active role in various business fields and geographical regions
 - Hand down manufacturing technologies and foster craftsmanship to secure "monozukuri" experts for the long-term benefit of the Shimizu Group

*1 ecoBCP: An approach that saves electricity and conserves energy (eco) under normal conditions while also taking into account the requirements of business continuity plans (BCP) for emergencies

*2 Building Service Provider: The complete provision of total facility operation and management services after the building has been completed

*3 Creating Shared Value: The idea that the corporation will grow by contributing to society

In the construction business, Shimizu is working to reinforce the Shimizu supply chain, the goal of which is to create a system for undertaking construction that can be sure to meet strong construction demand and ensure a sufficient workforce for the construction industry in order to further improve profitability. At the same time, Shimizu is actively moving forward with efforts to hire and train female engineers.

In the stock management business, Shimizu is working to invest in and develop projects both in Japan and overseas, including data centers and condominiums in Singapore, and focusing its energy on the BSP business, which provides total facility operation and management services after construction is completed.

For the sustainability business, Shimizu promotes the energy supply, facilities, management, and service businesses in order to expand smart community centered on the environment (eco) and business continuity plans (BCP) and aggressively makes efforts in the field of renewable energy generation, which includes solar power, wind power, and geothermal power. In addition, Shimizu will move forward with plans to create new businesses within the sustainable green field, such as agriculture, forestry, and fisheries, and these efforts will be centered on measures to respond to global warming.

In addition to the above, with an eye on business after the 2020 Tokyo Olympics and Paralympics, Shimizu will further strengthen its global expansion of not only the construction business but also its operations in the fields of stock management and sustainability, and these efforts will be made by the whole company.

Through these initiatives, we will seek to instill our corporate message, “Today’s Work, Tomorrow’s Heritage,” in the daily activities of all our officers and employees in order to increase the corporate value of the whole Shimizu Group, and to contribute to rebuilding after the Great East Japan Earthquake and supporting Japan’s economic growth.

II Current Conditions of the Corporation (Non-consolidated)

1. Status of Shares of the Corporation (As at March 31, 2015)

- | | |
|---------------------------------------|--|
| (1) Total number of authorized shares | 1,500,000,000 shares |
| (2) Total number of issued shares | 788,514,613 shares |
| (3) Number of shareholders | 50,369 (decrease of 116 from March 31, 2014) |
| (4) Major shareholders (Top ten) | |

Shareholder	Number of shares held (Thousands of Shares)	Percentage of total (%)
SHIMIZU & CO., LTD.	60,129	7.65
The Master Trust Bank of Japan, Ltd. (Trust Account)	41,032	5.22
The SHIMIZU FOUNDATION	38,100	4.85
Japan Trustee Services Bank, Ltd. (Trust Account)	25,196	3.21
Employee’s Stock Ownership Plan	21,258	2.70
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.22
Mizuho Bank, Ltd.	16,197	2.06
Japan Trustee Services Bank, Ltd. (Trust Account 4)	11,756	1.50
The Dai-ichi Life Insurance Company, Limited	10,564	1.34
Fukoku Mutual Life Insurance Company	10,552	1.34

Note: Percentage of total is calculated excluding 2,552,740 shares of treasury stock.

2. Officers of the Corporation

(1) Status of directors and audit & supervisory board members (As at March 31, 2015)

Name	Position in the Corporation	Areas of responsibility in the Corporation and significant concurrent positions outside the Corporation
Yoichi Miyamoto	President and Representative Director	
Seikichi Kurosawa	Executive Vice President and Representative Director	In charge of Administration at Head Office, General Affairs, Associated Companies and IR
Tatsuo Kakiya	Executive Vice President and Representative Director	In charge of Civil Engineering and General Manager, Civil Engineering Headquarters
Susumu Hoshii	Executive Vice President and Representative Director	In charge of Marketing & Sales Promotion
Osamu Terada	Executive Vice President and Representative Director	In charge of Building, General Manager, Building Headquarters, and in charge of Overseas
Mitsuaki Shimizu	Director	Chairman of SHIMIZU & CO., LTD.
Yo Takeuchi	Director	Lawyer (Sidley Austin Nishikawa Foreign Law Joint Enterprise) External Auditor of PRONEXUS Inc.
Junichi Takami	Audit & Supervisory Board Member (Full-time)	
Hiroshi Tarui	Audit & Supervisory Board Member (Full-time)	
Shingo Asakura	Audit & Supervisory Board Member (Full-time)	
Shingo Shutou	Audit & Supervisory Board Member	
Tetsuya Nishikawa	Audit & Supervisory Board Member	Lawyer (Kasahara Law Office) Advisor of Sampo Japan Nipponkoa Insurance Inc. External Auditor of SEKIDO Co., Ltd. External Director of LAC Co., Ltd.

- Notes:
1. Director Yo Takeuchi is external director. The Corporation has designated Mr. Takeuchi as independent reviewer, who will have no conflicting interests with general shareholders, and it submitted notification of this to the financial instruments exchange on which the Corporation is listed. Mr. Takeuchi also serves as an external corporate auditor for PRONEXUS Inc., and the Corporation conducts business with PRONEXUS Inc., such as outsourcing printing operations, but this does not impact the independence of Mr. Takeuchi. There are no other relationships between Mr. Takeuchi's concurrent places of work and the Corporation that should be disclosed.
 2. Audit & supervisory board members Shingo Asakura, Shingo Shutou and Tetsuya Nishikawa are external auditors. The Corporation has designated all three of them as independent reviewers, who will have no conflicting interests with general shareholders, and it submitted notification of this to the financial instruments exchange on which the Corporation is listed. Mr. Nishikawa also serves as an advisor to Sampo Japan Nipponkoa Insurance Inc., and the Corporation conducts business with Sampo Japan Nipponkoa Insurance Inc., such as purchasing from the company casualty insurance associated with contracted work and the like and undertaking contracted construction work for the company, but this does not impact the independence of Mr. Nishikawa. There are no other relationships between Mr. Nishikawa's concurrent places of work and the Corporation that should be disclosed.
 3. On April 1, 2015, the following changes were made in the areas of responsibilities of directors.
Tatsuo Kakiya, Executive Vice President and Representative Director
In charge of Civil Engineering

4. Retired directors and audit & supervisory board members in the current fiscal year

Name	Date of retirement	Reason for retirement	Position at time of retirement
Kazuo Yoshida	June 27, 2014	Resignation	Executive Vice President and Representative Director
Kozo Kobashi	June 27, 2014	Resignation	Director
Junichi Oyamada	June 27, 2014	Expiration of term of office	External Auditor

(2) Amounts of remuneration, etc. to directors and audit & supervisory board members

Directors 9 persons ¥426 million

Audit & supervisory board members 6 persons ¥102 million

(including ¥59 million to 5 external officers)

- Notes: 1. The above includes remuneration for 2 directors and 1 audit & supervisory board member (including 1 external officer) who retired at the conclusion of the 112th Annual General Meeting of Shareholders held on June 27, 2014.
2. The amounts of remuneration, etc., given above include ¥51 million in bonuses for 9 directors based on the proposal, Payment of Directors' Bonuses, to be resolved at the 113th Annual General Meeting of Shareholders.

(3) External officers

1) Major activities of external officers during the current fiscal year

Title	Name	Major activities
Director	Yo Takeuchi	Attended all 18 meetings of the Board of Directors held during the current fiscal year and made appropriate statements based on the experience and insight he has gained through his involvement in financial administration and corporate management and specialist knowledge as a lawyer.
Audit & Supervisory Board Member (Full-time)	Shingo Asakura	Attended all 18 meetings of the Board of Directors and all 25 meetings of the Audit & Supervisory Board held during the current fiscal year and made appropriate statements based on his experience and insight as an officer involved in corporate management at a financial institution.
Audit & Supervisory Board Member	Shingo Shutou	Attended all 18 meetings of the Board of Directors and all 25 meetings of the Audit & Supervisory Board held during the current fiscal year and made appropriate statements based on the experience and insight he has accumulated in defense-related business.
Audit & Supervisory Board Member	Tetsuya Nishikawa	Attended all 14 meetings of the Board of Directors and all 16 meetings of the Audit & Supervisory Board held since he assumed office in June 2014 and made appropriate statements based on the experience and insight he has accumulated in police and defense-related business and specialist knowledge as a lawyer.

2) Outline of limited liability agreement

The Corporation entered into a limited liability agreement with all of the external director and external auditors pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Articles 26 and 33 of the Articles of Incorporation, to the effect that if an external director or an external auditor causes damage to the Corporation by neglecting to perform his or her duties, provided such external director or external auditor has acted in good faith and without gross negligence, his or her liability shall be limited to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(Reference) Executive officers and their positions and areas of responsibility in the Corporation as at March 31, 2015 are as follows.

Name	Position and areas of responsibility in the Corporation	
Hiroshi Tojo	Senior Managing Officer	In charge of Technology, Safety Administration & Environment and CSR
Kanji Tanaka	Senior Managing Officer	General Manager, KANSAI Construction and Civil Engineering Headquarters, Manager, OSAKA Branch, KANSAI Construction and Civil Engineering Headquarters
Toshiyuki Imaki	Senior Managing Officer	Deputy General Manager, Building Headquarters, Manager, TOKYO Branch, Building Headquarters
Kazuo Ide	Senior Managing Officer	Supervision of Marketing & Sales Promotion, Civil Engineering Headquarters
Hideyuki Yamamoto	Senior Managing Officer	Supervision of Marketing & Sales Promotion, KANSAI Construction and Civil Engineering Headquarters
Shigeru Hioki	Senior Managing Officer	Deputy General Manager, Building Headquarters, Supervision of Planning Design and Consulting, Building Headquarters
Hirokazu Shirata	Managing Officer	General Manager, Safety Administration & Environment Div.
Shigeru Tanaka	Managing Officer	In charge of Monozukuri
Shigeru Namioka	Managing Officer	Supervision of New Business Promotion, in charge of ecoBCP Promotion Div., Sustainable Green Business Promotion Div. and New Business Promotion Div.
Soichi Kubota	Managing Officer	In charge of Technology, Civil Engineering Headquarters
Yoshihide Akazawa	Managing Officer	In charge of Marketing & Sales Promotion, Building Headquarters
Eiji Katsuura	Managing Officer	Deputy General Manager, Building Headquarters, Supervision of Marketing & Sales Promotion, Building Headquarters
Hiroshi Takenami	Managing Officer	Manager, TOHOKU Branch
Koichiro Higashide	Managing Officer	Manager, Corporate Planning Div.
Tadashi Okamoto	Managing Officer	Manager, TOKYO Civil Engineering Branch, Civil Engineering Headquarters
Kazuo Nakamoto	Managing Officer	Manager, International Div.
Yukihiko Tsuchiya	Managing Officer	In charge of Technology, Civil Engineering Headquarters
Chiyuki Iwakawa	Managing Officer	Manager, KANTO Branch
Yoshiyuki Ono	Managing Officer	General Manager, Engineering Headquarters, in charge of Information Systems Dept.
Tadashi Tsujino	Managing Officer	Manager, Human Resources Dept.

Name	Position and areas of responsibility in the Corporation	
Kazuyuki Inoue	Managing Officer	Manager, NAGOYA Branch
Toru Yamaji	Executive Officer	Manager, KYUSHU Branch
Koji Ikeda	Executive Officer	Manager, HIROSHIMA Branch
Akimasa Ikemoto	Executive Officer	Manager, YOKOHAMA Branch, Building Headquarters
Toshihiko Kubo	Executive Officer	General Manager, Development Promotion Div., Building Headquarters
Yutaka Ishikawa	Executive Officer	Manager, Technology Planning Div., Manager, Institute of Technology
Seiji Umetsu	Executive Officer	Manager, SHIKOKU Branch, KANSAI Construction and Civil Engineering Headquarters
Kazuaki Shundo	Executive Officer	Deputy General Manager, Building Headquarters, in charge of Energy Engineering Construction, Building Headquarters
Toshimichi Inubushi	Executive Officer	Manager, Tokyo Outer Ring Road Oizumi Construction Div., TOKYO Civil Engineering Branch, Civil Engineering Headquarters
Ryouji Kouda	Executive Officer	General Manager, Civil Engineering Marketing Div. II., Civil Engineering Headquarters
Masahiro Hosokawa	Executive Officer	In charge of Power Energy Marketing
Yoshihiro Kura	Executive Officer	Manager, KOBE Branch, KANSAI Construction and Civil Engineering Headquarters
Tatsuya Kurosawa	Executive Officer	General Manager, Investment and Development Div.
Masahiro Indo	Executive Officer	Deputy General Manager, Building Headquarters, General Manager, Production Technology Div., Building Headquarters
Masatoshi Misawa	Executive Officer	Manager, Procurement & Estimation Center, Building Headquarters
Tsunehiko Yamanaka	Executive Officer	Manager, HOKKAIDO Branch
Shinya Fukudome	Executive Officer	Manager, CHIBA Branch, Building Headquarters
Masaki Yamaguchi	Executive Officer	Manager, HOKURIKU Branch
Shutaro Kubo	Executive Officer	General Manager, Civil Engineering Marketing Div. I., Civil Engineering Headquarters
Nobuaki Miura	Executive Officer	General Manager, Nuclear Projects Div.
Shigeki Ono	Executive Officer	Deputy Manager, TOKYO Branch, Building Headquarters
Toyoji Sone	Executive Officer	Head of Finance & Accounting, Manager, Finance Dept.
Shigeki Kuriyama	Executive Officer	General Manager, Design Div., Building Headquarters
Hiroshi Terada	Executive Officer	General Manager, Business Proposal Div., Building Headquarters

3. Accounting Auditor

(1) Name of accounting auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. in the current fiscal year

Name	Amount of remuneration, etc. for the services provided as accounting auditor for the Corporation in the current fiscal year	Total cash and other economic benefits to be paid by the Corporation and its subsidiaries
Ernst & Young ShinNihon LLC	¥95 million	¥170 million

Note: For the amount of remuneration, etc. to the accounting auditor in the current fiscal year mentioned above, no distinction is made between the amount of remuneration for auditing based on the Companies Act and the amount of remuneration for auditing based on the Financial Instruments and Exchange Act of Japan in the audit agreement between the Corporation and the accounting auditor. Also, it is not possible to effectively distinguish these two amounts. Accordingly the total of these amounts is provided.

(3) Non-audit services

Ernst & Young ShinNihon LLC provides the Corporation with services including the issuance of various certificates for declaring tax outside of Japan.

(4) Policy for decisions on dismissal or non-reappointment of accounting auditor

If the Audit & Supervisory Board recognizes that the any of the items set forth in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, the Audit & Supervisory Board shall dismiss the accounting auditor based on the agreement of all of the audit & supervisory board members.

In addition, if it is determined necessary to dismiss or not reappoint the accounting auditor for any of various reasons, such as there being an impediment preventing the accounting auditor from performing its duties, the Audit & Supervisory Board shall decide upon the details of the proposal regarding dismissing or not reappointing the accounting auditor that will be submitted at the general meeting of shareholders.

III System to Ensure the Appropriateness of Business Operations

The Corporation made a resolution at a meeting of the Board of Directors held on April 24, 2015, to make a partial amendment to details of its “Basic Policy on Developing an Internal Control System” in order to develop a system to ensure the appropriateness of business operations. The outline of this system is as follows.

Details of amendments

- Additions and revisions to items accompanying the enforcement of the Act for Partial Amendment of the Companies Act (Act No. 90 of 2014) and the Ministerial Ordinance for Partial Amendment of the Ordinance for Enforcement of the Companies Act, etc. (Ordinance of the Ministry of Justice No. 6 of 2015)
- Addition of items related to the system to thoroughly prevent bribery
- Date amended: May 1, 2015

1. Compliance System

- 1) In order to ensure that officers and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, the Corporation shall enact its “Corporate Code of Conduct” and work to thoroughly promote corporate ethics including compliance.
- 2) In order to thoroughly promote its “Corporate Code of Conduct” and put it into practice by officers and employees, the Corporation shall educate and train its workforce and develop an internal structure by such means as appointing officers responsible for corporate ethics, putting in place a Corporate Ethics Committee and a Corporate Ethics Help-Line Office, and establishing a whistle-blowing system.
- 3) In order to further promote thorough compliance with the Construction Business Act, the Corporation shall introduce and thoroughly promote measures to secure proper contracts and payments when dealing with business operators, and shall develop an internal structure for the establishment of a system to maintain construction system ledgers.
- 4) In order to completely eliminate violations of the Anti-Trust Act, the Corporation shall undertake an appropriate review of its program for compliance with the Anti-Trust Act, and shall develop and thoroughly promote internal systems by such means as carrying out periodic transfers of sales personnel, thoroughly implementing education and training, establishing an internal check system and a system for whistle blowing to external law offices, formulating a code of conduct, and implementing strict internal punishments for offenders.
- 5) In order to eradicate relations with anti-social forces or groups, the Corporation shall clearly indicate its eradication of anti-social actions in its “Corporate Code of Conduct,” and shall develop and thoroughly promote internal systems to put this into practice by such means as carrying out education and training, selecting employees to be in charge of preventing unfair demands, developing a whistle-blowing system for cases where unfair demands are received, and having clauses clearly indicating the Corporation’s eradication of relations with organized crime groups, etc. in contracts with business operators.
- 6) In order to more fully prevent bribery both in Japan and overseas, the Corporation shall clearly indicate prohibition of bribery in its “Corporate Code of Conduct,” establish “Anti-Bribery Rules,” and develop an internal system, which includes establishing an implementation system, undertaking education and training activities, and implementing strict punishments for offenders.

2. Internal Audit System

The Corporation shall put in place the Audit Dept. as an internal control and checking function, and it shall perform comprehensive audits of the activities of business execution sections based on audit plans approved by the Board of Directors. The audit results shall be reported to the directors and

also to the audit & supervisory board members.

3. Risk Management System

- 1) The Corporation shall formulate rules concerning general risk management and develop a system enabling the management of overall risks with the potential to have a serious impact on the corporate group composed of the Corporation and its subsidiaries as well as accurate responses to risks when they occur.
- 2) For various types of risks by different functions including quality, safety, environment, natural disasters and information, the Corporation shall develop a system enabling advance prevention of occurrences and prevention of reoccurrences accurately by putting in place bodies such as divisions, departments and committees to respond to individual risks by function.

4. Structure for Efficient Execution of Business Operations

- 1) In order to distinguish the functions of the determination of strategy and the supervision of management from function of the execution of business operations, thus ensuring efficient operations, the Corporation shall have fewer directors and shall introduce the executive officer system.
- 2) In order to further invigorate deliberation by the Board of Directors and enhance the function of the supervision of management, the Corporation shall appoint external directors.
- 3) The Corporation shall put in place a structure of various types of meetings to efficiently carry out duties including the approval of important matters relating to the execution of operations and the determination of strategy, and matters shall be deliberated on, decided and implemented based on the “Authority List for Important Matters” appended to the rules of the Board of Directors specified by the Board of Directors.
- 4) The Corporation shall establish a committee for the recommendation of officers to appoint executive officers fairly and transparently, as well as a committee for the evaluation of officers to evaluate directors and executive officers and determine their remuneration fairly and transparently.
- 5) Executive officers shall execute operations in accordance with the rules on office organization, division of operations and delegation of authority specified by the Board of Directors.

5. Retention and Management of Information on Execution of Business Operations

The Corporation shall specify rules on documents and an information security policy, and shall appropriately retain and manage minutes of meetings of the Board of Directors, internal circulars for managerial decisions, various contract documents, and other important information showing the status of the execution of operations. In addition, the Corporation shall develop an internal system for the safe and effective use of electronic information.

6. System for Sound and Appropriate Business Operations at the Corporate Group

- 1) The Corporation shall hold regular meetings to share information with its subsidiaries and manage material matters related to subsidiaries’ conduct of operations and require that subsidiaries report on and obtain the approval of the Corporation for these matters as stipulated in the “Subsidiary Management Rules.”
- 2) The Corporation shall perform internal audits through its Audit Dept. and monitor the proper execution of business operations of subsidiaries as necessary by such means as transferring audit & supervisory board members.
- 3) In order to ensure the appropriateness of business operations, subsidiaries shall develop internal rules appropriate for their particular business and develop internal systems, including establishing a whistle-blowing system.

- 4) The Corporation shall develop and operate an internal control system necessary to ensure the reliability of financial reporting and to help maintain and enhance societal trust.
7. Matters Regarding the Auditing System of Audit & Supervisory Board Members
 - 1) The Corporation shall put in place the “Audit & Supervisory Board Members Office (Full-time Employees)” as a full-time service body of employees assisting the audit & supervisory board members in order to enable audit & supervisory board members to exercise their authority as specified in relevant laws and regulations and to efficiently perform their audits.
 - 2) The employees at the Audit & Supervisory Board Members Office shall perform their duties under the direct command of the audit & supervisory board members and shall have the authority to collect information necessary for auditing. Transfers, etc. of employees at the Audit & Supervisory Board Members Office shall be carried out after securing the advance consent of the Audit & Supervisory Board.
8. System for Making Reports to the Audit & Supervisory Board Members Regarding the Execution of Business Operations
 - 1) Officers and employees shall make reports to the audit & supervisory board members without delay in cases of occurrences of matters relating to the Corporation and its subsidiaries, including statutory matters, events with the potential to cause serious loss of trust in or damage to the Corporation or its subsidiaries, and major wrongful activity such as internal misconduct or offences against laws and regulations. They shall also make reports on the results of internal audits performed by the Audit Dept. of the Corporation and the status of reporting through the whistle-blowing system.
 - 2) The Corporation shall develop a system to ensure that officers and employees of the Corporation and its subsidiaries are not treated disadvantageously due to their making reports to the audit & supervisory board members.
9. Matters Regarding Expenses and Liabilities That Arise as a Result of Audit & Supervisory Board Members Performing Their Duties

Expenses and liabilities that arise as a result of audit & supervisory board members performing their duties shall be promptly handled by the Corporation based on claims submitted by audit & supervisory board members.
10. Ensuring the Authority of Audit & Supervisory Board Members to Attend Important Meetings

In order to ensure that audits of execution of business operations by audit & supervisory board members are performed effectively, the Representative Director and the audit & supervisory board members shall have regular opportunities to share management information, and audit & supervisory board members nominated by the Audit & Supervisory Board shall attend “Meetings of the President Office” and “Meetings of the Division Heads” and other important meetings.
11. Matters Regarding Audits of the Non-Consolidated Financial Statements, etc. by the Audit & Supervisory Board Members
 - 1) In order for the audit & supervisory board members to judge the appropriateness of the audit methods and results of audits by the accounting auditor, and to ensure the independence of the accounting auditor from the directors, the audit & supervisory board members shall confirm the annual audit plan of the accounting auditor in advance and receive successive reports on the audit results.
 - 2) The audit & supervisory board members and the accounting auditor shall be in coordination with each other, thus ensuring a system that enables effective auditing.

Consolidated Balance Sheet

(As at March 31, 2015)

(Millions of Yen)

	Amount		Amount
ASSETS		LIABILITIES	
Current assets:	1,038,673	Current liabilities:	830,562
Cash	176,482	Notes and accounts payable—trade	454,576
Notes and accounts receivable—trade	472,367	Short-term borrowings	132,401
Marketable securities	66,239	Current portion of non-recourse borrowings	7,511
Real estate held for sale	26,353	Current portion of non-recourse bonds payable	2,101
Costs on uncompleted construction contracts	63,232	Income taxes payable	22,423
Costs on uncompleted real estate development projects	32,755	Advances received on uncompleted construction contracts	86,690
PFI projects and other inventories	63,748	Withholdings	69,979
Deferred tax assets	27,313	Warranty reserve	3,228
Other current assets	111,410	Reserve for expected losses on construction contracts in process	29,042
Less: Allowance for doubtful accounts	(1,229)	Reserve for directors' bonuses	51
Non-current assets:	664,725	Other current liabilities	22,555
Tangible fixed assets:	231,229	Non-current liabilities:	390,940
Buildings and structures	81,504	Bonds payable	90,000
Machinery, equipment and vehicles	13,025	Non-recourse bonds payable	17,899
Land	132,534	Long-term borrowings	85,469
Construction in progress	4,165	Non-recourse borrowings	40,197
Intangible fixed assets	4,281	Deferred tax liabilities	57,198
Investments and other assets:	429,215	Deferred tax liabilities for revaluation reserve for land	19,017
Investment securities	409,927	Reserve for expected losses on affiliates' businesses	7,033
Deferred tax assets	1,479	Net defined benefit liability	55,074
Other investments	20,211	Other non-current liabilities	19,051
Less: Allowance for doubtful accounts	(2,403)	Total liabilities	1,221,502
		NET ASSETS	
		Shareholders' equity:	283,259
		Common stock, no par value	74,365
		Additional paid-in capital	43,143
		Retained earnings	167,283
		Less: Treasury stock, at cost	(1,533)
		Accumulated other comprehensive income:	193,649
		Net unrealized gain (loss) on other securities, net of taxes	169,474
		Deferred gain (loss) on hedging, net of taxes	41
		Revaluation reserve for land, net of taxes	25,667
		Foreign currency translation adjustments	1,758
		Remeasurements of defined benefit plans	(3,291)
		Minority interests	4,987
		Total net assets	481,896
Total assets	1,703,399	Total liabilities and net assets	1,703,399

Consolidated Statement of Income

(For the year ended March 31, 2015)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,444,843	
Real estate development and other	123,000	1,567,843
Cost of sales:		
Construction contracts	1,338,723	
Real estate development and other	106,121	1,444,845
Gross profit:		
Construction contracts	106,119	
Real estate development and other	16,878	122,998
Selling, general and administrative expenses		72,966
Operating income		50,032
Non-operating income:		
Interest and dividend income	5,038	
Equity in earnings of affiliates	1,629	
Reversal of allowance for doubtful accounts	1,503	
Foreign exchange gain	2,353	
Other	1,855	12,379
Non-operating expenses:		
Interest expenses	3,327	
Loss on retirement of non-current assets	733	
Other	2,104	6,165
Ordinary income		56,246
Special gains:		
Gain on sales of non-current assets	1,138	
Gain on sales of investment securities	2,031	3,170
Special losses:		
Losses on affiliates' businesses	3,623	
Other	110	3,734
Income before income taxes and minority interests		55,682
Provision for income taxes—current	25,826	
Provision for income taxes—deferred	(4,276)	21,550
Net income before minority interests		34,131
Minority interests in net income of consolidated subsidiaries		734
Net income		33,397

Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2015)

(Millions of Yen)

	Balance as at April 1, 2014	Cumulative effects of changes in accounting policies	Restated balance as at April 1, 2014	Cash dividends paid	Net income for the year
Shareholders' equity					
Common stock	74,365		74,365		
Additional paid-in capital	43,143		43,143		
Retained earnings	139,160	(82)	139,078	(5,501)	33,397
Treasury stock	(1,507)		(1,507)		
Total shareholders' equity	255,162	(82)	255,080	(5,501)	33,397
Accumulated other comprehensive income					
Net unrealized gain (loss) on other securities, net of taxes	101,344		101,344		
Deferred gain (loss) on hedging, net of taxes	(30)		(30)		
Revaluation reserve for land, net of taxes	24,027		24,027		
Foreign currency translation adjustments	(891)		(891)		
Remeasurements of defined benefit plans	(7,350)		(7,350)		
Total accumulated other comprehensive income	117,099		117,099		
Minority interests	3,786		3,786		
Total net assets	376,048	(82)	375,966	(5,501)	33,397

(Millions of Yen)

	Reversal of revaluation reserve for land, net of taxes	Purchase of treasury stock	Disposal of treasury stock	Changes other than share- holders' equity	Total	Balance as at March 31, 2015
Shareholders' equity						
Common stock					–	74,365
Additional paid-in capital			0		0	43,143
Retained earnings	309				28,205	167,283
Treasury stock		(26)	0		(25)	(1,533)
Total shareholders' equity	309	(26)	0		28,179	283,259
Accumulated other comprehensive income						
Net unrealized gain (loss) on other securities, net of taxes				68,129	68,129	169,474
Deferred gain (loss) on hedging, net of taxes				72	72	41
Revaluation reserve for land, net of taxes				1,639	1,639	25,667
Foreign currency translation adjustments				2,649	2,649	1,758
Remeasurements of defined benefit plans				4,058	4,058	(3,291)
Total accumulated other comprehensive income				76,550	76,550	193,649
Minority interests				1,200	1,200	4,987
Total net assets	309	(26)	0	77,750	105,930	481,896

Notes to Consolidated Financial Statements

1. Basis of Presentation of Consolidated Financial Statements

(1) Scope of consolidation

The Corporation had 61 subsidiaries as at March 31, 2015. The consolidated financial statements for the year ended March 31, 2015 include the accounts of the Corporation and all subsidiaries.

Major consolidated subsidiaries

Shimizu Comprehensive Development Corporation, TTK Corporation, Daiichi Setsubi Engineering Corporation, Milx Corporation, SC Machinery Corp., Katayama Stratech Corp. and SHIMIZU BLC Co., Ltd.

Seven companies that became subsidiaries of the Corporation in the year ended March 31, 2015 are included in the scope of consolidation. In addition, two companies that ceased to be subsidiaries of the Corporation are excluded from the scope of consolidation.

(2) Application of equity method

The Corporation had 11 affiliates as at March 31, 2015. As at March 31, 2015, the equity method was applied to all affiliates.

Major affiliates

THE NIPPON ROAD Co., Ltd.

As at March 31, 2015, the equity method was applied to two companies that became affiliates of the Corporation in the year ended March 31, 2015. The equity method was not applied to one company that ceased to be an affiliate of the Corporation in the year ended March 31, 2015.

(3) Financial statements of subsidiaries

The financial year-end of 11 overseas subsidiaries and one domestic subsidiary is December 31, and the financial year-end of one domestic subsidiary is March 26. Consolidation of these subsidiaries is therefore performed by using their financial statements as at December 31 and March 26, respectively, and certain adjustments are made to reflect any significant transactions during the period from the year-end balance sheet dates for these subsidiaries to March 31, the consolidated balance sheet date.

The financial period of other consolidated subsidiaries is the same as the Corporation.

(4) Summary of significant accounting policies

1) Valuation basis and method for significant assets

a. 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.

b. Valuation of inventories

Real estate held for sale: At cost on an individual basis (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

Costs on uncompleted construction contracts: At cost on an individual basis.

Costs on 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 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 decline in earnings).

2) 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.

3) Recognizing provision of significant reserves

a. 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.

b. 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.

c. Reserve for expected losses on construction contracts in process

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

d. Reserve for directors' bonuses

An allowance is provided for bonus payment to directors based on payment estimates.

e. Reserve for expected losses on affiliates' businesses

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

4) Recognizing revenues and costs of construction contracts

Revenues and costs of construction contracts, 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.

5) Recognizing net defined benefit liability

Net defined benefit liability is recognized at the amount obtained by deducting the fair value of the plan assets from projected retirement benefit obligations as at the balance sheet date.

6) Amortization of goodwill

Goodwill is principally amortized over a five-year period on a straight-line basis from the year of acquisition.

7) Consumption taxes

Consumption taxes payable or receivable are excluded from each account in the consolidated statement of income.

2. Change of Accounting Policy

(Application of accounting standard for retirement benefits and its guidance)

Effective from the year ended March 31, 2015, the Corporation has applied the provisions set forth in the main clauses of Paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and Paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Corporation has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting the estimated timing and present value of the benefit payment amount.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for retirement benefit obligations and current service costs has been added to or deducted from

retained earnings as of April 1, 2014.

As a result, as of April 1, 2014, net defined benefit liability increased by ¥127 million and retained earnings decreased by ¥82 million. The impact of these changes on financial results for the year ended March 31, 2015, is insignificant.

3. Change of Presentation Method

(Consolidated balance sheet)

In the previous fiscal year, "Income taxes payable" was included in "Other current liabilities" under "Current liabilities." Effective from the year ended March 31, 2015, however, this item is listed separately because it accounts for more than 1% of total liabilities and net assets.

(Consolidated statement of income)

(1) In the previous fiscal year, "Reversal of allowance for doubtful accounts" was included in "Other" under "Non-operating income." Effective from the year ended March 31, 2015, however, this item is listed separately because it accounts for more than 10% of non-operating income.

(2) In the previous fiscal year, "Loss on retirement of non-current assets" was included in "Other" under "Non-operating expenses." Effective from the year ended March 31, 2015, however, this item is listed separately because it accounts for more than 10% of non-operating expenses.

4. Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral

1) The following assets are pledged as collateral for short-term borrowings of ¥4,950 million.

Buildings and structures	¥349 million
Machinery, equipment and vehicles	¥101 million
Land	¥4,738 million
Total	¥5,189 million

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

Investment securities	¥173 million
Other investments	¥94 million
Total	¥267 million

3) The total amount of business assets pledged as collateral for non-recourse borrowings of ¥47,709 million by subsidiaries engaged in PFI business

¥54,862 million

(2) The total amount of business assets of subsidiaries engaged in the real estate development business corresponding to non-recourse bonds payable of ¥20,000 million

¥25,547 million

(3) Accumulated depreciation of tangible fixed assets

¥122,653 million

(4) Contingent liabilities from guaranteeing indebtedness

Guarantees for housing loans of employees ¥332 million

(5) Notes receivable discounted

Notes receivable discounted at consolidated subsidiaries ¥806 million

(6) Revaluation reserve for land

According to the Land Revaluation Act 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 Act and cannot be undertaken at each financial year-end.

According to the enforcement ordinance of the Act, 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.

- (7) Amount of “Costs on uncompleted construction contracts,” matching with “Reserve for expected losses on construction contracts in process”
 “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.
 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” ¥118 million

(8) Change in purpose of holding for tangible fixed assets

In the year ended March 31, 2015, due to a change in purpose of holding, the following tangible fixed assets were transferred to “Real estate held for sale.”

Buildings and structures	¥1,831 million
Machinery, equipment and vehicles	¥66 million
Land	¥3,760 million
Total	¥5,658 million

5. Notes to Consolidated Statement of Income

- (1) Revenue recognized using the percentage-of-completion method ¥1,256,283 million
 (2) Provision of reserve for expected losses on construction contracts in process included in cost of sales ¥14,750 million
 (3) Inventory write-down due to reduced profitability included in cost of sales ¥369 million
 (4) Research and development costs ¥11,170 million

6. Notes to Consolidated Statement of Changes in Net Assets

- (1) Type and number of outstanding shares as at March 31, 2015
 Common stock 788,514,613 shares

(2) Dividends

1) Dividends paid to shareholders for the year ended March 31, 2015

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 27, 2014)	Common stock	2,750	3.50	March 31, 2014	June 30, 2014
Board of directors (November 10, 2014)	Common stock	2,750	3.50	September 30, 2014	December 2, 2014

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

Matters regarding these dividends will be proposed at the annual general meeting of shareholders to be held on June 26, 2015.

Resolution to be 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 26, 2015)	Common stock	Retained earnings	3,536	4.50	March 31, 2015	June 29, 2015

7. Financial Instruments

(1) Overview

1) Policy for financial instruments

The 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.

(2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2015, and estimated fair value are shown below.

(Millions of Yen)

Assets	Carrying value	Fair value	Difference
1) Cash	176,482	176,482	—
2) Notes and accounts receivable—trade	472,367	472,303	(63)
3) Marketable securities	66,239	66,239	—
4) Investment securities	370,438	370,438	—
Liabilities	Carrying value	Fair value	Difference
5) Notes and accounts payable—trade	454,576	454,576	—
6) Short-term borrowings	132,401	132,401	—
7) Bonds payable	90,000	91,344	1,344
8) Non-recourse bonds payable and current portion of non-recourse bonds payable	20,000	20,000	—
9) Long-term borrowings	85,469	86,545	1,075
10) Non-recourse borrowings and current portion of non-recourse borrowings	47,709	49,260	1,551
Derivative transactions(*)	Carrying value	Fair value	Difference
11) Derivative transactions			
to which hedge accounting is not applied	(264)	(264)	—
to which hedge accounting is applied	77	77	—

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

Note: 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. (¥39,488 million in the consolidated balance sheet as at March 31, 2015) are not included in the above because determining the fair value for them is extremely difficult.

7) Bonds payable

The fair value of bonds with market quotations issued by the Corporation is based on the prevailing market

price.

8) Non-recourse bonds payable and current portion of non-recourse bonds payable

Carrying value is used as fair value as there is a variable interest rate and the value is reviewed on a short term basis to reflect the market interest rate, meaning that carrying value approximate fair value.

9) Long-term borrowings, 10) Non-recourse borrowings and current portion of non-recourse borrowings

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

11) Derivative transactions

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

8. Investment and Rental Properties

(1) Overview of investment and rental properties

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

(2) Carrying value and fair value of investment and rental properties

Carrying value	¥106,935 million
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Fair value	¥169,223 million
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Notes: 1. The carrying value is the amount after deducting accumulated depreciation from acquisition cost.

2. The fair value is mainly calculated by the Corporation based on real estate appraisal standards, or based on the appraisal report prepared by external certified appraisers.

9. Amounts per Share

(1) Net assets per share of common stock	¥607.82
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(2) Basic net income per share of common stock	¥42.56
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10. Other Information

The accounts of consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.

Non-Consolidated Balance Sheet

(As at March 31, 2015)

(Millions of Yen)

	Amount		Amount
ASSETS		LIABILITIES	
Current assets:	819,724	Current liabilities:	734,585
Cash	119,443	Notes payable	10,394
Notes receivable	14,221	Accounts payable for construction contracts	386,699
Accounts receivable from completed construction contracts	414,626	Short-term borrowings	89,130
Marketable securities	66,000	Income taxes payable	19,524
Real estate held for sale	8,887	Advances received on uncompleted construction contracts	77,373
Costs on uncompleted construction contracts	62,302	Withholdings	104,795
Costs on uncompleted real estate development projects	9,201	Warranty reserve	3,123
Deferred tax assets	25,561	Reserve for expected losses on construction contracts in process	28,440
Other current assets	100,446	Reserve for directors' bonuses	51
Less: Allowance for doubtful accounts	(967)	Other current liabilities	15,052
Non-current assets:	625,697	Non-current liabilities:	310,934
Tangible fixed assets:	187,348	Bonds payable	90,000
Buildings and structures	71,329	Long-term borrowings	79,959
Machinery, equipment and vehicles	1,308	Deferred tax liabilities	57,579
Tools, furniture and fixtures	3,182	Deferred tax liabilities for revaluation reserve for land	19,017
Land	108,360	Reserve for employees' retirement benefits	45,461
Construction in progress	3,168	Reserve for expected losses on affiliates' businesses	8,484
Intangible fixed assets	3,151	Other non-current liabilities	10,432
Investments and other assets:	435,197	Total liabilities	1,045,519
Investment securities	385,983	NET ASSETS	
Investments in subsidiaries and affiliates	32,614	Shareholders' equity:	205,817
Investments in other securities of subsidiaries and affiliates	3,305	Common stock, no par value	74,365
Long-term loans	6,875	Additional paid-in capital	43,143
Claims in bankruptcy or reorganization proceedings	1	Capital reserve	43,143
Long-term prepaid expenses	1,424	Other additional paid-in capital	0
Other investments	7,489	Retained earnings:	89,419
Less: Allowance for doubtful accounts	(2,497)	Legal reserve	18,394
		Other retained earnings	71,024
		Reserve for advanced depreciation of fixed assets	6,008
		Contingent reserve	44,700
		Retained earnings carried forward	20,316
		Less : Treasury stock, at cost	(1,111)
		Total valuation and translation adjustments	194,084
		Net unrealized gain (loss) on other securities, net of taxes	168,365
		Deferred gain (loss) on hedging, net of taxes	51
		Revaluation reserve for land, net of taxes	25,667
		Total net assets	399,901
Total assets	1,445,421	Total liabilities and net assets	1,445,421

Non-Consolidated Statement of Income

(For the year ended March 31, 2015)

(Millions of Yen)

	Amount	
Net sales:		
Construction contracts	1,301,656	
Real estate development and other	39,109	1,340,766
Cost of sales:		
Construction contracts	1,218,107	
Real estate development and other	29,590	1,247,697
Gross profit:		
Construction contracts	83,548	
Real estate development and other	9,519	93,068
Selling, general and administrative expenses		57,695
Operating income		35,373
Non-operating income:		
Interest and dividend income	7,058	
Reversal of allowance for doubtful accounts	1,478	
Foreign exchange gain	2,301	
Other	1,201	12,039
Non-operating expenses:		
Interest expenses	2,780	
Loss on retirement of non-current assets	694	
Other	1,354	4,829
Ordinary income		42,583
Special gains:		
Gain on sales of investment securities	1,901	
Other	1	1,903
Special losses:		
Losses on affiliates' businesses	4,130	
Other	43	4,173
Income before income taxes		40,312
Provision for income taxes—current	21,156	
Provision for income taxes—deferred	(4,398)	16,757
Net income		23,554

Non-Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2015)

(Millions of Yen)

	Balance as at April 1, 2014	Cumulative effects of changes in accounting policies	Restated balance as at April 1, 2014	Provision and reversal of reserve for advanced depreciation of fixed assets	Reserve for contingent reserve	Cash dividends paid	Net income for the year
Shareholders' equity							
Common stock	74,365		74,365				
Additional paid-in capital							
Capital reserve	43,143		43,143				
Other additional paid-in capital	0		0				
Total additional paid-in capital	43,143		43,143				
Retained earnings							
Legal reserve	18,394		18,394				
Other retained earnings							
Reserve for advanced depreciation of fixed assets	5,238		5,238	769			
Contingent reserve	44,000		44,000		700		
Retained earnings carried forward	3,505	(82)	3,423	(769)	(700)	(5,501)	23,554
Total retained earnings	71,139	(82)	71,057	—	—	(5,501)	23,554
Treasury stock, at cost	(1,085)		(1,085)				
Total shareholders' equity	187,563	(82)	187,480	—	—	(5,501)	23,554
Valuation and translation adjustments							
Net unrealized gain (loss) on other securities, net of taxes	100,794		100,794				
Deferred gain (loss) on hedging, net of taxes	(18)		(18)				
Revaluation reserve for land, net of taxes	24,027		24,027				
Total valuation and translation adjustments	124,804		124,804				
Total net assets	312,367	(82)	312,285	—	—	(5,501)	23,554

(Millions of Yen)

	Reversal of revaluation reserve for land, net of taxes	Purchase of treasury stock	Disposal of treasury stock	Changes other than share- holders' equity	Total	Balance as at March 31, 2015
Shareholders' equity						
Common stock					—	74,365
Additional paid-in capital						
Capital reserve					—	43,143
Other additional paid-in capital			0		0	0
Total additional paid-in capital			0		0	43,143
Retained earnings						
Legal reserve					—	18,394
Other retained earnings						
Reserve for advanced depreciation of fixed assets					769	6,008
Contingent reserve					700	44,700
Retained earnings carried forward	309				16,893	20,316
Total retained earnings	309				18,362	89,419
Treasury stock, at cost		(25)	0		(25)	(1,111)
Total shareholders' equity	309	(25)	0		18,336	205,817
Valuation and translation adjustments						
Net unrealized gain (loss) on other securities, net of taxes				67,570	67,570	168,365
Deferred gain (loss) on hedging, net of taxes				69	69	51
Revaluation reserve for land, net of taxes				1,639	1,639	25,667
Total valuation and translation adjustments				69,279	69,279	194,084
Total net assets	309	(25)	0	69,279	87,616	399,901

Notes to Non-Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Valuation basis and method for assets

1) Valuation of securities

The Corporation classifies securities into three different categories; held-to-maturity debt securities, investments in subsidiaries and affiliates, and other securities. The Corporation holds no trading securities. Held-to-maturity debt securities are valued at amortized cost. Investments in subsidiaries and affiliates are valued at cost, cost being determined by the moving average method. 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.

2) Valuation of inventories

Real estate held for sale: At cost on an individual basis (the carrying value of inventories on the balance sheet is presented at book value after write-down for decline in earnings).

Costs on uncompleted construction contracts: At cost on an individual basis.

Costs on 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 decline in earnings).

(2) Depreciation method for fixed assets

1) 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. Depreciation for leased assets is computed by the straight-line method.

2) Depreciation method for intangible fixed assets

Depreciation for intangible fixed assets is computed by the straight-line method.

3) Depreciation method for long-term prepaid expenses

Depreciation for long-term prepaid expenses is computed by the straight-line method.

(3) Recognizing provision of reserves

1) 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.

2) Warranty reserve

An allowance to cover the costs of repairs for damages related to completed construction work for which the Corporation is responsible is provided based on previous warranty experience.

3) Reserve for expected losses on construction contracts in process

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

4) Reserve for directors' bonuses

An allowance is provided for bonus payment to directors based on payment estimates.

5) 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.

6) Reserve for expected losses on affiliates' businesses

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

(4) Recognizing revenues and costs of construction contracts

Revenues and costs of construction contracts, 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.

(5) Consumption taxes

Consumption taxes payable or receivable are excluded from each account in the non-consolidated statement of income.

2. Change of Accounting Policy

(Application of accounting standard for retirement benefits and its guidance)

Effective from the year ended March 31, 2015, the Corporation has applied the provisions set forth in the main clauses of Paragraph 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and Paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Corporation has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting the estimated timing and present value of the benefit payment amount.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for retirement benefit obligations and current service costs has been added to or deducted from retained earnings carried forward as of April 1, 2014.

As a result, as of April 1, 2014, reserve for employees' retirement benefits increased by ¥127 million and retained earnings carried forward decreased by ¥82 million. The impact of these changes on financial results for the year ended March 31, 2015, is insignificant.

3. Change of Presentation Method

(Non-consolidated statement of income)

(1) In the previous fiscal year, "Foreign exchange gain" and "Reversal of allowance for doubtful accounts" were included in "Other" under "Non-operating income." Effective from the year ended March 31, 2015, however, these items are listed separately because they account for more than 10% of non-operating income.

(2) In the previous fiscal year, "Loss on retirement of non-current assets" was included in "Other" under "Non-operating expenses." Effective from the year ended March 31, 2015, however, this item is listed separately because it accounts for more than 10% of non-operating expenses.

4. Notes to Non-Consolidated Balance Sheet

(1) Assets pledged as collateral

Assets pledged as collateral for borrowings at affiliated companies and others

Other current assets	¥34 million
Investments in subsidiaries and affiliates	¥548 million
Long-term loans	¥3,363 million
Total	¥3,945 million

(2) Assets and liabilities accounted for as financial transactions

Assets and liabilities accounted for as financial transactions based on the Revised Accounting Practice Committee Report No. 15 of the Japanese Institute of Certified Public Accountants “Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special-Purpose Companies”

Buildings and structures	¥15,449 million
Machinery, equipment and vehicles	¥424 million
Tools, furniture and fixtures	¥38 million
Withholdings	¥15,862 million

(3) Accumulated depreciation of tangible fixed assets

¥68,558 million

(4) Contingent liabilities from guaranteeing indebtedness

Guarantees for housing loans of employees ¥330 million

(5) Receivables from and payables to subsidiaries and affiliates

Short-term receivables from subsidiaries and affiliates	¥13,326 million
Long-term receivables from subsidiaries and affiliates	¥6,930 million
Short-term payables to subsidiaries and affiliates	¥58,062 million
Long-term payables to subsidiaries and affiliates	¥366 million

(6) Revaluation reserve for land

According to the Land Revaluation Act 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 Act and cannot be undertaken at each financial year-end.

According to the enforcement ordinance of the Act, 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.

(7) Amount of “Costs on uncompleted construction contracts,” matching with “Reserve for expected losses on construction contracts in process”

“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.

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” ¥4 million

(8) Change in purpose of holding for tangible fixed assets

In the year ended March 31, 2015, due to a change in purpose of holding, the following tangible fixed assets were transferred to “Real estate held for sale.”

Buildings and structures	¥1,831 million
Machinery, equipment and vehicles	¥61 million
Tools, furniture and fixtures	¥5 million
Land	¥3,760 million
Total	¥5,658 million

5. Notes to Non-Consolidated Statement of Income

(1) Revenue recognized using the percentage-of-completion method	¥1,169,619 million
(2) Revenue from sales to subsidiaries and affiliates	¥13,634 million
(3) Purchase of goods from subsidiaries and affiliates included in cost of sales	¥120,562 million
(4) Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥14,333 million
(5) Amount of transactions other than operational transactions with subsidiaries and affiliates	¥957 million
(6) Research and development costs	¥11,007 million

6. Notes to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury shares as at March 31, 2015	
Common stock	2,552,740 shares

7. Deferred Tax Accounting

The main factors for deferred tax assets are non-deductible portion of reserves and allowances and deductible temporary differences from losses on write-down of assets. The main factor for deferred tax liabilities is net unrealized gain on other securities.

8. Related Party Transactions

(1) Subsidiary

1) Nature of transaction

Category	Name	Capital or investment (Millions of Yen)	Type of business	% of voting rights held (held by others)	Relation -ship	Nature of transaction	Amounts of transaction (Millions of Yen)	Account	Balance as at March 31, 2015 (Millions of Yen)
Subsidiary	Shimizu Finance Co., Ltd.	2,000	Credit and finance	Direct 100%	Inter-locking directorate, receipt of deposit of funds, etc.	Deposit of funds	79,600	With-holdings	22,700

2) Terms and conditions of transaction and policy for determining them

Interest on deposits is determined reasonably in consideration of market interest rates.

(2) Director and close relative

1) Nature of transaction

Category	Name	Capital or investment (Millions of Yen)	Type of business	% of voting rights held (held by others)	Relation -ship	Nature of transaction	Amounts of transaction (Millions of Yen)	Account	Balance as at March 31, 2015 (Millions of Yen)
Director and close relative	Mitsuaki Shimizu	—	Director	Direct 0.5% (held by others)	Contract of construction work	Contract of construction work	425	Accounts receivable from completed construction contracts	8

Notes: 1. The amounts of transaction do not include consumption taxes.

2. For the amounts of transaction for contract of construction work, revenue recognized using the percentage-of-completion method in the fiscal year ended March 31, 2015 is presented. The contract amount for contracted work is ¥613 million (net of taxes).

3. For the amounts of accounts receivable from completed construction contracts related to contracts of construction work and the balance as at March 31, 2015, the accounts receivable recognized to date using the percentage-of-completion method as at March 31, 2015 are stated.

2) Terms and conditions of transaction and policy for determining them

Contract of construction work is determined based on general conditions of construction contracts. Work prices are determined based on reasonable estimates, as with regular transactions.

9. Amounts per Share

(1) Net assets per share of common stock	¥508.81
(2) Basic net income per share of common stock	¥29.97

10. Other Information

The accounts of non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million.