



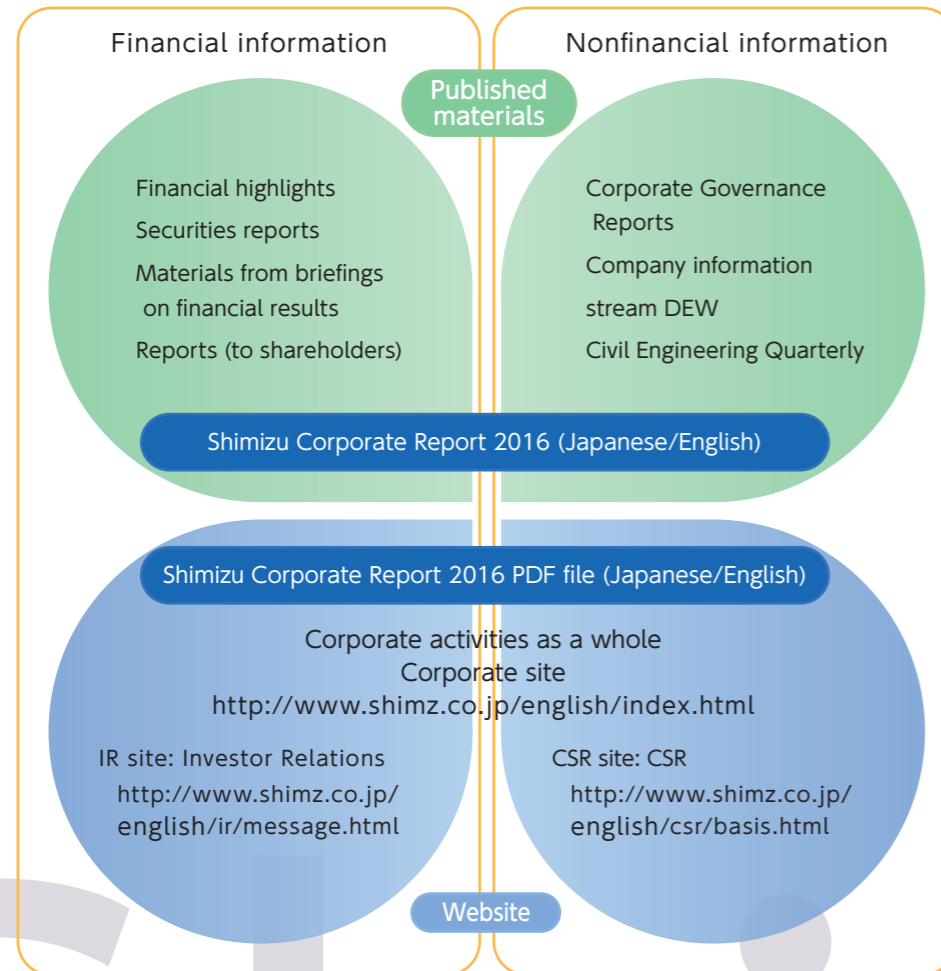
# Shimizu Corporate Report 2016

## Editorial Policy

The Shimizu Corporate Report addresses various topics, including a company history stretching back more than 210 years to its founding in 1804, fundamental management principles, policies and plans, and our current business status.

This report is intended to help various stakeholders better understand the Shimizu Corporation of today.

## Information structure



## Organizations covered

- Head office and overseas and domestic branch offices of Shimizu Corporation and Shimizu Group companies
- CSR performance figures apply only to the head office and domestic branch offices of Shimizu Corporation.

## Period covered

Primarily covers fiscal 2015 (April 2015 through March 2016); also includes certain activities before and after this period.

## Guidelines referred to

- Environmental Reporting Guidelines 2012 (Ministry of the Environment, Japan)
- Sustainability Reporting Guidelines, Ver. 4 (Global Reporting Initiative)

## Overview of Shimizu Corporation

- 4 Shimizu's Past, Present, and Future
- 7 Lines of Business/Network
- 8 Directors, Auditors, and Executive Officers
- 12 Financial and Nonfinancial Highlights



## Management policies

- 14 Message from the President

## Strategies and initiatives by business area

- 20 Construction Business
- 22 Civil engineering Business
- 24 Overseas Construction
- 25 Investment and Development
- 26 Engineering Business
- 27 New Businesses
- 28 Technology Strategy



## Special feature: Creating new trends for a vital society

- 30 Toyosu Wholesale Market— Construction of a wholesale fish market
- 32 Tokyo Outer Ring Road— Owada construction project
- 34 Jakarta MRT North-South Line— Phase I construction



## CSR management

- 36 CSR Concepts and Key Performance Indicators
- 38 Fairness and Transparency in Business
- 44 Creating Value Surpassing the Expectations of Customers and Society
- 56 The Pursuit of Business Activities that Coexist with Society
- 61 Initiatives by Affiliates
- 62 Dialogue with Stakeholders
- 63 Independent Opinion
- 64 External Awards
- 65 Independent Assurance Report/ISO Management System
- 66 Investor Information



## Financial section

- 68 Consolidated Balance Sheet
- 70 Consolidated Statement of Income
- 71 Consolidated Statement of Comprehensive Income
- 72 Consolidated Statement of Changes in Net Assets
- 73 Consolidated Statement of Cash Flows
- 74 Notes to Consolidated Financial Statements
- 101 Independent Auditor's Report  
*Supplemental Information*
- 102 Nonconsolidated Balance Sheet
- 104 Nonconsolidated Statement of Income
- 105 Nonconsolidated Breakdown of Orders

# SHIMIZU'S PAST, PRESENT, AND FUTURE

Starting point

Kisuke Shimizu I  
 "Building with integrity"  
 Fundamental management principles



Eiichi Shibusawa  
 "Rongo to Soroban"  
 ("The Analects and the Abacus")

Profits based on an integrity-based approach to building worthy structures that meet customer needs

Present

Future

Building with integrity  
 +  
 Realizing a sustainable society

Globalization

Urban development

The challenge of new technologies

Tradition + advanced technologies

Smart community

The challenge of cutting-edge technologies

Shimizu Dream Future vision



Eiichi Shibusawa



Kisuke Shimizu I



Tsukiji Hotel



Dai-ichi National Bank (Mitsui-Gumi House)



The National Museum of Western Art



Yokohama Port Opening Memorial Hall



Yoyogi National Stadium



Showsa repairs of the Great Buddha Hall of Todaiji Temple



Makuhari City Center



Honshu-Shikoku Innoshima Bridge Project



Mode Gakuen Cocoon Tower



Changi Airport, Terminal 3



Obara Dam\*1



GINZA KABUKIZA\*2



Izumo-Oyashiro (preservation & restoration work)



Rikuzentakata earthquake restoration project



Kyobashi Smart Community



Fukushima Floating Offshore Wind Farm Demonstration Project



Tokyo Outer Ring Road



LUNA RING



GREEN FLOAT



OCEAN SPIRAL

1804

1900

2000

Carrying on the tradition of wooden construction

Fusing Western-style construction with traditional wooden construction

Transportation infrastructure development

Coexistence with nature + infrastructure development

Earthquake restoration

National resilience

Renewable energy

\*1 Photo courtesy of the Ministry of Land, Infrastructure, Transport and Tourism  
 \*2 Photo courtesy of Shochiku Co., Ltd., Kabuki-za Co., Ltd.

After departing Toyama, Etchu Province for Edo (now Tokyo), the carpenter Kisuke Shimizu founded Shimizu in 1804 in Kajicho, Kanda. From the start, he sought to build trust by building quality structures with an approach founded on sustained and honest effort, integrity, and a deep sense of professional responsibility. Today, Shimizu Corporation maintains its pursuit of new knowledge and technologies in order to meet the needs of customers and society.

## 1804-1945: From laying the Company foundations to the dawn of the postwar age

### Kisuke Shimizu I and Kisuke Shimizu II lay Shimizu's foundations

After establishing his business in Edo in 1804, Kisuke Shimizu took part in rebuilding the western keep of Edo Castle, a responsibility that suggests a wide recognition of his outstanding abilities. With a pioneering spirit and strong technical capabilities, his successor, Kisuke Shimizu II added to this legacy with achievements that included designing and building Tsukiji Hotel, Japan's first fully Western-style hotel, in 1868.



Kisuke Shimizu I      Kisuke Shimizu II

### Tokyo Mokkaujou Arts & Crafts Furnishings opens, carrying on the ancient tradition of craftsmanship

In 1884, Shimizu opened a lumber cutting and assembly facility (today's Tokyo Mokkaujou Arts & Crafts Furnishings) in what is now Kiba in Tokyo's Koto Ward. To this day, no other major construction company has operated its own woodworking facility.



The industry's first R&D facility

### The birth of the first drafting office in Japan's construction industry

Around 1887, Shimizu established a drafting office, the precursor of today's Design Division, to train workers skilled in designing Western-style buildings.

### Opening the construction industry's first R&D facility

Continuing technological development efforts predating the war, Shimizu established the R&D Department inside the Design Division in 1944. This milestone marked the construction industry's first R&D organization.



Yoyogi National Gymnasium

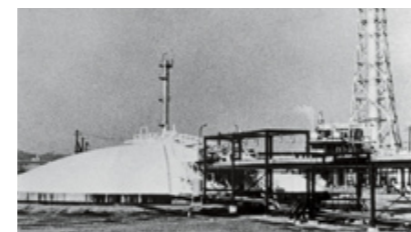
## 1946-2000: Tackling the challenges of new and cutting-edge technologies

### Tackling the challenge of an unprecedented hanging roof structure: Yoyogi National Gymnasium

This venue was built for the 18th Olympic Games, held in Tokyo in 1964. The complex curves of its exterior were built using a suspended roof structure, something rarely seen at that time.

### Building Japan's first underground LNG tank, a harbinger for a new energy age

In 1970, as part of a societal shift toward clean energy, Shimizu built Japan's first underground LNG tank (capacity: 10,000 kl) at Tokyo Gas's Negishi LNG Terminal.



Japan's first underground LNG tank at Tokyo Gas's Negishi LNG Terminal

### Japan's First Seismic Isolation Retrofit – The National Museum of Western Art

Shimizu completed construction of the National Western Art Museum, which was designed by Le Corbusier, in 1959. Subsequently, Shimizu renovated the building in 1998 by using a retrofitting method for adding a seismic isolation system. The retrofit made the museum resistant to earthquakes while preserving Le Corbusier's original design.



The National Museum of Western Art

## 2000 and beyond: The future of the construction industry

### Building Japan's first zero-energy building (ZEB): Seicho-No-le's Office in the Forest

Completed in 2013 in the city of Hokuto, Yamanashi Prefecture, this zero-energy structure takes full advantage of natural energy as befits the characteristics of the local community. We are seeking to achieve ZEB status for all mid-rise buildings by 2018.

### Resilient and sustainable urban development planning that considers both people and the environment

Opened in 2012, our Head Office building plays a central role in making the Kyobashi area a smart community. The Kyobashi Smart Community Council is Japan's first community entity to obtain ISO 22301 certification (ISO certification for business continuity management systems) and ISO 50001 certification (environmental management systems).



Kyobashi Smart Community

## Company Profile

Corporate Name: SHIMIZU CORPORATION

Date of Establishment: 1804

Common Stock: ¥74.3 billion (as of March 31, 2016)

Total Employees: 10,751 (as of April 1, 2016)

Main Business: Construction, civil engineering, and other contracted projects, including machine installation; research, planning, geological surveys, land surveys, design, and administration of construction projects; sales, purchases, leasing, brokering, management, and appraisal of real estate properties; building, selling, leasing, and managing residential buildings and other properties; development and sales of vacant land

President and Director: Kazuyuki Inoue

Net Sales: ¥1,664.9 billion (consolidated, fiscal 2015)

## Main Domestic Subsidiaries and Affiliates (as of April 1, 2016)

### Construction Related Business

- TTK Corporation
- Daiichi Setsubi Engineering Corporation
- SC PRE-CON CORP.
- The Nippon Road Co., Ltd.
- Milx Corporation
- SC Machinery Corp.
- Technology Network, Inc.
- SHIMIZU BLC Co., Ltd.
- FINE STAFF Co., Ltd.
- PD System CORPORATION

### Development and Real Estate Related Business

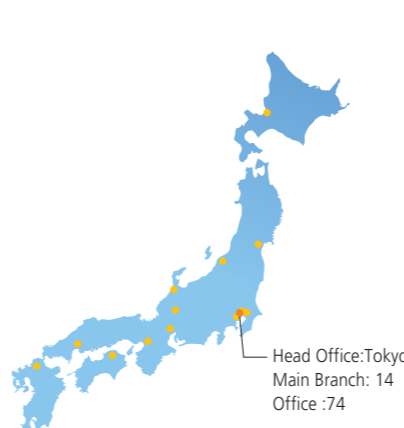
- Shimizu Comprehensive Development Corporation
- Hokuseitochi, Co., Ltd.

### Service Related Business

- Shimizu Finance Co., Ltd.
- Total Office Partner, Inc.

## Global Network

### Domestic



- Hokkaido (Sapporo city)
- Tohoku (Sendai city)
- Hokuriku (Kanazawa city)
- Kanto (Saitama city)
- Tokyo (Tokyo, Chuo-ward)
- Yokohama (Yokohama city)
- Chiba (Chiba city)

### Overseas



- Tashkent
- Wroclaw
- Prague
- London
- Istanbul
- Dubai
- Gurgaon
- Dhaka
- Bangalore
- Lusaka
- Yangon
- Bangkok
- Kuala Lumpur
- Singapore
- Jakarta
- Nagoya
- Kansai (Osaka city)
- Kobe (Kobe city)
- Shikoku (Takamatsu city)
- Hiroshima (Hiroshima city)
- Kyushu (Fukuoka city)
- Civil Engineering Tokyo (Tokyo, Chuo-ward)
- Dalian
- Guangzhou
- Shanghai
- Hong Kong
- Taipei
- Hanoi
- Manila
- Vientiane
- Ho Chi Minh City
- Querétaro
- New York
- Atlanta

### Main Overseas Subsidiaries and Affiliates

- Shimizu North America LLC
- Shimizu International Finance (U.S.A), Inc.
- PT Shimizu Bangun Cipta Kontraktor
- Shimizu Philippine Contractors, Inc.
- Thai Shimizu Co., Ltd.
- Shimizu Vietnam Co., Ltd.
- Shimizu Corporation (China) Ltd.
- Shimizu Corporation India Pvt. Ltd.
- Shimizu Investment (Asia) Pte. Ltd.



Chairman of the Board & Representative Director

**Yoichi Miyamoto**

Jul. 1971 Joined the Company  
 Jun. 2003 Executive Officer/  
 Director, HOKURIKU Branch  
 Apr. 2005 Executive Officer/Director, KYUSHU Branch  
 Jun. 2005 Managing Officer/  
 Director, KYUSHU Branch  
 Apr. 2006 Senior Managing Officer/  
 Director, KYUSHU Branch  
 Apr. 2007 Senior Managing Officer/  
 Sales Responsibility  
 Jun. 2007 President & Representative Director  
 Apr. 2016 Chairman of the Board &  
 Representative Director  
 (Present post)



President & Representative Director

**Kazuyuki Inoue**

Apr. 1981 Joined the Company  
 Apr. 2013 Executive Officer/  
 Director, Construction Business Headquarters  
 Second Sales Division  
 Apr. 2014 Managing Officer/  
 Director, NAGOYA Branch  
 Apr. 2015 Senior Managing Officer/  
 Director, NAGOYA Branch  
 Jun. 2015 Director & Senior Managing Officer/  
 Director, NAGOYA Branch  
 Mar. 2016 Director & Senior Managing Officer/  
 Sales Responsibility  
 Apr. 2016 President & Representative Director  
 (Present post)



Executive Vice President & Director

**Toshiyuki Imaki**

Apr. 1980 Joined the Company  
 Apr. 2007 Executive Officer/General Manager, Tokyo  
 Construction Business Headquarters Third  
 Division  
 Jun. 2008 Executive Officer/  
 General Manager, Human Resource Division  
 Apr. 2010 Executive Officer/Director, HOKURIKU Branch  
 Apr. 2013 Managing Officer/Director, HOKURIKU Branch  
 Apr. 2014 Senior Managing Officer/Deputy Director,  
 Building Headquarters/Director, Building  
 Headquarters TOKYO Branch  
 Jun. 2015 Director & Senior Managing Officer/  
 Deputy Director, Building Headquarters/  
 Director, TOKYO Branch  
 Jan. 2016 Director & Senior Managing Officer,  
 Metropolitan Area Responsibility/  
 Director, TOKYO Branch (Present post)  
 Apr. 2016 Executive Vice President & Director  
 (Present post)



Director & Senior Managing Officer

**Kanji Tanaka**

Apr. 1974 Joined the Company  
 Jul. 2007 Executive Officer/Director, KOBE Branch  
 Sep. 2007 Executive Officer/Deputy Director, SS Projects  
 Apr. 2009 Executive Officer/SS Projects Responsibility  
 Apr. 2010 Executive Officer/Director, YOKOHAMA Branch  
 Apr. 2012 Managing Officer/Deputy Director, KANSAI Business  
 Headquarters/Director, OSAKA Branch  
 Apr. 2014 Senior Managing Officer/Director, KANSAI Business  
 Headquarters/Director, OSAKA Branch  
 Apr. 2015 Senior Managing Officer/Director, KANSAI Business  
 Headquarters  
 Jun. 2015 Director & Senior Managing Officer/Director, KANSAI  
 Business Headquarters  
 Jan. 2016 Director & Senior Managing Officer/KANSAI Area  
 Responsibility (Present post)



Executive Vice President & Representative Director

**Osamu Terada**

Apr. 1977 Joined the Company  
 Jun. 2005 Executive Officer/General Manager, Tokyo Construction  
 Business Headquarters Second Division  
 Apr. 2007 Executive Officer/Director, KYUSHU Branch  
 Apr. 2010 Managing Officer/Director, NAGOYA Branch  
 Apr. 2012 Managing Officer/Director, Building Headquarters  
 TOKYO Branch  
 Sep. 2012 Managing Officer/Deputy Director, Building Headquar-  
 ters/Director, TOKYO Branch  
 Apr. 2013 Senior Managing Officer/Deputy Director, Building  
 Headquarters/Director, TOKYO Branch  
 Apr. 2014 Senior Managing Officer/Director, Building Headquar-  
 ters/Overseas Business Responsibility  
 Jun. 2014 Executive Vice President & Representative Director/  
 Construction Business Responsibility/Director, Building  
 Headquarters/Overseas Business Responsibility  
 Jan. 2016 Executive Vice President & Representative Director/  
 Representative Director, Building Headquarters/Overseas  
 Business Responsibility (Present post)



Executive Vice President & Representative Director

**Tadashi Okamoto**

Apr. 1977 Joined the Company  
 Apr. 2011 Executive Officer/  
 Director, SHIKOKU Branch  
 Apr. 2013 Managing Officer/  
 Director, Civil Engineering Headquarters TOKYO Branch  
 Apr. 2015 Senior Managing Officer/  
 Director, Civil Engineering Headquarters  
 Jan. 2016 Senior Managing Officer/  
 Representative Director, Civil Engineering Headquarters  
 Jun. 2016 Executive Vice President & Representative Director/  
 Representative Director, Civil Engineering Headquarters  
 (Present post)



Director & Senior Managing Officer

**Koichiro Higashide**

Apr. 1976 Joined the Company  
 Apr. 2010 Executive Officer/  
 Director, Secretarial Department  
 Apr. 2013 Managing Officer/  
 Director, Corporate Planning Division  
 Apr. 2016 Senior Managing Officer/  
 Director, Corporate Planning Division  
 Jun. 2016 Director & Senior Managing Officer/  
 Headquarters Managing Section Responsibility/  
 General Affairs Division Responsibility/  
 Corporate Planning Division Responsibility/  
 IR Promotion Group Responsibility  
 (Present post)



Director

**Mitsuaki Shimizu**

Apr. 1963 Joined the First Bank, Ltd.  
 Nov. 1966 Director, Shimizu Corporation  
 May 1972 Managing Director  
 May 1975 Senior Managing Director  
 Jun. 1983 Director (part time)  
 Dec. 1983 President and Representative  
 Director, SHIMIZU & CO., LTD.  
 Jun. 1986 Managing Director  
 Jun. 1999 Director (Present post)  
 Jun. 2014 Chairman of the Board and Representative  
 Director, SHIMIZU & CO., LTD.  
 (Present post)



Director  
**Yo Takeuchi**\*1  
 Apr. 1973 Joined Ministry of Finance Japan  
 Jul. 2002 Director, Ministry of Finance Japan Kanto Finance Bureau  
 Aug.2005 Tariff Director, Ministry of Finance Japan  
 Aug.2006 Director, Development Bank of Japan  
 Oct. 2008 Director and Managing Executive Officer, Development Bank of Japan  
 Jun. 2013 Director, Shimizu Corporation (Present post)  
 Feb. 2014 Lawyer registration  
 Apr. 2014 Sidley Austin Nishikawa-Foreign Law Joint Enterprise (Present post)  
 Jun. 2014 Auditor, PRONEXUS Inc. (Present post)  
 Feb. 2016 President and Representative Director, All Nippon Asset Management Co.,Ltd (Present post)



Director  
**Aya Murakami**\*1  
 Apr. 1977 Joined Ministry of Labor  
 Apr. 1996 Department of Labor Women's Bureau Women's Welfare Division  
 Jul. 1998 Ministry of Health Welfare Care Health Welfare Department, Old Man Welfare Promotion section Leader, Long-term Care Insurance System Implementation Headquarters member  
 Jan. 2001 Cabinet Office, Gender Equality Bureau Promotion Division Leader  
 Aug.2003 Ministry of Health Labour and Welfare, Saitama Labour Bureau Chief  
 Dec. 2006 Executive Director, Foundation for the 21st century profession Foundation  
 Apr. 2011 Professor, Teikyo University Faculty of Law (Present post)  
 Jun. 2015 Director, Shimizu Corporation (Present post)



Audit & Supervisory (part time)  
**Tetsuya Nishikawa**\*2  
 Apr. 1972 Joined National Police Agency  
 Aug.1989 National Police Agency criminal investigation unit the second chief  
 Apr. 1993 Wakayama Prefecture Police Headquarters Commissioner  
 Mar.1998 Niigata Prefecture Police Headquarters Commissioner  
 Jan. 2007 Ministry of Defense, Minister's Secretariat Length  
 Aug.2009 Deputy Chief Cabinet Office Secretary  
 Nov.2011 Sampo Japan Insurance Inc. Adviser,  
 Jan. 2012 Lawyer registered, Kasahara Law Office (Present post)  
 May.2013 Auditor, Sekido Co., LTD. (Present post)  
 Jun. 2013 Director, LAC Co., Ltd. (Present post)  
 Jun. 2014 Audit & Supervisory, Shimizu Corporation (part time) (Present post)



Audit & Supervisory (part time)  
**Kaoru Ishikawa**\*2  
 Apr. 1972 Joined Ministry of Foreign Affairs of Japan  
 Sep. 2002 General Foreign Policy Bureau International community cooperation Director  
 Jan. 2005 Economic Affairs Bureau Director  
 Jan. 2007 Resident Egyptian Ambassador Extraordinary and Plenipotentiary  
 Jun. 2010 Standing Canadian Ambassador Extraordinary and Plenipotentiary  
 Apr. 2013 The Ministry retired  
 Jun. 2013 Managing Director, The Japan Forum on International Relations  
 May 2014 Director, Kawamura Gakuen (Present post)  
 Apr. 2014 Specially approved visiting professor, Kawamura Gakuen Woman's University (Present post)  
 Jun. 2016 Audit & Supervisory, Shimizu Corporation (part time) (Present post)



Audit & Supervisory (standing)  
**Hiroshi Tarui**  
 Apr. 1976 Joined the Company  
 Nov.2006 Legal Dept. Manager  
 Feb. 2012 Legal Dept. Manager and Corporate Ethics Help-Line Officer  
 Jun. 2012 Audit & Supervisory (standing) (Present post)



Audit & Supervisory (standing)  
**Shingo Asakura**\*2  
 Apr. 1975 Joined the Mitsubishi Trust and Banking Co., Ltd.  
 Jun. 2003 The company Executive Officer and Tokyo sales first section Manager  
 Oct. 2003 The company Executive Officer, and sales fourth section Manager  
 Jun. 2005 The company Managing Officer  
 Oct. 2005 Managing Executive Officer, Mitsubishi UFJ Trust and Banking Co.,Ltd.  
 Jun. 2007 The company Senior Managing Officer  
 Jun. 2008 The company Standing Auditor  
 Jun. 2013 Audit & Supervisory, Shimizu Corporation (standing) (Present post)



Audit & Supervisory (standing)  
**Chihiro Arakawa**  
 Apr. 1977 Joined the Company  
 Aug.1999 KYUSHU Branch Accounting Dept. Manager  
 May 2006 Building Headquarters Accounting Dept. Manager  
 Jun. 2008 HOKURIKU Branch Deputy Manager  
 Jun. 2010 Audit Dept. Manager  
 Jun. 2016 Audit & Supervisory (standing) (Present post)

Executive Officers

Senior Managing Officers

Kanji Tanaka\*3  
 Koichiro Higashide\*3  
 Shigeru Namioka  
 Hiroshi Takenami  
 Kazuo Nakamoto  
 Chiyuki Iwakawa  
 Koji Ikeda  
 Toru Yamaji  
 Yoshiyuki Ono  
 Tadashi Tsujino

Managing Officers

Eiji Katsuura  
 Shigeki Kuriyama  
 Seiji Umetsu  
 Tsunehiko Yamanaka  
 Toshihiko Kubo  
 Yutaka Ishikawa  
 Masahiro Hosokawa  
 Akimasa Ikemoto  
 Tatsuya Kurosawa  
 Masahiro Indo  
 Shinichi Ishikawa

Executive Officers

Masatoshi Misawa  
 Shinya Fukudome  
 Masaki Yamaguchi  
 Shutaro Kubo  
 Nobuaki Miura  
 Shigeki Ono  
 Toyoji Sone  
 Koichi Ishimizu  
 Katsuro Sugihara  
 Hiroshi Terada  
 Makoto Saito  
 Shinichi Takiguchi  
 Hiroshi Fujimura  
 Masaichi Kawamura  
 Naoki Kita  
 Hiroyuki Kurita

Kazuyoshi Nasuhara  
 Akihiko Takeda  
 Takashi Kawata  
 Hideharu Ushiba  
 Yukio Kajitani  
 Hiroaki Taniguchi  
 Akira Yamazaki  
 Yutaka Gozu  
 Yoshito Tsutsumi  
 Hideki Yamaguchi  
 Masanobu Onishi  
 Kazuhito Nakamura  
 Kentaro Ikeda  
 Masamichi Miki  
 Mitsuo Morii

\*1 Directors Yo Takeuchi and Aya Murakami are external directors.

\*2 Audit & Supervisory Board Members Shingo Asakura, Tetsuya Nishikawa and Kaoru Ishikawa are external auditors.

\*3 Senior Managing Officers Kanji Tanaka and Koichiro Higashide serve the post of the Director.

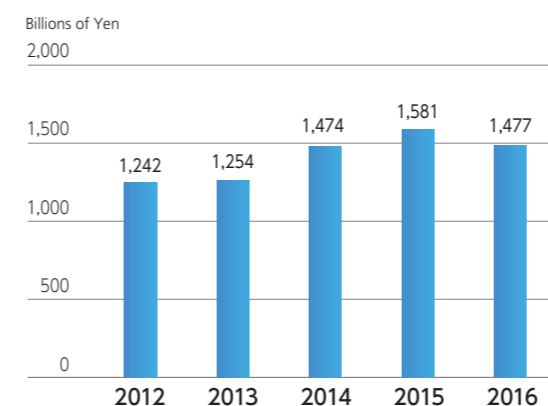
Shimizu Corporation and its subsidiaries  
Years ended March 31, 2012 through 2016

	2012	2013	2014	2015	2016	2016
					Millions of Yen (unless otherwise indicated)	Thousands of U.S. Dollars (unless otherwise indicated)
<b>For the year:</b>						
Construction orders awarded	¥1,242,347	¥1,254,950	¥1,474,084	¥1,581,494	¥1,477,049	\$13,118,835
Net sales	1,336,194	1,416,044	1,497,578	1,567,843	1,664,933	14,787,582
Construction contracts	1,224,532	1,271,745	1,352,242	1,444,843	1,516,054	13,465,270
Real estate development and other	111,661	144,298	145,335	123,000	148,879	1,322,312
Operating income	17,566	13,101	26,054	50,032	94,668	840,822
Ordinary income	16,159	17,330	29,277	56,246	95,501	848,224
Income before income taxes	13,586	14,447	30,269	55,682	93,605	831,379
Net income attributable to shareholders of the Corporation	1,430	5,901	14,191	33,397	59,322	526,889
Return on sales (percent)	0.1%	0.4%	0.9%	2.1%	3.6%	3.6%
Net income per share of common stock (yen and U.S. dollars)	¥1.82	¥7.52	¥18.09	¥42.56	¥75.61	\$0.67
Cash dividends per share of common stock (yen and U.S. dollars)	¥7.00	¥7.00	¥7.00	¥8.00	¥16.00	\$0.14
<b>At year-end:</b>						
Total assets	¥1,410,975	¥1,456,441	¥1,512,686	¥1,703,399	¥1,722,936	\$15,302,747
Net assets	307,002	358,094	376,048	481,896	485,655	4,313,484
Net assets per share of common stock (yen and U.S. dollars)	¥ 387.74	¥ 452.79	¥ 474.43	¥ 607.82	¥ 612.70	\$ 5.44
Number of shares issued at year-end	788,514,613	788,514,613	788,514,613	788,514,613	788,514,613	788,514,613
<hr/>						
Number of employees	15,168	15,616	15,518	15,587	15,640	
Nonconsolidated basis	10,776	10,721	10,714	10,547	10,466	
<hr/>						
Accident frequency rates*	0.79	0.66	0.60	0.77	0.59	
<hr/>						
CO2 reduction rates compared to 1990 (%)*	40.7	48.3	45.9	55.9	51.1	
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R&D investments (¥billion)	7.1	8.0	7.9	11.1	8.5	

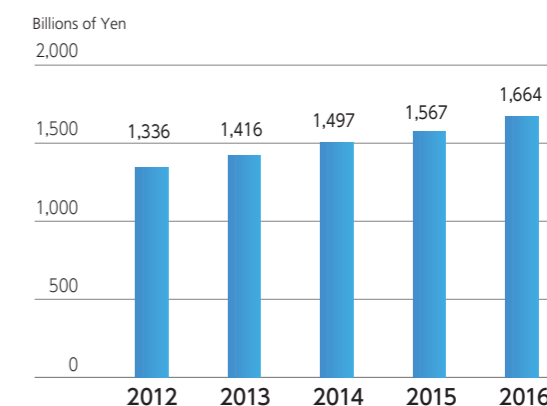
\* Nonconsolidated basis

Note: Yen amounts have been translated into U.S. dollars, for convenience only, at the exchange rate of ¥112.59=US\$1.

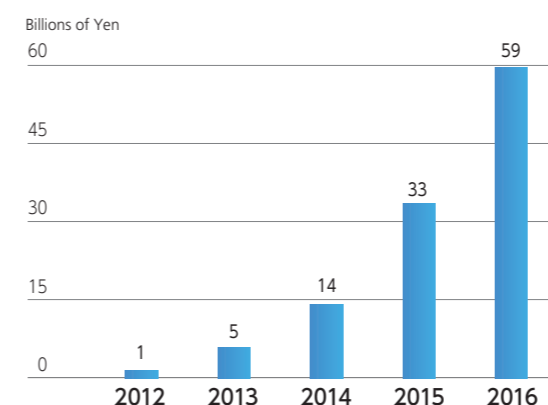
## Construction orders awarded



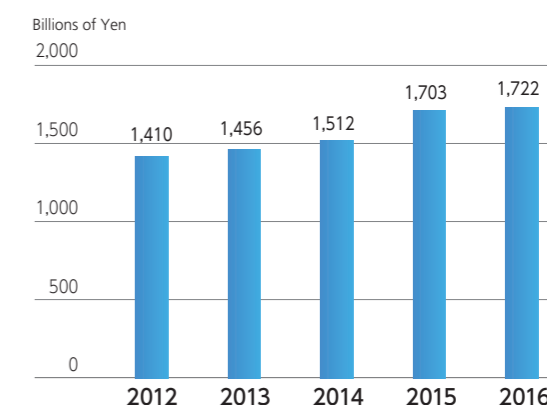
## Net sales



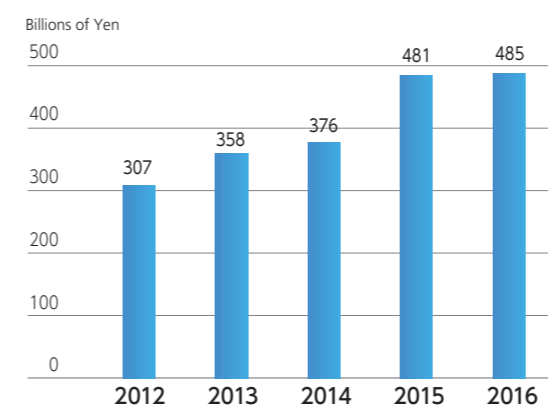
## Net income attributable to shareholders of the Corporation



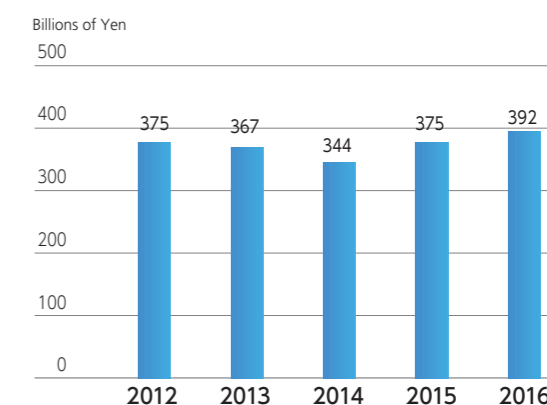
## Total assets



## Net assets



## Interest-bearing debt



## Dedicated to sustained growth while helping create a world where people can enjoy safe and fulfilling lives



Kazuyuki Inoue, President

I took office as President of Shimizu Corporation on April 1, 2016.

Since our founding in 1804, Shimizu's management principles have been guided by the precepts set forth in Rongo to Soroban ("The Analects and the Abacus") by Eiichi Shibusawa, a industrialist of the Meiji Era.

The philosophy of continuing to create value surpassing the expectations of customers through a sincere approach to monozukuri (act of craftsmanship) alongside ever-advancing innovation remains the foundation for all Shimizu activities, even as customer needs diversify in these times of change.

Guided by a spirit that dates back to its origins, Shimizu is dedicated to achieving sustained growth while making the world a better place as a source of safety and confidence.

### The business environment

The so-called fourth industrial revolution is taking place around the world. Rapid technological progress in fields like the IoT, big data, artificial intelligence and robotics is altering the very structure of many industries. The outlook for the world is also uncertain due to China's slowing economic growth, terrorism, and geopolitical risk in the Middle East and elsewhere.

In the home market, construction expenditures are strong, chiefly in the Tokyo area. Facilities for the 2020 Tokyo Olympics and Paralympics are a major component of activity. Private-sector redevelopment projects are another important source of demand. However, the longer-term outlook is for construction activity in Japan to flatten or even shrink. Renovations and building maintenance are becoming more important in Japan relative to new construction. Additionally, buildings must have even more diverse and advanced capabilities. These trends point to a qualitative change in the construction market. As Japan's population ages and the number of children and working-age people declines, the country will undergo numerous social and economic changes. In the Japanese construction industry, these changes will require more effective recruiting activities and higher productivity.

Overseas markets are expected to grow, with increased demand for high-quality infrastructure, particularly in Asia and Africa. Prospects are good for market expansion in many countries due to the immense demand for the construction of high-quality infrastructure components by Japanese companies.

Shimizu's construction operations will continue to advance and evolve while accurately reflecting these changes in society and the marketplace. We also plan to work on establishing three more key businesses in addition to construction: the global business, the building and facility (stock) management business, and the sustainability business. Our goals are to stabilize our operations and achieve sustained growth.

To make steady progress toward accomplishing these goals, Shimizu formulates a Three-Year Medium Term Management plan every year on a rotating basis. This plan identifies management strategies based on Smart Vision 2010, the long-term vision that establishes ideals for the company 10 years into the future, and Midterm Management Plan 2014, which establishes policies for a five-year period.

### Long-term Smart Vision 2010~Becoming a Smart Solutions Company\*1~

In June 2010, we established Smart Vision 2010, our corporate vision for where we want to be in 10 years. Our objective is to be a company that grows constantly with society as a leader in the creation of environments where people can live with comfort and confidence. Achieving this objective will require the relentless pursuit of the sustainability of society and structures while retaining our focus on the construction business. We want Shimizu to be a "Smart Solutions Company" that is capable of remaining a source of value that surpasses customer expectations.

Although we started six years ago, we continue to undertake many initiatives to accomplish our vision.

#### \* 1 Smart Solutions Company:

A company or group of companies that provides its customers with maximum added value and solutions at all stages, through proactive business participation, management, and investment in promising businesses and areas surrounding the core construction business

#### Fundamental policies: Moving toward sustainable growth and sustained progress

##### Business Enhancement Policies

1. Achieving sustained growth by strengthening innovation and competitiveness in construction

Construction business  
Sustained growth of core business

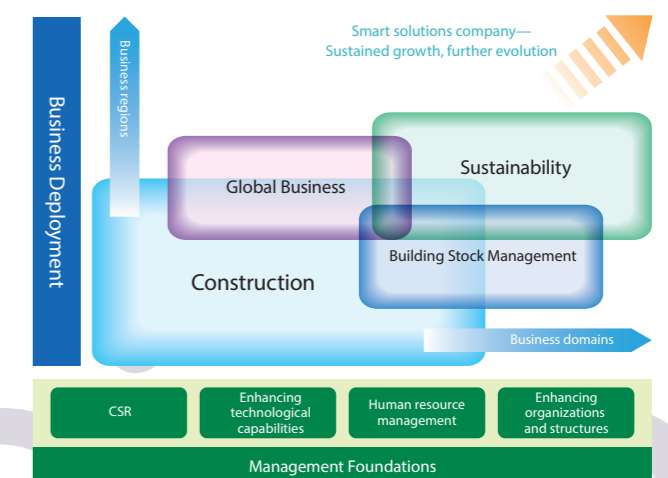
2. Establishing business foundations in three key areas to build a base for future revenue



3. Strengthening group company management through the pursuit of synergies and a focus on the environment in business activities

##### Foundation Enhancement Policies

1. Building a management structure to promote sustained growth by enabling flexible response to the business environment while minimizing the impact of economic cycles
2. Establishing management systems with business diversification in mind, including global expansion and stock management support





## Promoting the Midterm Management Plan 2014

We formulated the Midterm Management Plan 2014 (2014-2018) in July 2014, a five-year plan based on a longer-term vision. Since then, we've revised parts of this plan (particularly with respect to performance targets) to reflect our goal of achieving fiscal 2018 targets ahead of schedule while continuing to respond to changing social conditions and market trends.

This plan calls for efforts to achieve three policy initiatives: progressive change in the construction business; steady growth in our three key areas (global business, building stock management business, and sustainability business); and stronger overall business foundations. These efforts will give us the capacity needed to handle the expected boost in construction demand leading up to the 2020 Tokyo Olympic and Paralympic Games and also the capacity to prepare for changes in the long-term economic environment and construction market trends.

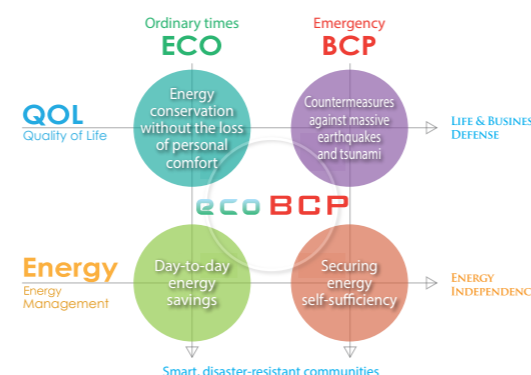
"Progressive change" is the key concept that guides our construction business. In addition to identifying the true needs of customers and society, enhancing technological and solutions capabilities, and making society safer and more livable, we will establish the production systems needed to meet construction demand. To secure the quality and safety that represent the essence of our business, we will work on implementing the i-Construction initiative through information technology innovations and labor-saving con-

struction methods. We will also focus on training highly motivated employees capable of monozukuri and of earning the trust of our customers and society.

Intended to achieve sustainable growth well beyond 2020, our three high-priority businesses are more than complements to our main business of construction. Rather, we intend to approach these business areas with the firm resolve needed to establish them as independent operations.

In our global business, we are strengthening human resource training. This includes the international rotation system introduced in fiscal 2011. We will continue to develop the organizational structure in keeping with our goal of increasing global business to about 20% of total business volume by 2020.

In the area of building stock management, we are promoting investment and development with the goal of pro-



posing advanced urban development solutions that harness our special strengths. We're also focusing on the BSP\*2 business, which provides comprehensive facility management services once building construction has been completed.

In the sustainability business, we're promoting energy service businesses based on the Shimizu Group's proprietary ecoBCP\*3 solutions, which bring together our environmental (eco) and business continuity planning (BCP) initiatives. We're aggressively pursuing renewable energy initiatives, including solar, wind, and geothermal power. We're also moving forward with projects involving coexistence with nature, including agriculture, forestry, and fisheries.

The Paris Agreement was adopted this past December as a new international framework for fighting climate change. In addition to current climate change measures based on our Ecology Mission\*4, Shimizu will accelerate initiatives to build zero energy buildings.

As we strive to strengthen our business foundations, we will improve upon our technological capabilities across the Company and with a special focus on our three high-priority

\*2 BSP (Building Service Provider): A business that provides comprehensive services related to facility management and operations (e.g., property management, building management, energy conservation, BCP) after the completion of construction

\*3 ecoBCP: Eco measures undertaken in ordinary times that also seek to ensure business continuity in times of emergency

\*4 Ecology Mission: Company-wide goal of reducing CO2 emissions

businesses; endeavor to increase corporate value through CSR and compliance management; and advance workplace diversity measures. These efforts include expanding opportunities for women and non-Japanese employees as well as strengthening HR management.

We will seek to achieve enterprise growth and contribute to a sustainable society through progress in the construction business and the pursuit of new business challenges.

Medium-term performance targets			
(JPY1 billion)	FY2013 performance	FY2015 performance	FY2018 target
Total net sales (consolidated)	1,497.5	1,664.9	1,630.0
Profits on sales (consolidated)	95.7	175.3	175.0
Ordinary income (consolidated)	29.2	95.5	102.0
Ref.:			
Ordinary income (non-consolidated)	16.1	81.1	88.0

## Formulating the three-year management plan

Starting with the 2016 fiscal year, the three-year management plan calls for measures to establish business foundations in new domains while maintaining the construction business in Japan as our main source of revenue.

### The Midterm Management Plan 2014

#### Progressive change in the construction business

- Progress in sales and solutions
- Technological progress
- Human resource progress
- Progress in site management

#### Steady growth in three key areas

stock management business, global business, and sustainability business

- Stabilizing earnings in investment/development and engineering
- Securing sustained growth and stable earnings in global business
- Focused investments to ensure profitability in three new business areas 10 years into the future

#### Further enhancements in management foundations

- Strengthening technological capabilities
- Human resource management
- Strengthening the corporate structure
- Promoting CSR



### Three-Year Management Plan

- 1. Manage quality, safety and processes thoroughly and improve productivity further by creating a reliable production system**
  - Reinforce jobsite management abilities by improving awareness of craftsmanship
  - Reinforce efforts for innovation activities in step with business operators
- 2. Improve labor environment to ensure an adequate workforce for the construction industry**
  - Reduce working hours by raising awareness and improving business efficiency (making use of ICT, etc.)
  - Reinforce the Shimizu Supply Chain including improved treatment of skilled workers
- 3. Further improve profitability in the construction business**
  - Systematically secure profits from upstream phases of construction projects
  - Expand orders by enhancing information gathering, technical capabilities, solution-proposal capabilities
  - Work strategically toward major long-term projects with a view to the period 2020 onward
  - Promote high quality solution activities to meet the needs of society and customers, including environmental and energy measures, disaster prevention, and natural disaster reduction

#### 4. Create management system for expansion of profit base

- Improve the profitability of the stock management business (investment and development, BSP\*) in a single unit as the Shimizu Group
- Promote commercialization of sustainability business areas centered on energy
- Move forward with company-wide efforts related to global expansion of various businesses, including the stock management business and sustainability business, in addition to the construction business.

#### 5. Proactively promote business diversity and investment in human resources

- Promote the active participation of women and aggressively hire and train people with disabilities and non-Japanese
- Promote "investment in human resources" for securing and development of outstanding human resources

#### 6. Promote CSR and establish corporate governance

- Work to undertake CSR activities and social contribution activities tied to business activities
- Carry out corporate governance by promoting management with compliance

## CSR based on the precepts set forth in Rongo to Soroban (“The Analects and the Abacus”)

Shimizu’s management philosophy is rooted in the precepts set forth in *Rongo to Soroban* (The Analects and the Abacus). These precepts call for using responsible business activities to contribute to society and, as a result, earning a suitable level of profits. Based on these guidelines, CSR activities at Shimizu are centered on the following three core components.

### 1. Fairness and transparency in business

By fulfilling our responsibilities to society through business activities based on the precepts set forth in *Rongo to Soroban*, we seek to strengthen the trust earned from various stakeholders including shareholders, investors, customers, employees, and local communities. We also seek to implement a timely, efficient, and transparent management to increase corporate value and achieve sustained growth over the medium- to long-term.

Our basic corporate governance policy is compliance based on high standards for ethical behavior among directors, executive officers, auditors, and employees. We do this through a structure that separates the functions of management decision-making and business execution, with the Board of Directors and auditors supervising and auditing the performance of each.



In addition, in 2013, we became the first major general contractor in Japan to sign and participate in the UN Global Compact.\*5 We are working to prevent problems and mitigate risk by strengthening risk management rules and systems, all based on the needs of individual countries and local communities. In addition, the Shimizu Group continues to pursue group-wide efforts to ensure fair trade, uphold Japan’s Antimonopoly Law, and address problems linked to antisocial behavior.

### 2. Creating value that surpasses the expectations of customers and society

Japan is among the countries at greatest risk of natural disasters. Our business continuity planning (BCP) aims to ensure that business activities can continue in the event of a disaster or other serious incident, and we are developing related technologies on a daily basis. In fiscal 2015, the Shimizu Institute of Technology completed work on its Advanced Earthquake Engineering Laboratory, one of the world’s top research facilities on minimizing earthquake damage. We plan to improve BCP to the extent that it can deal with disasters of unprecedented scale. Related efforts during normal times include annual large-scale disaster drills with local communities.

As a member of the construction industry, we deliver facilities and infrastructure to our customers. At each stage, from sales to design, construction, and post-construction, the entire Shimizu organization focuses its capabilities on identifying the true needs of our customers and securing optimal quality, in this way creating value that surpasses customer expectations.

Global initiatives to combat global warming have advanced to a critical phase. Most significantly, Japan and other countries announced new targets for reducing CO2 emissions in association with the 2015 COP21 meeting in Paris. We’ve reviewed our existing Ecological Mission and formulated the new Ecological Mission 2030-2050,\*6 setting new medium-and long term targets for reducing CO2 emissions.

### 3. Business activities in coexistence with society

By hosting tours of our construction sites and participating in community events and volunteer activities, we’re enhancing dialogue and establishing close ties with local communities. We also strive constantly to improve working conditions and to create attractive workplaces that motivate our employees and the specialist contractors who work at our construction sites.

Japan faces a future in which birth rates will likely continue to decline and society continues to age. The numbers of foreign workers will likely increase, while women and people with disabilities assume greater roles. We aim to use our business operations in order to play a role in creating an inclusive\*7 society where everybody can work together and coexist, regardless of age, nationality, gender or disability.

## Publication of the Shimizu Corporate Report

The format of the CSR Report has changed starting from this fiscal year. The changes include the addition of business strategies and financial information. Reflecting the comments of experts in various fields, we’ve also identified important CSR topics concerning management strategies and societal issues based on the Midterm Management Plan 2014 and revised key performance indicators (KPIs). Our intent is to help create a sustainable society and to achieve progress in our businesses by working alongside an ever-broadening range of stakeholders.

Today’s Work, Tomorrow’s Heritage: By pursuing each task with passionate dedication, we will fulfill our responsibility to build structures that remain valuable assets for our children and our children’s children.

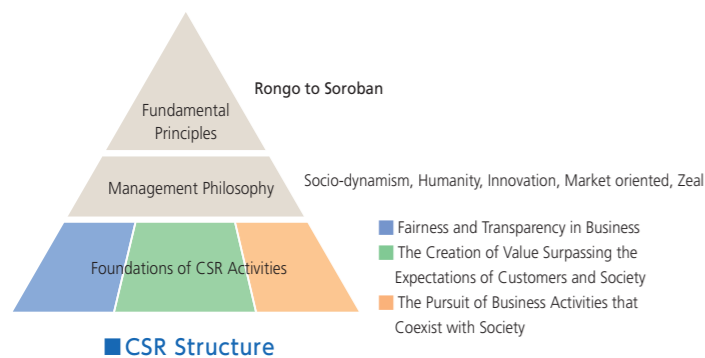
Thank you for taking the time to read this report. As always, we welcome your feedback and candid comments.

*Kazuyuki Inoue*

Kazuyuki Inoue  
President



Shimizu’s head office building



\*5 UN Global Compact: A voluntary endeavor initiated by the United Nations in 2000 to build societies predicated on sustainable growth

\*6 Ecological Mission 2030-2050: See pages 50 and 51.

\*7 Inclusive: Coexistence so that all can live together, regardless of age, nationality, gender, or disability

## Continuing to build on a track record of over 210 years to serve society and our customers



Located at Ginza's Sukiwabashi corner, Tokyu Plaza Ginza is one of the largest retail facilities in the area. (Chuo-ku, Tokyo)



**Osamu Terada**  
Executive Vice President and Representative Director

To continue delivering buildings that surpass customer expectations, we believe it is vital to adapt to change by demonstrating the conceptual and organizational abilities of a general contractor.

In January 2016, we established the Building Construction Headquarters to integrate cross-organized functions such as sales, design, construction technology, and maintenance on a companywide basis. Our goal is to improve our competitive edge and profits by enhancing proposal and presentation capabilities and strengthening efforts to realize a highly productive construction work system.

We're also taking active steps to improve working conditions at construction sites to build the workforce for the future of the construction industry.

### Construction investment in Japan remains strong

With the construction of facilities related to the Tokyo Olympic and Paralympic Games about to get fully under way, we are seeing a dramatic increase in the numbers of overseas tourists and ever-growing numbers of projects involving hotels and commercial facilities. Demand for office space continues to boom in central Tokyo, which features numerous large-scale construction projects.

In addition, demand for new construction of transportation and logistics facilities as well as renovations of existing buildings remains strong. Construction investment in Japan is thus expected to exhibit strength for some time.

At the same time, the number of skilled construction workers declined by about 1.2 million from its peak in 1997. Labor shortages at construction sites are a pressing issue.

### Enhancing core businesses to achieve continuing growth

Our midterm vision identifies construction as a core business. We have done everything possible to maintain our competitive strengths in architectural construction over the years. This is our most important business and one backed by more than 210 years of history since our founding.

To achieve growth into the future, we are proceeding in accordance with the following three policies identified in the Midterm Management Plan 2014.

1. Strengthening competitiveness at all stages (sales, design, purchasing, and construction); improving profitability; developing a more efficient and productive construction system
2. Improving customer satisfaction by providing high-quality technology/solutions and comprehensive after-sales service; linking these strengths to continuing orders for renovations and design/construction
3. Securing mid- to long-term volume and earnings through focused strategic efforts targeting markets and business domains identified as promising based on societal trends

### Measures for more progress of the construction business

In response to the currently strong construction demand, we must build high-quality structures safely over short construction periods using a shrinking workforce. To do so, we are enhancing companywide efforts to secure and train outstanding human resources for the future of monozukuri. These efforts include passing along skills within the organization and promoting diversity.

We will also work to enhance our supply chain by sharing information and working with our partners. By building an environment in which highly capable specialized contractors can continue to secure orders in the future, we will help ensure a future workforce for the industry as a whole.



Dai Nagoya Building



Capital Gate Place The Tower (Tokyo)

## Applying our technologies and services to enrich lives



The "Bridge to Hope" at construction sites in the Takata and Imaizumi districts of Rikuzentakata (Iwate prefecture, see page 48)



**Tadashi Okamoto**  
Executive Vice President and Representative Director

Established in January 2016 to enhance corporate cross-organization functions related to civil engineering and the drafting and implementation of company-wide strategy, the Civil Engineering Headquarters guides work on individual projects based on an approach that integrates timely response to the changing needs of customers and society.

It also works to reform existing attitudes in order to build the workforce needed by the construction industry and achieve a sound work-life balance, two of the highest priorities in today's society. One way it does this is by promoting QCDSE-T management, which adds time management (T) to QCDSE management.\*1 We will continue these efforts, seeking to increase productivity, improve working conditions, enhance profitability, and contribute to society.

### Current demand is strong.

In light of growing awareness of the importance of national resilience, full-scale work on social infrastructure improvements in preparation for Olympics and Paralympic Games and large-scale projects such as the Chuo Shinkansen maglev project are scheduled to begin. Market expansion is also expected in infrastructure revitalization, new energy sources, and other growth areas. For the time being, overall demand is projected to be strong.

### Evolution of our business competitiveness and strategic growth in business domains

In Midterm Management Plan 2014, Shimizu identifies basic future policies and priority measures for the civil engineering business under its civil engineering strategies. We are pursuing efforts related to these plans.

Through the coordinated application of our capabilities in marketing, site management, and technology, our goal is to boost business competitiveness still further to participate in high-visibility, large-scale projects and to become the domestic civil engineering market leader. To do so, in addition to enhancing our ability to handle major projects, we will implement comprehensive QCDSE\*1-T management as we focus on transitioning to a smoother and more productive construction system.

In addition to flexibly adapting to contracts for DB, CM, ECI, and PPP\*2 projects, we are seeking to expand our business domains strategically. These plans encompass the expanding business areas of infrastructure revitalization and renewal, energy, and various back-end\*3 markets with a promising future.

We will also strive to enhance organizational strengths and develop the global human resources needed to achieve steady growth in the overseas civil infrastructure business.

- \*1 Quality, cost, delivery time, safety, and environmental management
- \*2 Design-build, construction management, early contract involvement, public-private partnerships
- \*3 back-end: This project involves the retirement of two nuclear reactors, the processing of radioactive waste and the reprocessing of used nuclear fuel.
- \*4 Construction Information Modeling: The concept (or principle) of harnessing the latest information and communication technologies to share information at each stage of the construction production system—planning, design, construction, and management—thereby achieving the most efficient and highest quality construction production systems

### Supporting safety and comfort in our everyday lives

As the needs of society continue to grow more advanced, Shimizu will strive to create new value by developing and implementing the latest technologies. These efforts include high-speed excavation using the large-section shield excavating method, underground widening techniques, and the shortening of cycle times in long tunnels under large mountains.

Other important themes include promoting labor-saving techniques, increasing productivity, improving working conditions, and promoting diversity to respond to a diminishing workforce. We are also promoting active use of precast components and construction using CIM technologies.\*4



Construction of the Yanba Dam main structure (Gunma Prefecture)



Eurus Rokkasho Solar Park (Aomori Prefecture)

## Contributing to the growth of emerging markets through high-quality infrastructure technologies and brand power



**Kazuo Nakamoto**  
Senior Managing Officer  
Director, International Div.

Demand related to infrastructure continues to grow overseas, backed by rapid urbanization and economic growth in emerging markets. Combining a wealth of experience, expertise, and technological capabilities accumulated over years of experience in both Japan and around the world, Shimizu provides optimal solutions and contributes to the growth of each country in which we do business.



The Astra Tower project (Indonesia)

Developing a management foundation in which overseas business accounts for roughly 20% of our total business

In anticipation of further growth in overseas infrastructure demand, Shimizu has identified global businesses as a priority area under its long-term vision. We are currently making progress in developing a foundation in which overseas business will account for roughly 20% of our total business. In addition to training global human resources both at the head office and in the field overseas and building appropriate risk management structures, we are aggressively pursuing new businesses in investment development, the environment, infrastructure PPP, and other areas as we respond to the demands of increasingly diverse global markets.

Contributing to growth in each country through high-quality infrastructure technologies

We are currently building the first subway systems in both Indonesia and Vietnam. Once finished, these systems will play decisive roles in alleviating traffic congestion in their respective areas. In Indonesia, we are building a state-of-the-art energy-saving office building that will not only be the tallest in the country, but earn the highest ranking under the Green Mark, an indicator of environmental performance. In these and other ways, we deliver technologies and solutions that meet the needs of our clients, both to contribute to growth in each country and to establish Shimizu as a trusted brand around the world.



Ho Chi Minh City Subway (Vietnam)

## Actively broadening diverse real estate businesses in Japan and worldwide



**Tatsuya Kurosawa**  
Managing Officer  
Director, Investment and Development Div.

We are pursuing business development energetically both in Japan and worldwide, seeking to establish a second revenue pillar alongside construction while contributing to society through a range of real estate development projects that provide high levels of added value, including offices, logistics facilities, residential properties, hotels, and data centers.

Real estate development drawing on the strengths of a general contractor

In its real estate development efforts, Shimizu actively incorporates seismic isolation and seismic response control systems and energy-saving technologies such as ecoBCP to deliver development projects that offer high added value. To do this, Shimizu maps out innovative and unprecedented solutions that address the needs of markets and the changing times. Overseas, we're taking advantage of Shimizu's international network to develop projects such as housing complexes and state-of-the-art data centers in partnership with local firms.

A diverse human resource base to create value

Some 100 staff members from diverse backgrounds specialized in development, design, management, and finance are active in the areas of investment and development in Japan and around the world. Shimizu Group companies employ more than 200 individuals in real estate development and management. To contribute to society, we're merging the collective strengths of the Shimizu Group through partnerships with architectural construction and civil engineering sections, starting from the initial planning stages. We seek to do this by consistently creating new value in our offerings, ranging from comprehensive solutions to a wide range of customer needs, including advanced eco-friendly offices, the S.Logi series of logistics facilities, hotels and data centers, and large-scale urban development projects.



Sky Habitat Condominium in Bishan (Singapore)



YOKOHAMA i-MARK PLACE (Yokohama)

## Expanding the business by adapting to changing times and meeting the needs of society and customers



**Yoshiyuki Ono**  
Senior Managing Officer  
Director, Engineering Headquarters

As the section responsible for Shimizu's efforts in the area of sustainability, we handle EPC\* businesses in the fields of energy, the environment, plants, and information. We are also engaged in power generation based on renewable energy. By identifying the most pressing needs of our changing times, we will continue expanding our businesses in areas that meet the needs of society and our customers.

\* Engineering, procurement, and construction



**Nipro Pharma Vietnam**  
Shimizu received an EPC order for construction of a state-of-the-art sterile drug manufacturing plant that complies with the Good Manufacturing Practice (GMP) regulations used in Japan, North America and Europe, and the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-Operation Scheme (PIC/S).

\*2 GMP: Good Manufacturing Practice standards  
\*3 PIC/S: Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-Operation Scheme (PIC/S)

### Identifying the needs of the next generation

We plan to enhance soil and groundwater purification engineering efforts in the environmental field; production and logistics engineering efforts targeted at plants that make products such as pharmaceuticals, food products, and functional chemicals in the plant field; and ICT engineering for energy conservation, production automation, security, and other goals in the field of information technologies. We plan to expand our business opportunities by integrating ICT into each field. In the field of energy, in addition to our focus on renewable solar, wind, geothermal power, and other renewable energy sources, we plan to push ahead with initiatives targeting next-generation energy sources such as hydrogen and marine resource development.

### From restoration in Fukushima to pioneering offshore wind power

Under contract to the Ministry of Economy, Trade and Industry of Japan, we're working on the Floating Offshore Wind Farm Demonstration Project off the coast of Fukushima. Following completion of a 2 MW turbine in Phase One of the project, we towed and installed a 7 MW turbine—one of the world's largest—in Phase Two. This demonstration project is part of our efforts to become a wind power pioneer.



**Fukushima Restoration and Floating Offshore Wind Farm**  
Contracted by the Ministry of Economy, Trade and Industry to a consortium of 11 companies (including Shimizu)

## Tackling challenges posed by new businesses related to energy, the environment, and infrastructure



**Shigeru Namioka**  
Senior Managing Officer  
Responsible for new business promotion

We plan to create new business opportunities while anticipating changes in the business environment and social structures.

We're seeking to achieve multilayered and continuous business growth, a mode of growth capable of adapting to the needs of society with greater precision and speed, by gathering the various technologies and expertise we've accumulated over the years.

### Turning efforts to combat global warming into business opportunities

The business domain of the ecoBCP Promotion Division includes activities ranging from the ESP\* business for individual facilities to district and community development, clean power generation, and new energy (including hydrogen energy). The Sustainable Green Business Promotion Division has ventured into the cultivation of strawberry and paprika, as part of efforts to ensure a safe, reliable, and stable food supply. The New Business Promotion Division is forging PPP, privatization and other spheres, enjoying partnership between public and private sectors.

### Creating new value for society

From a global environmental perspective, our goal is to achieve low-carbon construction and urban development characterized by high business sustainability. We're also forging ahead with business efforts in agriculture, forestry, and fisheries where the effects of global warming are most pronounced. As part of efforts to revitalize local communities, we're seeking to revive rural and coastal areas. In order to address the infrastructure-related issues faced by society, we're focusing on the maintenance, renovation, and management of aging infrastructure.

\*ESP: Energy Service Provider



**Aizen Hospital Energy Equipment Service (Sapporo)**  
Provision of an energy service that includes installation and maintenance and has no start-up expenses



**Large year-round strawberry growing facility that uses Hokkaido's cool climate (Hokkaido)**

## Aiming for even higher levels of safety and security



Shimizu Institute of Technology (Koto ward, Tokyo)



**Yutaka Ishikawa**  
Managing Officer/Director, Institute of Technology  
Director, Technology Planning Office

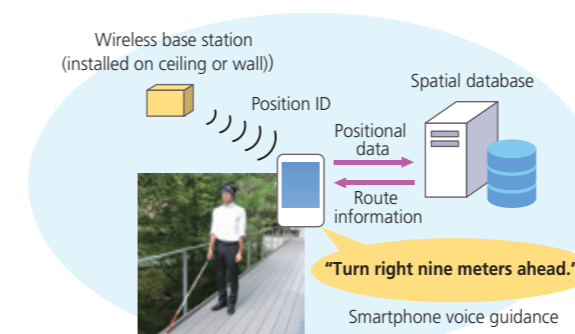
Today's world demands a sustainable society that addresses issues such as safety and security, the minimization of environmental impact, and an aging society. These efforts will require constant technological development and innovations that anticipate the changing times.

By merging the core construction technologies we've accumulated over many years with state-of-the-art technologies such as the internet of things (IoT), artificial intelligence, and robotics, we continue to generate new technologies and value that surpasses the expectations of customers and society.

### Technological development initiatives

In fiscal 2015, our research and development costs totaled 85 billion yen, as we pushed ahead to develop the technologies needed to secure productivity improvements and quality in the fields of architectural construction and civil engineering, as well as the leading-edge technologies needed to meet society's advancing and diversifying needs. In an era that demands an ever-accelerating pace of technological development, we're moving forward with efforts to exchange technologies and expand joint development work with companies from other industries, public research institutions, and universities, both in Japan and around the world. In addition, to more effectively link development results to corporate earnings, we're working to secure intellectual property (IP) rights in priority technological areas and to protect our IP rights.

To accelerate the development of techniques that draw on advanced technologies, we've opened the Center for Future Technology and Design, which is currently pursuing projects such as joint development with IBM Japan of an indoor and outdoor pedestrian navigation system for people with impaired vision.



#### Pedestrian navigation system for people with impaired vision

This system guides users to their destination based on positional data from the user's smartphone and a spatial database stored on an external server. A permanent experimental facility called "Shinsetsu ni sasayaku ba" ("Place of kind whispers") has been established within the Institute of Technology. Practical application of the system is slated for 2018.

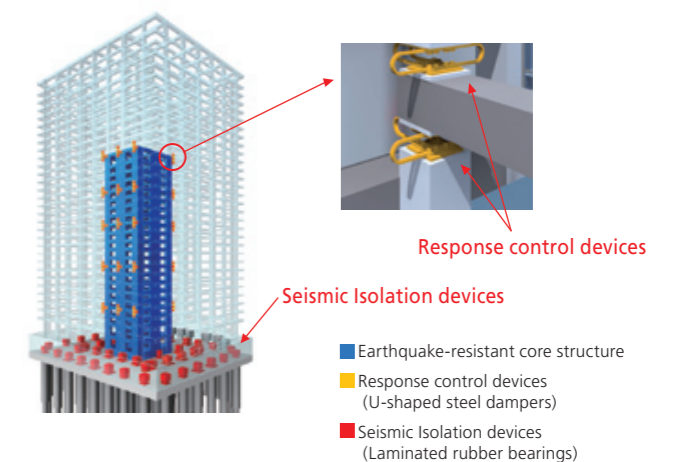
We've also completed and launched full-scale operation of the Advanced Earthquake Engineering Laboratory, an R&D facility designed to strengthen earthquake readiness and BCP. This laboratory features the "E-Beetle" large-scale shaking table, which boasts the industry's highest performance levels, and the "E-Spider" large-stroke shaking table, the highest-performing facility of its kind in the world. This equipment will be used to develop new technologies to help prevent disasters.

### Major initiatives

Since the Great East Japan Earthquake, Shimizu has sought to build resilient smart facilities and communities through ecoBCP, which combines eco-friendly measures to save electricity and conserve energy during normal times with business continuity planning (BCP) in the event of emergencies.

#### Safety and security in an earthquake

We're contributing to disaster prevention and BCP efforts by customers and society through various efforts, including the development of more advanced seismic isolation and response control system "Swing Saver" and low-cost countermeasures against ground liquefaction, as well as the design of tsunami evacuation buildings that offer convenience on a daily basis.



#### Swing Saver

The Swing Saver is a next-generation system designed for ultra-high-rise residential complexes that effectively combines seismic isolation and response control systems.

#### Energy conservation and energy independence

Demand is growing for energy management in light of efforts to counter global warming and past experiences with earthquake disasters. Shimizu is developing smart community technologies that control peak power consumption during normal times and secure energy independence in the event of emergencies, putting these to practical use in numerous projects, including Yokohama i-MARK Place.

\*see page 44 and 45

There is a growing need for flexibility in order to meet constant changes in the operating environment worldwide. New trends generated by people, things, and ways of thinking give our lives greater vitality. This special feature introduces some of Shimizu's efforts to adapt to new trends in society through our construction projects and Company initiatives.



# 1

Creating new trends in food safety and security  
Tokyo Metropolitan Central Wholesale Market

## Toyosu Wholesale Market

—Construction of a wholesale fish market—

The Toyosu Wholesale Market will finally open on November 7, 2016. As the core wholesale market supporting the dietary intake of 33 million people in the greater Tokyo area, it will not only help facilitate the distribution of abundant fresh food and stabilize prices, but meet wide-ranging needs among producers, customers, and consumers, including the increasingly important issue of food safety and security as well as efficient distribution. As an urban multilevel market sensitive to the environment, it will also offer advanced construction features.



Wholesale outlets on first floor



\*see page 50

### Adding fun to safety and security

To ensure food safety and security, the market facilities will be enclosed, while those of the seafood section will employ raised floors. The rooftop will feature a landscaped garden



Rooftop landscaped garden

reflecting consideration for the environment and the surrounding scenery to create a place where people can take a break and enjoy views of Tokyo Bay.

The goal is to enhance the appeal, or brand power, of the new Toyosu Wholesale Market by building on the history and traditions of the previous wholesale market in Tsukiji.

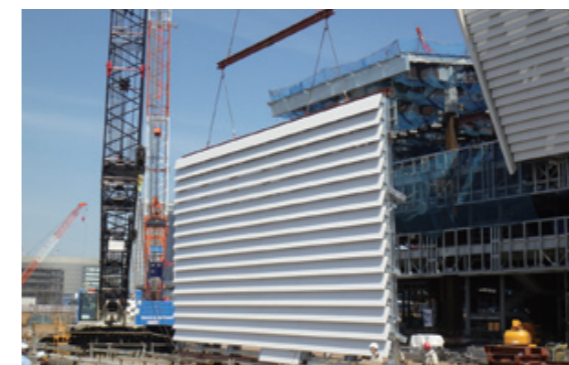
### An ultra-large-scale construction project featuring quality and efficiency

The entire building area of the phase of construction for which Shimizu is responsible is equal to about one and one-half times the size of Tokyo Dome. Keys to completing this project successfully included minimizing labor requirements and shortening the lead time for delivery.



On-site PC construction helped reduce labor requirements.

This project significantly reduced labor requirements for structure construction by turning the entire construction site into a plant, including building and assembling most of the structural components on site. We also took on the challenge of building the massive louver as a single module. We completed construction in a short time period through efficient, high-quality labor-saving efforts, completely eliminating the need for exterior scaffolding.



A massive louver on the seafood brokers' building



At this project, we constructed a market using state-of-the-art technology. I am very happy that we completed this enormous volume of work with no effect on nearby construction sites and no serious impact on neighboring areas. I am looking forward to the grand opening of Toyosu Market on November 7, 2016.

Naoyuki Mochizuki  
The Toyosu Wholesale Market  
Construction Office Director



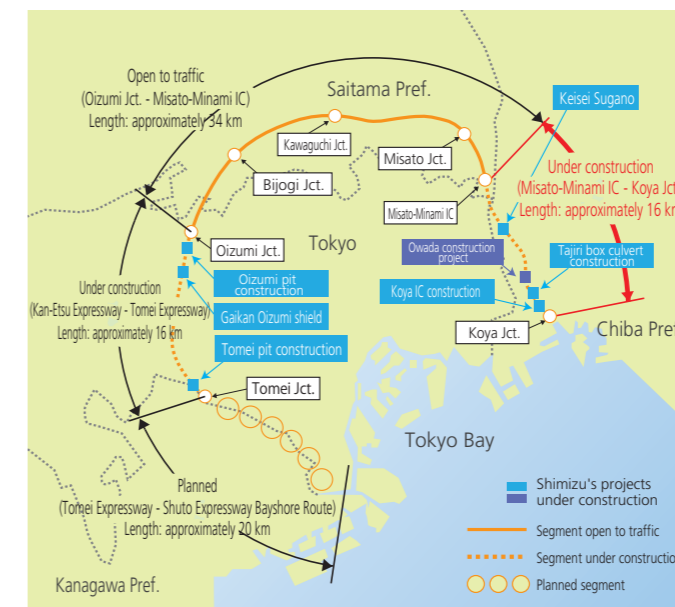
# 2 Creating new trends connected to the Outer Ring Road

## Tokyo Outer Ring Road

—Owada construction project—



The Tokyo Outer Ring Road (known as the “Gaikan”) is an expressway that forms a ring around central Tokyo, with a radius of 15 km. This national project is intended to address traffic congestion in the greater Tokyo area by connecting radial roads that extend from the city center to enable through traffic to bypass central Tokyo. Of the segments currently under construction, the segment connecting the Kan-Etsu and Tomei expressways primarily involve the construction of a large-diameter shield tunnel, while the segment between the Misato-Minami interchange and the Keiyo Road involves large-scale excavation. Shimizu is involved in the construction of the Tokyo Gaikan, including the Owada construction project on the Chiba segment, as described below.



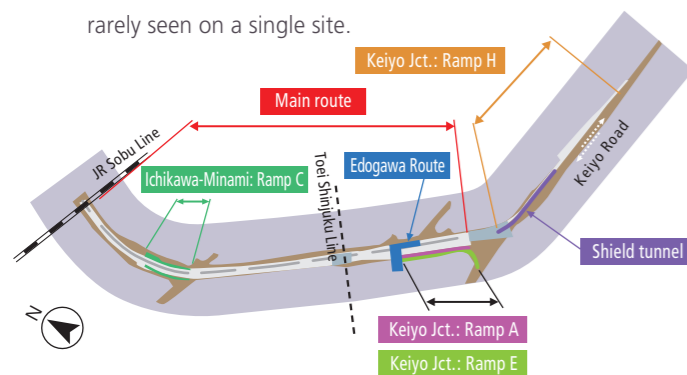
Shimizu is involved in the construction of the Tokyo Gaikan, including the Owada construction project on the Chiba segment, as described below.



\*see page 50

### Construction on the Owada underground structure, among the largest in Japan

This construction project involves building a partially underground structure for the Tokyo Outer Ring Road in the city of Ichikawa, Chiba Prefecture. The structures encompass connections to the Ichikawa-Minami Interchange\*1 and Keiyo Junction, where the road will intersect with Keiyo Road, in addition to the main route of the Tokyo Outer Ring Road. With a total earth excavation volume of 1.31 cu. m and the laying of 360,000 cu. m of concrete, it is among the largest such projects in Japan and on a scale rarely seen on a single site.



\*1 Names shown for interchanges and junctions are tentative.

### Tunnel construction underneath the Ichikawa Interchange with no surface disruption to prevent effects on ground-level highways

The mud pressure shield method was used for tunnel construction in order to avoid affecting traffic on existing highways. This eliminated worries about traffic jams and other problems during construction of the Keiyo junction ramps.

The tunnel involves large-scale excavation work featuring a cross section of more than 13 meters in diameter. Additionally, the earth covering is very thin—as little as two meters in places. To carry out excavation at such shallow depths, a monitoring system was developed to avoid affecting roads above ground. Such careful excavation management helps to ensure safety.



The entire shield machinery

### Improving productivity to open the road to traffic as soon as possible

Large precast box culverts were used as one way to boost productivity. Using these culverts reduced the total labor requirements for on-site structural construction to 700 persons. This is only about one-fourth the workforce required when using a conventional construction method. Furthermore, precast components were used in parts of the walls and floor in locations where the use of large precast structures is difficult due to a narrow construction yard or the thickness of materials.



\*2 Box culvert: A box-shaped structure buried underground  
\*3 Precasting: A method of producing units at a factory and assembling them at the construction site



Shimizu is building an expressway underneath a quiet residential district of the city of Ichikawa by using a large number and variety of advanced technologies. There are lots of major streets in this area as well as houses and schools. Everyone working on this tunnel is being very careful to prevent any negative effects on this area.

Tomoyuki Takechi  
The Gaikan Owada  
Construction Office Director

# 3

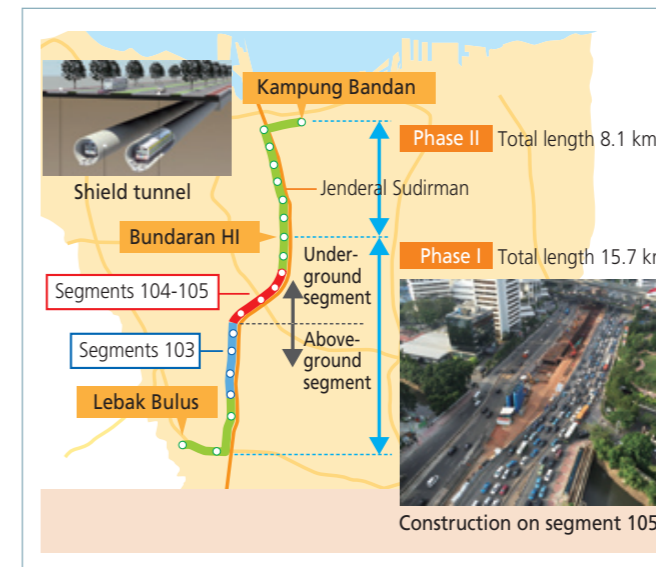


Creating new transportation flows in an emerging urban market center

## Jakarta MRT North-South Line —Phase I construction—

Indonesia's capital city of Jakarta has a population of about 30 million. Here, the increased use of motor vehicles accompanying economic growth has overloaded the area's road infrastructure, resulting in traffic congestion that is already the world's worst and worsening with each passing year. The first attempt to resolve this chronic congestion will be the Jakarta Mass Rapid Transit (MRT) North-South Line, a corridor 23.8 km long. A joint venture (JV) led by Shimizu is undertaking excavation work on parts of this line, which includes a 5.9 km underground segment in the city center. The JV is also providing the technical expertise needed for the development of an

emerging market, including the first use of the shield tunneling method in Indonesia. Completion of this new transportation infrastructure should considerably ease the stress on Jakarta's urban infrastructure.



● Overall plan for Jakarta MRT North-South Line

### A key to resolving traffic congestion

Jakarta's traffic congestion grows worse from day to day. Sudirman Road, a main thoroughfare on which construction is underway, sees unending waves of motorcycles and cars during the daytime. It isn't unusual for it to take two to three hours to travel just a few kilometers. The traffic congestion generated by the weak transportation infrastructure is significantly affecting both economic growth and the environment. The government and the public are both eagerly looking forward to the completion of construction at the end of 2018 and the start of system operations in 2019.



Traffic congestion in Jakarta.

### Putting high-quality Japanese technologies and expertise to use at the site

This project is Indonesia's first to use the shield tunneling method. Since this is a new experience for local engineers and workers, every effort is being made to ensure that the adoption and spread of the technology proceeds smoothly. On each responsible team, one leader from Japan and one local engineer are paired to ensure that instructions are effectively communicated throughout the site using numerous sketches, photographs, and other materials.



Shield machinery made in Japan

### Site tour: Site operation with deep roots in the local community



Site tour

The site tours held for residents, students, and others each Thursday attract more than 100 people at a time, a reflection of the high level of community interest in the project. Such activities, with their deep ties to the local community, will continue to be promoted. The goals go beyond helping residents understand the significance of the project or accept temporary traffic restrictions. They involve letting young people, the next generation of this emerging market,



Perspective view of completion

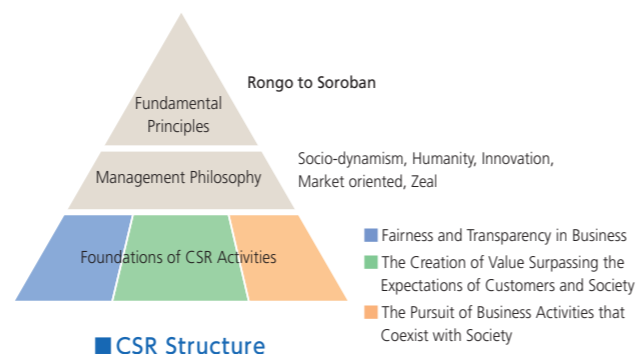
experience high technologies from Japan, in the hope that they can better contribute to the progress of their country.



Signs at the site

Basic CSR Concepts

Shimizu's management principles are based on the precepts set forth in Rongo to Soroban ("The Analects and the Abacus") by Eiichi Shibusawa, who proposed a balance between the economic activity symbolized by the abacus and the ethical humanism of the Analects of Confucius [552 – 479 B.C.]. Carrying on in this spirit amid the changing conditions that have buffeted the company and the construction industry, we remain dedicated to a brand of CSR management that draws on the special strengths and characteristics of the construction industry in addressing society's needs. To advance CSR as part of our business activities, to pursue continuing reforms over the long term in response to societal change, and to play an active role as a responsible corporate citizen in resolving the issues confronting society, we have based our CSR management on the following three pillars:



Shimizu's CSR Standards and Framework

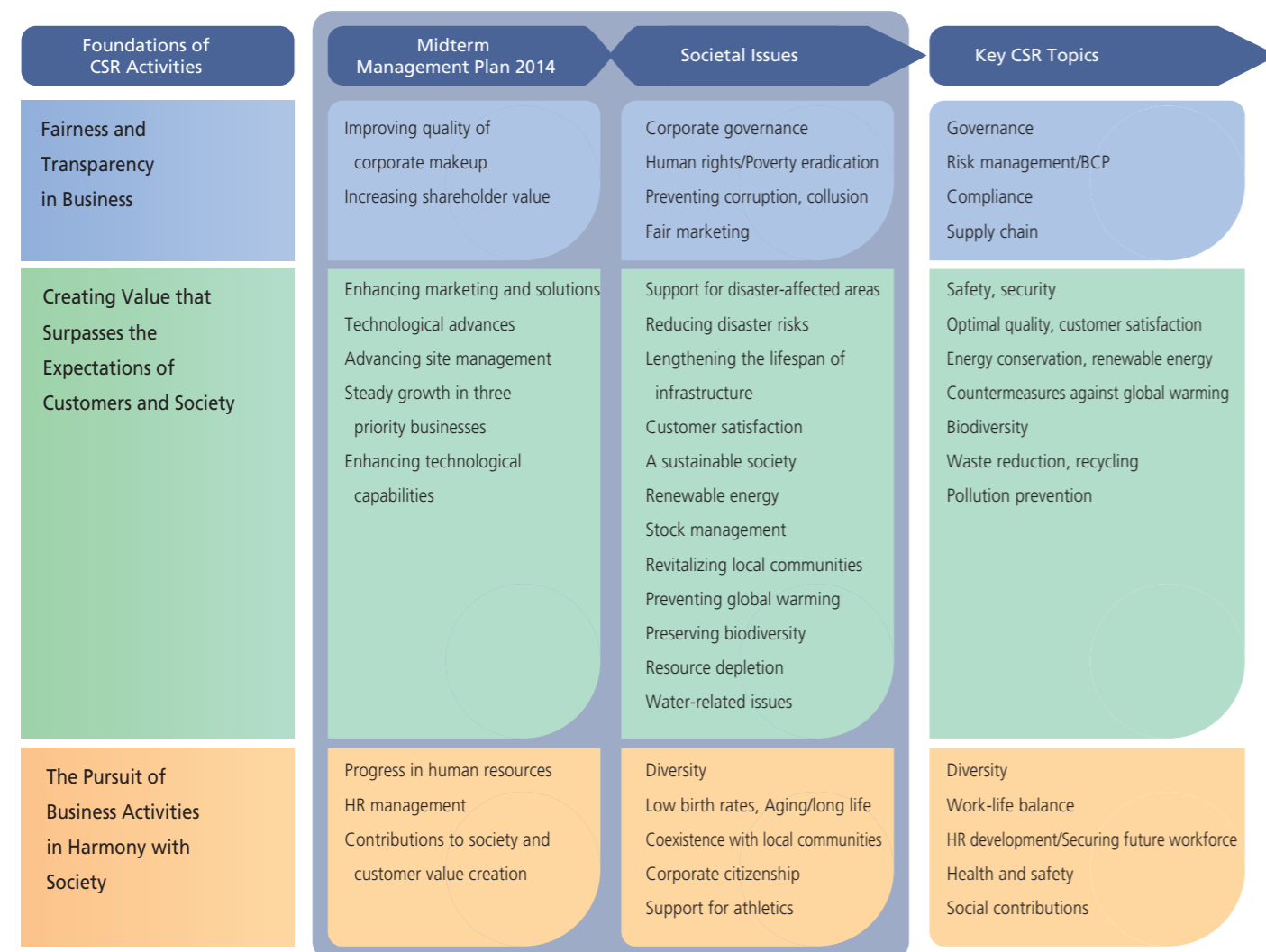
Based on the seven core topics specified in ISO 26000 (Guidance on Social Responsibility), Shimizu has selected the initiatives it intends to address in relation to various societal issues. We have also signed and begun participating in the UN Global Compact in March 2013. We are currently moving ahead with efforts in accordance with the Global Compact's ten principles in four areas.

Effort	Related page	ISO 26000 core topics							Four areas of Global Compact			
		Organizational governance	Human rights	Labor practices	Environment	Fair operating practices	Consumer issues	Community involvement and development	Human rights	Labor	Environment	Anti-corruption
<b>Fairness and Transparency in Business</b>												
Corporate Governance	P38	●				●						●
Improvements in the Business Environment	P39-40	●				●						
Corporate Ethics and Compliance	P41		●	●	●	●			●	●	●	●
Disclosing Corporate Information/Fair and Transparent Transactions	P42-43		●	●	●	●			●	●	●	●
<b>The Creation of Value That Surpasses the Expectations of Customers and Society</b>												
Safety and Reliability Efforts	P44-47						●					
Delivering Optimal Quality	P48-49						●					
Contributing to the Environment	P50-55				●							●
Mitigation of Global Warming/Ecological Mission	P50-51				●							●
Biodiversity Initiatives	P52-53				●							●
Addressing Construction Byproducts and Fighting Pollution	P54-55				●							●
<b>Pursuit of Business Activities in Harmony with Society</b>												
Realizing a Company That Values People	P56-57		●	●								
Interacting with Society/Engaging in Social Contribution Activities	P58-59				●			●				●
Health and Safety Efforts	P60				●							●



Key CSR topics and key performance indicators (KPIs)

Starting in 2013, Shimizu established key performance indicators (KPIs) in its CSR activities based on two main perspectives: contributions to corporate value for a broad range of stakeholders and impact on Shimizu's growth.



Selection of KPIs

We have considered and selected KPIs anew based on reexamination of key CSR topics in light of the current Midterm Management Plan 2014 and societal issues that keep changing from day to day. In the future as well, we will continue to do business.

Key Performance Indicators (KPIs)	Performance in fiscal 2013	Performance in fiscal 2014	Performance in fiscal 2015	Targets for fiscal 2016
Number of serious information security incidents	0	0	0	0
Number of serious violations of laws, regulations, and notices	0	0	0	0
Number of serious environmental defects	0	0	0	0
Scale of investment in technological development	7.9 billion yen	11.1 billion yen	8.5 billion yen	9.1 billion yen
Number of patents applied for	290	288	336	330
Number of staff obtaining new professional certificates (cumulative)	4 (174) 50 (695) 43 (2,270) 119 (2,992) 34 (1,568)	5 (172) 53 (753) 56 (2,263) 90 (3,013) 31 (1,577)	3 (170) 44 (744) 40 (2,178) 70 (2,997) 30 (1,524)	5 43 45 70 25
Reductions in CO2 emissions vs. FY1990	Green construction: 45.9% Office energy conservation: 51.5% Energy-saving design: -	55.9% 41.0% 48.7%	51.1% 48.1% 42.5%	52.0% 49.0% 43.0%
Final disposal rate of construction byproducts	3.2%	3.4%	2.8%	4.0% or less
Base unit of total construction byproducts	15.1kg/m <sup>2</sup>	15.1kg/m <sup>2</sup>	13.0kg/m <sup>2</sup>	15.8kg/m <sup>2</sup> or less
Number of women in management positions	19	33	49	57
Percentage of employees with disabilities	2.05%	2.11%	2.18%	2.05% or more
Percentage taking annual vacation	29.5%	32.9%	33.8%	40.0%
Accident frequency rate	0.60	0.77	0.59	0.60 or less
Expenditures on social contribution activities as a percentage of ordinary income	1.74%	0.85%	0.83%	1%

# Fairness and Transparency in Business

Shimizu's management is based on the fundamental principles of Rongo to Soroban ("The Abacus and the Abacus").

All officers and employees proceed with their daily duties on the basis of a clear understanding of these fundamental principles. In this way, Shimizu seeks to implement its compliance management based on corporate ethics of the highest standards.

Shimizu strives to win ever growing trust from society and to act as an organization that helps build sustainable societies through sound action and judgment in a broad range of areas, including corporate governance and risk management, corporate ethics and compliance, transparency in transactions, and appropriate disclosure of corporate information.

■ Key performance indicators (KPIs)	Performance in fiscal 2013	Performance in fiscal 2014	Performance in fiscal 2015	Targets for fiscal 2016
Number of serious information security incidents	0	0	0	0
Number of serious violations of laws, regulations, and notices	0	0	0	0
Number of serious environmental defects	0	0	0	0

■ Evaluation indicators	Performance in fiscal 2013	Performance in fiscal 2014	Performance in fiscal 2015	Targets for fiscal 2016
Percentage of employees undergoing information security training	100%	100%	100%	100%
Participation rate in BCP drills	99.6%	100%	100%	100%
Percentage of employees undergoing compliance training	100%	100%	100%	100%
Corporate Ethics Helpline Office response rate	100%	100%	100%	100%

## Corporate Governance

### Maintaining proper implementation of corporate governance systems and internal controls

#### ■ Appropriate corporate governance initiatives

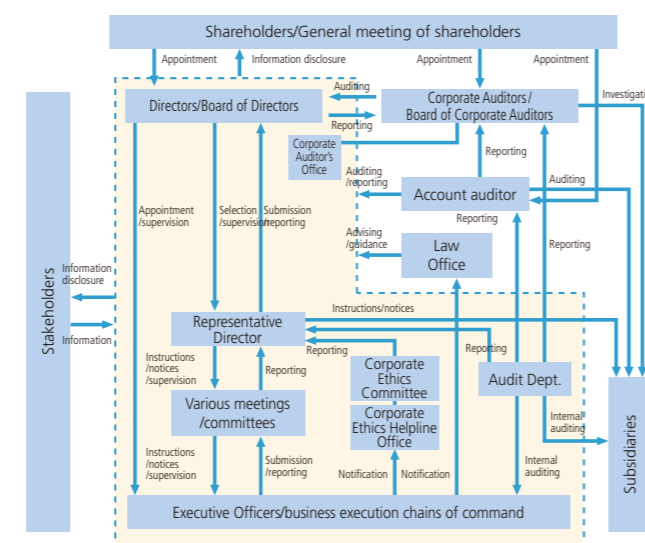
The fundamental policy of Shimizu's corporate governance is to ensure high levels of speed, efficacy, legal compliance, and transparency in decision-making processes and in business execution, thereby contributing to the sound growth and progress of the enterprise.

Shimizu has adopted an executive officer system with fewer directors (currently ten, including two outside directors, for a total of 12 seats). In this way, it seeks to draw a clear functional demarcation in terms of roles, responsibilities, and scope of authority between strategic decision-making and management supervision on the one hand and business execution on the other.

Shimizu's five corporate auditors include three external auditors—all independent reviewers as defined by the rules of the Tokyo Stock Exchange—who audit the overall performance of the directors from a fair and impartial perspective.

The Audit Department, which undertakes internal audits, regularly reports to the company's representative directors, corporate auditors, and accounting auditor based on the results of audits carried out from audit plans.

#### Corporate Governance System



## Improvements in the Business Environment

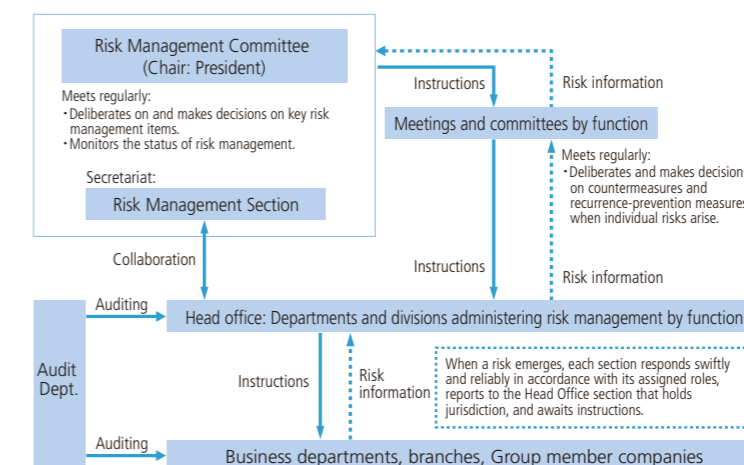
### Promoting risk management through the PDCA cycle

#### ■ Risk management system

Each fiscal year, chaired by the President, the Risk Management Committee makes decisions on key risk management items for the entire company, taking steps to ensure that each section incorporates these decisions into their plans. Alongside these efforts, the Committee also undertakes risk

management based on the Plan-Do-Check-Act (PDCA) cycle. The Committee monitors the status of risk management by function at all head office and business divisions as well as at Group member companies, orders suitable corrections and improvements, and addresses emerging risks.

#### Risk Management Organization (according to Risk Management Rules)



## Information security, including information security among specialist contractors

### ■ Enhanced information security efforts

Clients regard various types of information concerning their construction projects as highly confidential. With each stage of the typical project involving designers, specialist contractors, and numerous other parties, information management has become a key responsibility of every construction company.

In fiscal 2008, Shimizu overhauled its Electronic Information Security Control Guide, first established in fiscal 2002, to create a new set of Information Security Guidelines. These Guidelines were revised once again in 2015 in response to the diversification and proliferation of the information devices used to handle such information.

### ■ Specific measures taken

#### Strengthening information security

- Revising Information Security Guidelines
- Countering cyberattacks
- Implementing information security audits (e.g., audits of sites and administrative sections in Japan and worldwide)
- External assessments of the security vulnerabilities of public-facing servers
- Unified computerized management of nondisclosure agreements

#### Information security training and awareness promotion

- Implementing information security training (mandatory e-learning for all employees)
- Conducting simulation exercises in preparation for targeted email attacks
- Preparing and deploying content for new entrants at job sites
- Distributing Information Security Handbooks and posters

## Our mission as a construction company in the event of disaster

### ■ Improving readiness through practical disaster drills

To ensure readiness for disasters, Shimizu continually improves its disaster response systems. We seek to enhance building and facility seismic resistance and other physical improvements for structures that serve as bases for disaster response. We also seek to enhance information and telecommunications systems and expand stores of emergency supplies. In addition to these measures, we strive to train staff for emergency operations through periodic drills that simulate large-scale disasters.

On September 1, 2015, we undertook joint large-scale drills with group member companies, business partners, customers, and other related parties.

### ■ Improving disaster prevention activities alongside the community

In the event of a major earthquake, forecasts indicate roughly 300,000 people would be unable to return home from Tokyo's Chuo Ward, where the Shimizu head office building is located. Under these conditions, at Chuo Ward's request, the head office building would serve as a regional disaster center and provide space and temporary accommodations for those unable to return home. Shimizu is currently working on a system to handle these functions in the event of an emergency. In cooperation with Chuo Ward and other companies, we plan to help develop an area disaster prevention system based on mutual aid.



An earthquake drill (Earthquake Disaster Headquarters)



A drill on hosting those unable to return home

## Corporate Ethics and Compliance

### Thorough Compliance Groupwide

### ■ Code of Corporate Ethics and Conduct and related internal structures

Shimizu has established a Code of Corporate Ethics and Conduct to ensure thorough companywide understanding of corporate ethics. The internal structures established to reach this goal include the appointment of an officer Responsible for Corporate Ethics and the establishment of the Committee on Corporate Ethics. Equivalent codes and structures have been established by Group Companies.

### ■ Achievement of 100% participation in compliance training

Shimizu provides obligatory compliance training throughout the Company and at each business section and Group member Company. Once again in fiscal 2015, we achieved a 100% participation rate in Shimizu's e-learning course on compliance.

### Appropriate management of personal information

Recognizing the importance of protecting personal information in a society characterized by advanced information and communications technologies, Shimizu has established a Privacy Policy and is currently implementing necessary and appropriate security management measures under that

Policy to ensure the appropriate management of all personal information. In FY2015, we established guidelines and control structures for appropriate management of Japan's new social security and tax numbers.

### Environmental education and priority audits to head off environmental problems

Shimizu provides environmental risk management training at meetings of construction managers and supervisors at all branches, as well as training on managing construction by-products for all employees who work outside Company premises. In fiscal 2015, thanks in part to audits focusing on aspects such as waste, hazardous

materials, and water quality management, Shimizu incurred zero administrative penalties involving violations of environmental laws or regulations and zero problems impacting the living environment. One case of improper management of an e-manifest has been rectified.

### Raising awareness of intellectual property issues

Shimizu regards intellectual property (IP) as a way to protect its efforts to develop the technologies that serve as the source of its competitive strengths. Its fundamental IP management policy calls for protecting its own property rights and respecting those belonging to other parties and for creating, protecting, and applying IP that will contribute to Shimizu's businesses and to society as a whole. Through various training activities based on this policy, Shimizu strives to promote awareness of intellectual property rights.

We have implemented measures to encourage innovation in the sections responsible for technological development and to promote awareness of the risks of

infringing intellectual property rights owned by other parties in sections active in the field. Other measures involve IP training for new employees and an e-learning training program for newly appointed managers. In FY2015, we launched section-specific e-training on IP intended to reflect each section's business activities.



Training to promote awareness of intellectual property rights

## Disclosing Corporate Information

### Disclosure of corporate information and management information to stakeholders

To achieve full and fair disclosure, we strive to disclose accurate and impartial corporate and management information to all stakeholders, including shareholders, investors, and clients. We implement this through the following (and other) measures:

- ① Annual tours of our facilities for individual shareholders (once per year)
- ② Result briefings on settlement of accounts and site tours for securities analysts (provided five times per year)
- ③ Semiannual site tours and management discussions for the press (twice per year)
- ④ Briefings for overseas investors (three times per year).

### Singled out by CDP for the fourth consecutive year as a leader in climate change performance

At the 2015 Japan meeting of the Carbon Disclosure Project (CDP), Shimizu earned a place on the Climate Performance Leadership Index (CPLI) for the fourth consecutive year. The CDP—an international nonprofit organization that discloses key information on corporate environmental performance to institutional investors and to the public—surveyed 500 companies in Japan.

Of 500 candidates, only Shimizu has been awarded an overall performance grade of A, corresponding to a place on the CPLI, for four consecutive years. A grade of “A” means the company calculates, verifies, and manages its

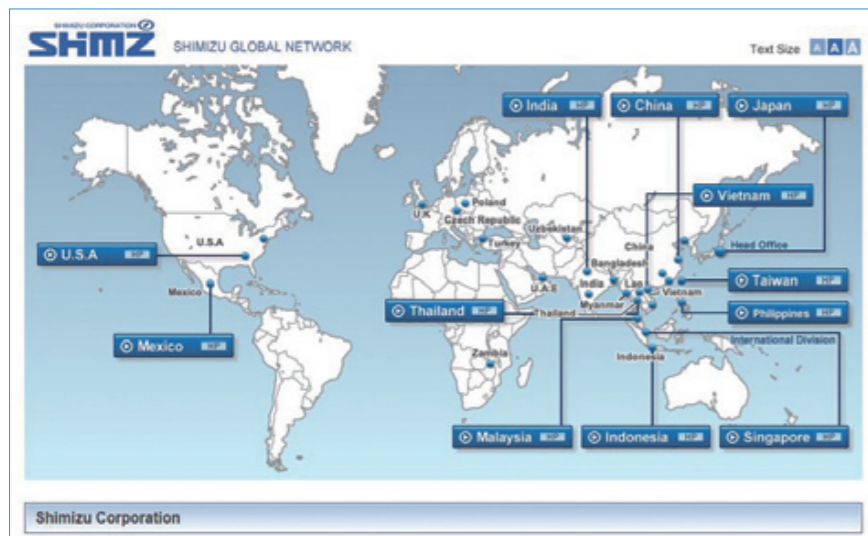
greenhouse gas emissions. This recognition further attests to the high regard for our environmental management initiatives and the transparency of our environmental information disclosure.

Assessment item	Emissions reductions	Disclosure
Governance, strategy	A	100
Risk/opportunity management	A	100
Emissions control	A	99
Verification, stakeholders	A	100
Overall evaluation	A	99

### Communicating information at overseas facilities in 27 cities

The Shimizu Group operates overseas facilities in 27 cities around the world. Each facility is currently developing its own website. At present, 11 local facility websites are online, and plans call for expanding this number and enhancing the online content provided. In both lo-

cal languages and English, these websites actively communicate information not just on construction performance and employment opportunities, but on construction sites, events, and social activities.



Websites of overseas facilities



China website



Singapore website

## Fair and Transparent Transactions

### Alongside our business partners

#### ■ CSR procurement initiatives

In the procurement department, we work to ensure transactions based on a supply chain in which all parties understand the Basic Procurement Policy and Requests to Business Partners—measures established to ensure fairness and transparency in business activities.

Once again, in fiscal 2015, we obtained agreements from all 945 new business partners across Japan to abide by the provisions set forth in these documents.

### Alongside our specialist contractors

#### ■ Efforts to strengthen the Shimizu supply chain

Shimizu has implemented various measures to strengthen our ties to the specialist contractors who make up the Shimizu supply chain, seeking to establish highly reliable construction systems and to secure and train a construction workforce for the future.

This year marked the 24th annual training program for next-generation managers. As part of this program, we provide information on measures to enhance welfare benefits, chiefly through participation in social insurance programs, and to increase annual pay, among other issues. To help increase annual pay, we also revised the system of payment of stipends to forepersons, thereby increasing the number of persons eligible to receive such pay by 50% allowances from the previous fiscal year.

#### Takumi helmets

Every year on November 11th, the anniversary of Shimizu's founding, outstanding forepersons who have made significant contributions in the areas of quality, safety, or the environment are awarded commemorative helmets featuring the word takumi (“master craftsman”), indicating their status as esteemed Shimizu craftspeople.



### From a takumi recipient: On winning the award for outstanding forepersons in 2015



Tohoku Branch, Hachimantai City Office Building  
Toshimi Ozawa,  
Kanazawa Kogyo K.K. (reinforcement placing)

I won this award for a challenging project involving a complex building shape in a region with heavy snowfall. Since construction of the frame began a little more than two years after the Great East Japan Earthquake, the shortage of workers resulting from the high level of demand for reconstruction work made it even harder to stay on schedule. Despite our difficulties, I did everything I could in terms of safety, quality, and costs by staying in close communication with other forepersons and organizing our workforce. I'm both proud and delighted to have participated in this construction project here in my hometown. Because it's a building I may use myself as a community resident.

# Creating Value Surpassing the Expectations of Customers and Society

By continuing to create value that surpasses the expectations of customers and society, Shimizu strives to meet the needs of its clients while contributing to society at large.

As part of the fundamental mission of construction, we're also striving to respond to diversifying performance and quality requirements and the broadening scope of maintenance services for the one-of-a-kind facility and infrastructure projects we build.

■ Key performance indicators (KPIs)	Performance in fiscal 2013	Performance in fiscal 2014	Performance in fiscal 2015	Targets for fiscal 2016
Scale of investment in technological development	7.9 billion yen	11.1 billion yen	8.5 billion yen	9.1 billion yen
Number of patents applied for	290	288	336	330
Number of staff obtaining new professional (cumulative)				
PhD	4 (174)	5 (172)	3 (170)	5
Professional Engineer	50 (695)	53 (753)	44 (744)	43
Class I Architect	43 (2,270)	56 (2,263)	40 (2,178)	45
Class I Construction Management Engineer certificates	119 (2,992)	90 (3,013)	70 (2,997)	70
Class I Civil Engineering Construction Management Engineer	34 (1,568)	31 (1,577)	30 (1,524)	25
Reductions in CO2 emissions vs. FY1990				
Green construction	45.9%	55.9%	51.1%	52.0%
Office energy conservation	51.5%	41.0%	48.1%	49.0%
Energy-saving design	—	48.7%	42.5%	43.0%
Final disposal rate of construction byproducts	3.2%	3.4%	2.8%	4.0% or less
Base unit of total construction byproducts	15.1kg/m <sup>2</sup>	15.1kg/m <sup>2</sup>	13.0kg/m <sup>2</sup>	15.8kg/m <sup>2</sup> or less
■ Evaluation indicators	Performance in fiscal 2013	Performance in fiscal 2014	Performance in fiscal 2015	Targets for fiscal 2016
Number of major awards won				
BCS	2	4	2	3
BELCA	1	3	1	2
Japan Society of Civil Engineers	5	7	1	5
Number of media reports (technological development)	40	23	30	30
Average CASBEE score (A rank = 1.5 or higher; design and construction)	1.68	1.62	1.60	1.5 or higher
Number of LEED-certified projects (cumulative; design and construction)	2	3	3	4
Number of structures subject to comprehensive disaster prevention diagnostics (cumulative)	147	151	155	—
Power generated from renewable energy (Shimizu's businesses)	—	15,437MWh	18,073MWh	18,533MWh
Offsets using carbon credits	—	56,500t-CO <sub>2</sub>	30,000t-CO <sub>2</sub>	—
CDP performance score (emissions reductions)	A	A	A	A
CDP disclosure score (disclosure)	91 pts.	96 pts.	99 pts.	A (Scoring system discontinued in FY2016)

## Safety and Reliability Initiatives

### Seismic technologies

#### Proactive use of the Advanced Earthquake Engineering Laboratory

##### ■ Initiating simulation testing and analysis based on measurement data from the 2016 Kumamoto Earthquakes for use in the future development of seismic technologies

The Kumamoto Earthquakes of April 2016 caused considerable damage to the area around Kumamoto Prefecture, with 18 tremors ranking at five lower or higher on the Japanese scale of seismic intensity in the month of April. Two

tremors with seismic intensities of seven struck the town of Mashiki in Kumamoto Prefecture. In addition to conducting damage surveys and recovery work (see page 45), Shimizu is also participating in scientific field studies and analyzing other issues, including the relationship between the fault generating the quake and the affected areas as well as differences compared to past forms of damage.

Completed in 2015 at the Institute of Technology, the Advanced Earthquake Engineering Laboratory is an R&D center for preventing earthquake disasters. Combining experimentation, measurement, and analysis, it features two

	E-Beetle large-scale shaking table	E-Spider large-stroke shaking table
Table dimensions	7m×7m	4m×4m
Maximum load	70 t	3 t
Maximum acceleration	2.7G (horizontal) 2.2G (vertical) (Under 35 t load)	1.0G (horizontal) 0.9G (vertical) (Under 3 t load)
Maximum displacement	±80cm (horizontal) ±40cm (vertical)	±150cm (horizontal) +90cm/-70cm (vertical)



An experiment using the E-Beetle large-scale shaking table (The E-Spider large-stroke shaking table is visible in the background.)

shaking tables. The "E-Beetle" large-scale shaking table has the capacity to reproduce the shaking set in motion by various historical earthquakes from around the world. This, in turn, makes it possible to perform seismic testing of structural models and full-scale seismic testing of equipment and fixtures. Plans call for reproducing the damage caused by the Kumamoto Earthquakes through experiments that model the seismic waves measured during the quakes and by testing the effects of various seismic technologies.

During the Kumamoto Earthquakes, long-period seismic tremors at the highest stage (stage 4\*) were measured for the first time. The "E-Spider" large-stroke shaking table is capable of realistically reproducing these long-period seismic tremors in three dimensions.

To develop more effective earthquake countermeasures and business continuity planning (BCP), Shimizu has developed a wide range of technologies based on the three aspects of hardware, software, and skills. Based in part on experience with these recent earthquakes, we plan to strengthen our efforts to develop and deploy technologies to realize an increasingly resilient, safe, and secure society.

\* Long-period seismic tremor stages: Established by the Japan Meteorological Agency, these stages have been used on an experimental basis since November 2013 to measure the extent of the shaking induced inside high-rise buildings and in similar locations by long-period seismic tremors, something seismic intensity does not measure. At stage four, the highest, a human being is unable to stand and can move only by crawling. Most furniture that is not fixed in place will move; some will topple over.

#### From Institute of Technology field studies of the 2016 Kumamoto Earthquakes



A landslide near Aso Ohashi Bridge



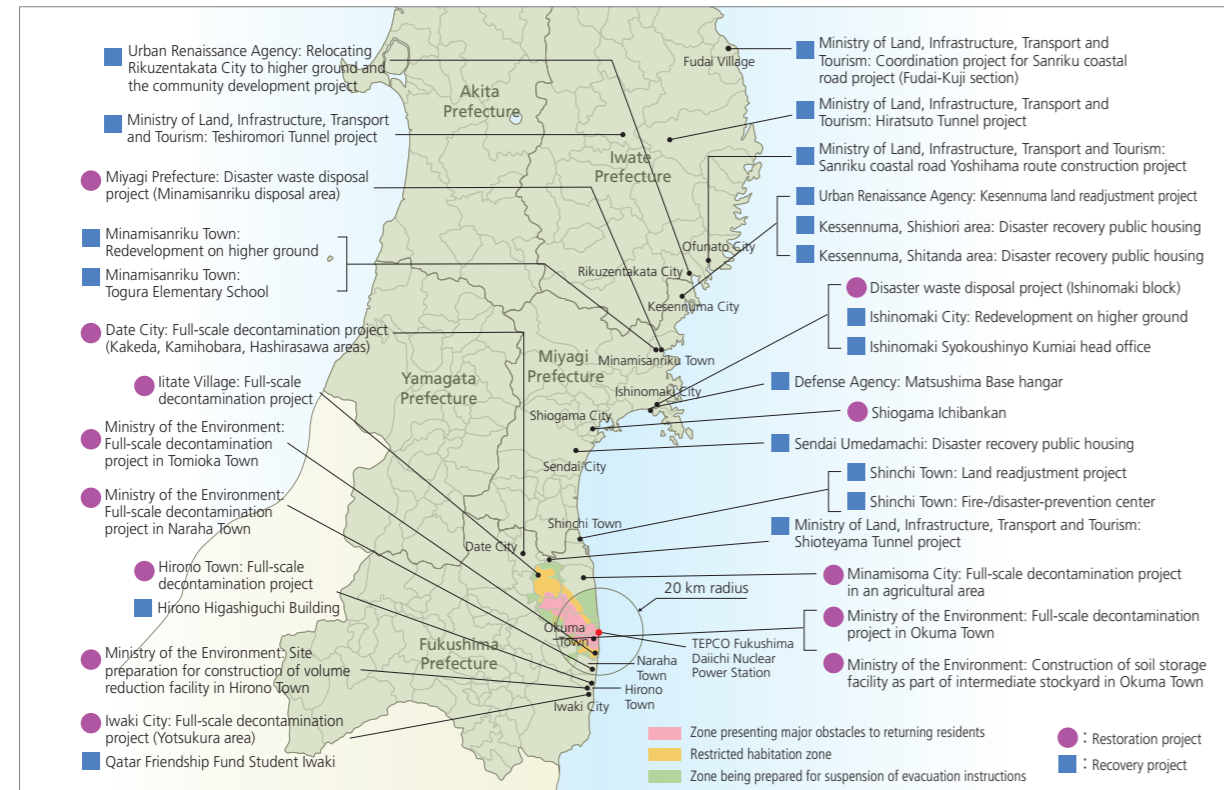
Damage to Uto City Hall



Surface earthquake fault (rear area shifted to the right by approx. 2 m)

## Support for Earthquake Restoration in Tohoku

Introduced below are some of Shimizu's main activities contributing to the fastest possible recovery in areas affected by the Great East Japan Earthquake. Alongside restoration projects addressing tsunami damage and decontamination of radioactive materials, we're advancing projects in aspects such as recovery community development, including relocation to higher elevations and the development of recovery roadways in affected areas.



### Using a conveyor belt to increase earth-moving capacity: Relocating Rikuzentakata City to higher ground and a community development project

In the Takata and Imaizumi districts in the city of Rikuzentakata, Iwate Prefecture, which sustained damage from the 2011 tsunami, Shimizu is working on a land reclamation project to relocate residential areas to higher ground. Approximately 5 million cubic meters of earth from land cut away in civil engineering work have been transported to a temporary location on a conveyor belt capable of transporting 6,000 t of earth in one hour. In about a year and a half, this arrangement moves a volume of earth that would have



Large-scale conveyor belt used to transport earth

taken about nine years using dump trucks. The conveyor belt has a total length of approximately 3,000 m and rides on a special suspension bridge constructed for this belt across the Kesengawa River. Local residents have affectionately dubbed this bridge Kibonokakehashi ("The Bridge to Hope").

Use of this conveyor belt also helps cut air pollution and carbon dioxide emissions from vehicle exhausts.



An overview of Rikuzentakata

### Building a lifeline road together with residents: Sanriku coastal recovery road (Yoshihama route) construction project

Shimizu participated in improvement work for a section of the Sanriku coastal road by building the 1,644 m Yoshihama Tunnel and three bridge piers on the lower structure of the Okirai Viaduct connecting to the tunnel. Among other benefits, opening this road to traffic will reduce the numbers of serious accidents, cut the time required to transport patients to hospitals, contribute to the recovery of local industry, and expand the road network used to respond to natural disasters.

Construction moved forward alongside deepening communication and interaction with members of the commu-



Yoshihama Tunnel



Opening ceremony held with the local community

nity. Several tours of the construction site were held, mainly for local residents. A significant turnout of beaming local residents attended the ceremony marking the opening of the road to traffic. As part of its cultural festival, a local junior high school depicted the opening of the Yoshihama Tunnel.



A local junior high school's cultural festival

### Responding to the 2016 Kumamoto Earthquakes

On the evening of April 14th and before dawn on April 16, 2016, a series of massive earthquakes with epicenters located near the region of Kumamoto struck Kumamoto Prefecture, causing significant and widespread damage, mainly within the prefecture. Immediately after the earthquakes, based on its earthquake response guidelines, Shimizu began putting into action a wide range of earthquake countermeasure activities.

Right after the quakes hit, an Earthquake Disaster Headquarters (EDH) was set up at Shimizu's head office. An Emergency Task Force (ETF) was set up at the Kyushu Branch. The personnel there began checking on the safety of employees and their families, gathering information on the state of damage to Company facilities and construction sites as well as to customer facilities.

Starting April 15th, specialized engineers were dispatched to the affected areas from the head office and from branches across Japan to initiate a full-scale investigation of the damage sustained by buildings and structures and to begin the emergency restoration work requested by customers and others. Other



Emergency Task Force (ETF) at the Kyushu Branch

Shimizu activities included emergency repairs of road surface damage on the Oita Expressway requested by the West Nippon Expressway Company.

Through the end of May, some 480 investigations of damage and 250 cases of construction work had been carried out in response to the earthquakes.



Emergency repairs to Oita Expressway



## Delivering Optimal Quality and Customer Satisfaction

### Architectural construction: Surpassing customer expectations through optimal quality

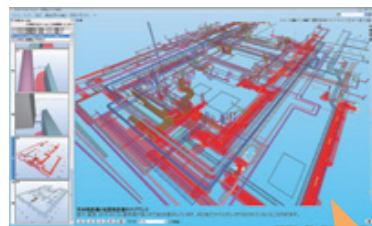
The facilities and infrastructure we deliver to our customers must meet an immense number of requirements with respect to site and schedule conditions, functions, and performance. Each structure is built to meet a unique set of specifications. We draw on our full range of capabilities to accurately identify the specific conditions and requirements for each project and to grasp the value each customer expects. We deliver reliability and satisfaction through construction projects marked by an uncompromising focus on quality.

#### ■ Quality policies based on customer needs

Work on each project advances based mainly on quality policy deployment tables. The site general manager plays a central role in leading the entire organization's efforts to identify customer needs and risks, develop practical plans suitable for each project, provide guidance through site patrols, and follow up on efforts and results through internal inspections and audits.

#### ■ Using building information models (BIMs) to improve the quality of design and construction

Visualizing a three-dimensional image of a completed building using BIMs helps build consensus faster by strengthening the client's understanding of the project. In addition, BIMs can be used for a wide range of performance testing



A BIM screen



Staff responsible for site operations, design, and construction check a BIM model together.

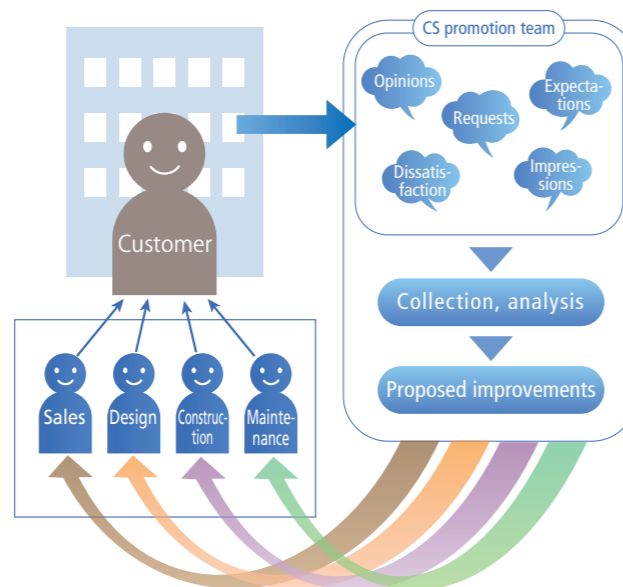
to make it easier to identify issues and help with further quality improvements.

Furthermore, dialogue and cooperation between those involved in design and construction from the initial stages of a project and loading the resulting information to a BIM makes it possible to centrally manage information on the building and the technologies deployed and to develop designs that ensure consistency in design, structure, and equipment. Linking design information to construction and fabrication helps ensure quality by preventing human error in preparing drawings. This, in turn, minimizes the need for rework in construction and fabrication.

#### ■ Business improvements based on feedback from customer satisfaction (CS) surveys

The branch's CS interview team interviews the customer directly following the completion of the building and once again two years thereafter. The CS interview team consists of staff who were not involved in the project in question. Through questions concerning the quality of the building, construction work, and maintenance, we ask customers to give their opinions and to indicate whether they are satisfied or dissatisfied. This system clarifies any problems the customer may encounter that might otherwise be overlooked based solely on information collected from the project staff. In many cases, this has helped identify and revisit issues we had believed closed.

#### Customer satisfaction (CS) survey flowchart



### Civil engineering: Increasing customer satisfaction through both product and process quality

Quality in construction has two aspects: the quality of the products and the quality of the processes. Through a wide range of measures, Shimizu targets improvements in both aspects, seeking to surpass customer expectations through optimal product quality and to increase customer satisfaction through optimal processes.

#### ■ Organizational monozukuri

Shimizu implements its brand of monozukuri by enhancing organizational initiatives that draw on the latest technologies and its wealth of experience. Based on the idea of having as many eyes as possible to appraise a given project, our monozukuri features a unified quality management system (QMS) from the time an order is awarded through delivery of the completed project. This system includes study meetings that gather engineers who are deeply familiar with each type of construction process before work on the project begins, innovations that improve construction efficiency, and post-delivery CS surveys.

#### ■ Comprehensive training systems

Under the HR development plan formulated each fiscal year, we strive to train reliable human resources who possess high levels of skill, the ability to make appropriate judgments, and wide-ranging knowledge. In addition to on-the-job training and age-specific training, our group training initiatives include timely training that accounts for the circumstances specific to a given project. This might include conducting training related to groundwater, landslide protection, concrete construction, issuing explanatory materials summarizing past defects, and implementing question-and-answer sessions on defects through e-learning. Through



A training session on landslide protection

a wide range of training programs, we strive constantly to improve the knowledge, technical skills, and management capabilities of each individual.

#### ■ Initiatives for achieving progress in construction production systems

Initiatives for achieving progress in construction production systems represent one facet of our innovations in civil engineering.

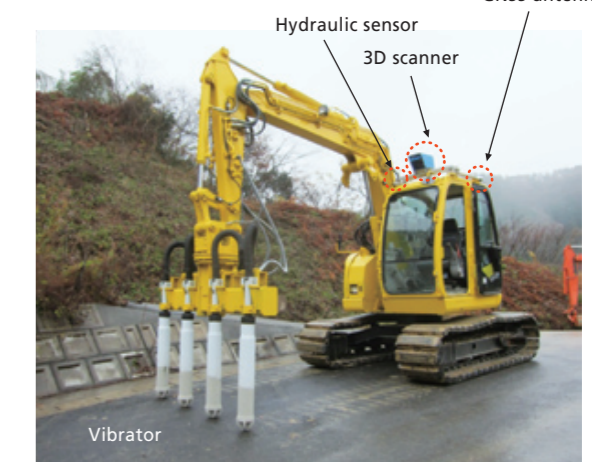
As construction environments become more complex and sophisticated than ever before, work requirements constantly evolve along with the progress of a given project. We strive to ensure quality and to improve the environment by monitoring the ever-changing construction environment and centralizing and visualizing information gathered at each stage, from planning to construction.

#### ● Developing a system to manage dam concrete compaction

Shimizu has developed a dam concrete compaction management system that incorporates backhoes with vibrators fitting hydraulic sensors, 3D scanners, and backhoes equipped with vibrators and GNSS\* to quantitatively assess the degree of compaction using precise locational information. This system eliminates the need for expert operators who judge compaction based on their experience.



GNSS antenna



Vibrator

\*GNSS: Global navigation satellite system

# Contributing to the Environment: ① Mitigating global warming

## Ecological Mission 2030-2050

Shimizu launched various efforts under its Ecological Mission in fiscal 2005. Since then, we've pursued a wide range of activities whose goal is to achieve 30% reductions in CO2 emissions relative to fiscal 1990 levels by fiscal 2020.

In 2015, at the COP21, countries from around the world announced new targets for reducing CO2 emissions. Japan settled on a target of 26% reductions in CO2 emissions relative to 2013 levels by 2030. The Japan Federation of Construction Contractors set a target to reduce CO2 emissions base units during construction by 25% by 2030 relative to 1990 levels.

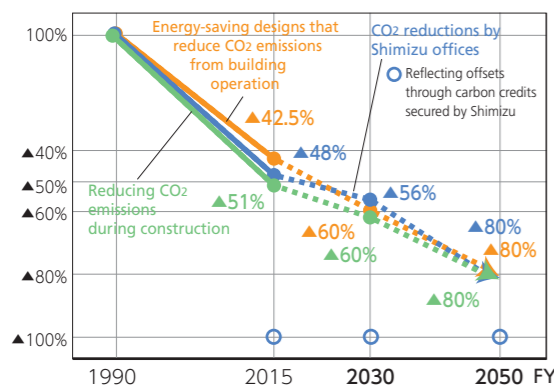
In response to these developments, Shimizu has formulated Ecological Mission 2030-2050, its new medium-term environment plan.

Shimizu is promoting companywide activities to reduce CO2 emissions from activities at construction sites and from its offices, managing reductions from fiscal 1990 levels as a key performance indicator (KPI).

Our energy-saving design technologies can help our clients significantly reduce the life-cycle CO2 emissions of the buildings we have designed, built, and delivered. We established reductions in these emissions after delivery to clients relative to fiscal 1990 levels as another KPI.

We are continuing our efforts in terms of these three KPIs to achieve the emissions reductions specified as Shimizu's medium to long-term targets for 2030 and 2050.

### Ecological Mission 2030-2050 medium to long-term targets



The boxes on the top right provide the results in FY2015 for the three KPIs and introductions of our latest initiatives.

The boxes on the bottom right outline Shimizu's efforts and the reductions in CO2 emissions across the supply chain, upstream to downstream, and contributions to the global environment.

### Reducing CO2 emissions from Shimizu's own business activities

Efforts to reduce CO2 emissions during construction			
FY2015 performance	260,000 t-CO2 emissions	vs. FY1990	51.1% reduction
FY2016 target		vs. FY1990	52% reduction

We used credits secured through our CDM projects to offset CO2 emissions from the 20 construction sites, large and small, as well as emissions from all of 2,000 site offices across Japan.\*

At the Yanba Dam construction project currently underway in Gunma Prefecture, we changed the method for delivering gravel for the dam concrete. In the past, we constructed a road to the site and transported the gravel using 25t dump trucks. Now we are using a conveyor belt installed along a disused JR railway track. Projections indicate this change will reduce CO2 emissions by 63% (from 4,300 t-CO2 to 1,600 t-CO2).



The conveyor belt at Yanba Dam

### Shimizu's own CO2 emissions reduction efforts

#### Improving structures and construction methods

FY2015 performance: **33,000 t-CO2 reduction**  
Changing conventional structures and construction methods for lower CO2 emissions.

#### Green procurement

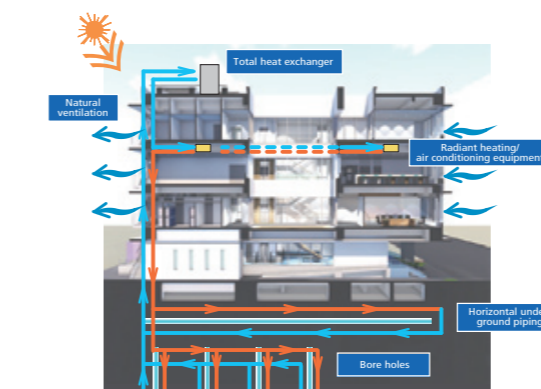
FY2015 performance: **26,000 t-CO2 reduction**  
Promoting the adoption of type-B blast furnace slag cement for cement procurements at our sites.

### Efforts to reduce CO2 emissions at Shimizu's offices

FY2015 performance	9,000 t-CO2 emissions	vs. FY1990	48.1% reduction
FY2016 target		vs. FY1990	49% reduction

By taking advantage of its location, the sunniest in Japan, the new Shikoku Branch building which began operating in March 2016 seeks to achieve 60% reductions in primary energy consumption. This building makes maximum use of natural energy sources such as natural lighting, solar power, natural ventilation, and geothermal heat. It also employs the newly developed Shimizu Radiant Cooling System Light radiant air conditioning system for mid-sized buildings.

Including the results of our Wednesday no-overtime day for a sound work-life balance measures, Shimizu cut CO2 emissions by approximately 1000 t-CO2 from last year and has offset the CO2 emissions of all 99 of our offices using credits from our CDM projects.\*



Overview of the Shikoku Branch air conditioning system  
\* 28,500t of CO2 credits were used to offset emissions from construction sites and offices.

### Helping clients reduce their CO2 emissions

#### Energy-saving designs to reduce CO2 emissions over the building operation

FY2015 performance	57,000 t-CO2 emissions	vs. FY1990	42.5% reduction
FY2016 target		vs. FY1990	43% reduction

We set targets at the design stage for each type of building with regard to thermal insulation performance, primary energy consumption, and other factors.

Construction on the Yokohama N project building began in March 2015. Completion is slated for January 2017.

Based on our energy-saving design, this building employs a wide range of energy-saving measures to minimize CO2 emissions. These include natural ventilation, use of exterior air, a rainwater reuse system, solar power, a cogeneration system that contributes to BCP performance, and an energy-saving air conditioning system linked to the district heating and cooling system.

This building also aims to achieve a LEED Gold certification, the globally accepted standard for environmental architecture.



The Yokohama N project

#### Energy-saving renovation and building management

FY2015 performance: **42,000 t-CO2 reduction**  
Energy conservation diagnostics and proposals; energy analysis, operational improvements, and other measures at buildings

#### Handling of by-products

FY2015 performance: **40,000 t-CO2 reduction**  
Shimizu has begun measuring CO2 emissions from the trucks used to transport by-products and the CO2 generated during the treatment and disposal of these by-products.

#### Renewable energy

FY2015 performance: **10,000 t-CO2 reduction**  
The 3 MW Kitakami solar power station began operating in April 2015. It became Shimizu's second megasolar plant after the 10 MW Ako solar power station.

#### Securing and using carbon credits

FY2015 performance: **27,000 t-CO2 reduction**  
The CDM projects currently underway include landfill methane gas capture projects in Yerevan, Armenia, and Tashkent, Uzbekistan.

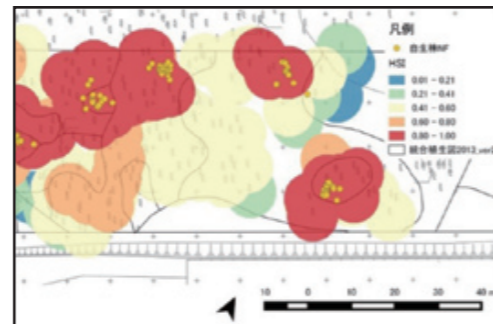
## Contributing to the Environment: ② Biodiversity initiatives

### Ecosystem solutions

Through technological innovations, Shimizu seeks to deliver facilities that protect and enhance biodiversity. Shimizu implements specific measures at customer facilities and supports those seeking to earn relevant certifications. In 2015, based on various new technologies, we helped to improve a coastal environment and protect regional biodiversity. The technologies included methods for relocating rare plants at construction sites and creating floating islands for vegetation.

In addition to delivering these technologies to our clients, we make biodiversity improvements visible through analyses and graphical representations of ecosystem networks. Furthermore, we help our clients to strengthen the brand power of their facilities by obtaining ABINC certification or other green and biodiversity certifications.

Living creatures can sometimes pose risks to structures. For instance, pigeons and crows foul facilities, and insects and rodents infest them. In addition to preserving and strengthening biodiversity, we strive to offer comprehensive ecosystem solutions that help mitigate such risks.



Simplified simulation for the relocation of a rare plant (*Cephalanthera falcata*)



Experimental floating islands for plants

### Ecological landscape design method to incorporate environmental feedback

#### ■ Understanding the potentials of the local environment

Shimizu Ecological Landscape Method (SELM) has a long track record of making the most of local environments and helping to preserve and create environments that are specific to the sites.

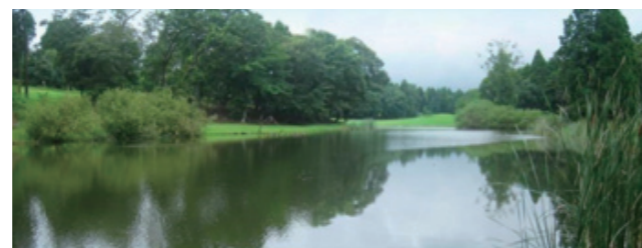
#### Helping hands to create conditions needed by the natural environment

SELM considers developments as opportunities to amplify the full potential of the local environment and deliver the greatest net gains\*.

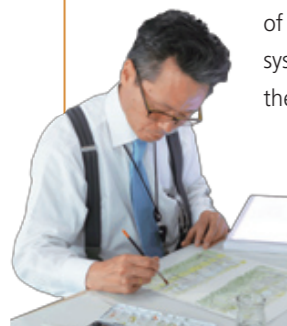
This approach can simultaneously resolve challenges among three elements: ecosystems, engineering, and design. Our designers simply but carefully lay the foundations for a given environment with the understanding of the needs of the surrounding ecosystem in order to create spaces just as they previously existed.



Utilizing existing valley to build foundations for waterscape



New waterscape as existed before (Nouvelle Golf Club, Chiba Prefecture; design and construction by Shimizu)



**Soichiro Ogawa**  
Dept. of Base Design&Engineering,  
Civil Engineering Technology Div.



#### ● Project example

## Kinkai Habitat

Creating bio-diverse habitats in wetlands by utilizing the potentials of the local environment

#### ■ Respecting unique local ecosystems

Setouchi Kirei Mega Solar Power Plant is currently under construction at a former salt field in Okayama Prefecture. As the company responsible for the civil engineering work, Shimizu faced a responsibility not just to build the power plant, but also to create a space that would contribute to the local environment. The site lies below sea level and 30,000 tons of sea water flows in daily, as well as rainwater from sources upstream. It represents a unique ecosystem created by the mixture of sea water and rainwater. Many species thrive here, but nowhere else.

The plan for the 490ha site was to use 265ha for a 230 MW solar power generation, and the remainder was designated as a protected area of public surface water and reed beds. Within sixteen hectares of existing wetlands adjacent to the solar power plant area, Kinkai Habitat was created as bio-diverse landscape.

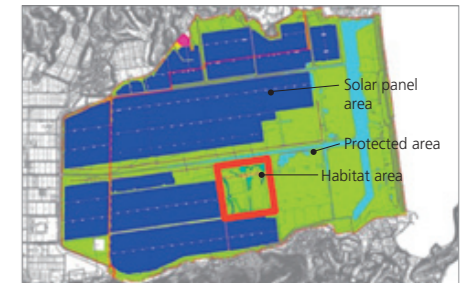
#### ■ Creating habitat by seizing the opportunity of development

The Kinkai Habitat is intended not only to restore the existing shrinking wetlands, but also to apply Shimizu Ecological Landscape Method to create an even better environment. The approach sees developments as opportunities to achieve net gains\*. Intertwining waterways were created by dredging the reed beds. This helped to increase the sheer length of the water edge, which led to new species being attracted to the habitat and to the region's biodiversity being increased.

#### ■ Intertwining creeks to thrive with a broad range of species

As of 2016, the work continues at the Kinkai Habitat. It is expected that the natural environment will gradually evolve and improve with this new environmental foundation.

\* Net gains: To exploit design techniques to ensure that the negative impact of developments is more than compensated for by positive effects.



Creating the Kinkai Habitat in solar power plant site



Fallen tree bridge for mice



Observing the creation of bio-diverse habitat along the water edge

## Contributing to the Environment: ③ Effective use of resources, preventing pollution

### Addressing construction by-products

#### ■ Total construction by-products generated, final disposal rate, base unit of total construction by-products

Outlined below is the performance achieved in fiscal 2015. The targets were achieved, thanks to the performance of large-scale construction projects in major cities.

Total construction by-products generated **2.22 million t**  
(down 4% YoY)

By-products generated **1.61 million t**  
(not including sludge)

Final disposal rate **2.8%**  
(vs. 4.0% or less)

Base unit of total construction by-products **13.0 kg/m<sup>2</sup>**  
(vs. 15.8 kg/m<sup>2</sup> or less)

#### ■ Putting resources to effective use at each construction site

With our original construction by-products forecasting system, we're making progress in reducing and recycling the by-products from construction sites. We're also reducing base unit figures and final disposal rates.

As one example, after a JR rail line tunnel in Kyushu was damaged by heavy rain, we achieved 100% recycling and reuse of all the rails, ties, and ballast displaced by the rain. This resulted in Shimizu achieving the 2015 3R Promotion Award and various other awards.

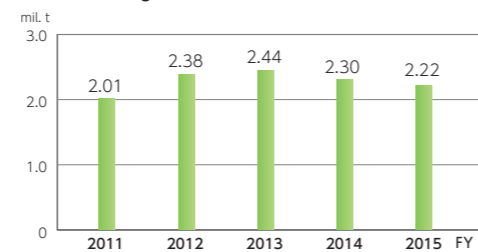


Rails knocked away by the heavy rain and the landslide and blocking the tunnel (immediately after the disaster)

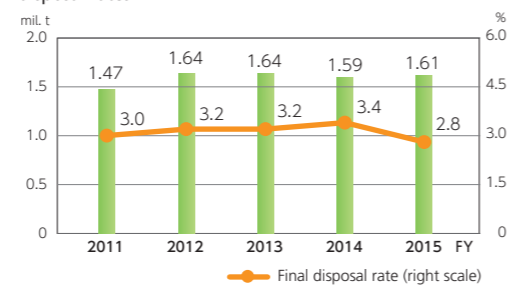


The Nanatsuboshi train passing through the restored Sakanoue Tunnel (at rear left)

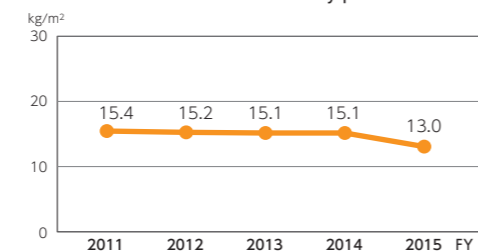
Total volumes generated



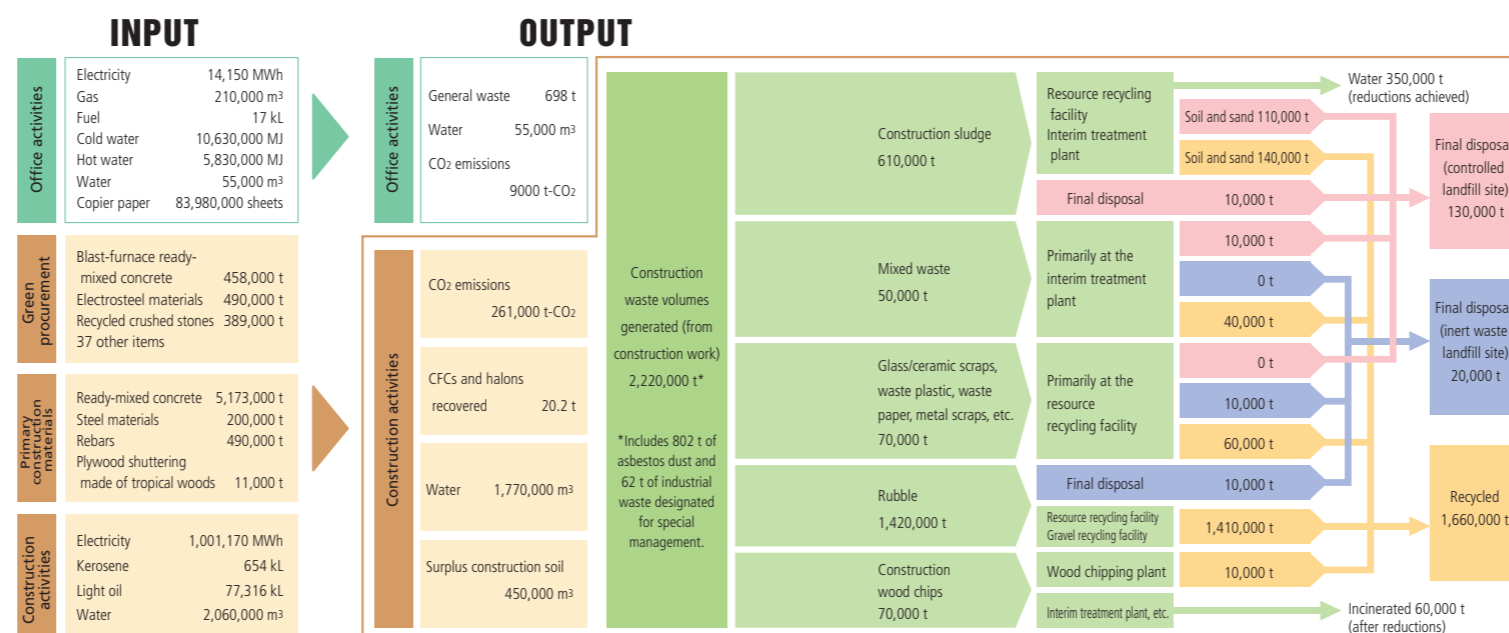
Total volumes generated (excluding sludge) and final disposal rates



The base unit of total construction by-products



Fiscal 2015 material flows (rounded to the nearest unit shown)



### Appropriate treatment of harmful and other materials

#### ■ Asbestos

Demolition and renovation work during fiscal 2015 generated 802 t of asbestos dust. All of this was appropriately treated, with about 30% of it rendered completely harmless.

Taking a proactive approach to addressing the asbestos issue, Shimizu is developing various innovations, including a high performance removal method, volume reduction technologies, real-time measurement equipment, asbestos de-



Real-time measurement equipment



Asbestos deterioration diagnostics

terioration diagnostics, and materials to keep asbestos dust out of the air. We're also promoting efforts to earn various asbestos-related qualifications.

#### ■ PCBs, CFCs, and halons

The table below gives a summary of the PCB waste in Shimizu's possession as of the end of fiscal 2015. Through efforts coordinated with treatment subcontractors, Shimizu's policy goal is to complete processing to render this waste harmless by roughly fiscal 2020.

Transformers	Capacitors	Ballasts	Other
26	251	2174	72 drums

Subject to inspections and examinations under the amended Fluorocarbons Recovery and Destruction Act, all CFCs released or generated by Shimizu are appropriately managed.

### Preventing water pollution and making effective use of water resources

#### ■ Preventing water pollution

Measures to counter water pollution during construction include training based on e-learning, efforts to promote awareness at construction manager meetings held at each branch, and the designation of June as water pollution prevention month.

#### ■ Effective use of water resources

Examples of efforts to put water resources to effective use include reusing water that collects in underground pits of a demolition site after sprinkling water to settle dust. This helps reduce municipal water use.

Another example is a project involving the excavation and transportation of contaminated soil. We began by using only municipal water, but eventually cut the volumes of municipal water we used by reusing treated water tested to meet the relevant standards at the water treatment facility.

To conserve water resources, spring water seeping from the tunnel at a tunnel construction site is treated by equipment designed to clarify muddy water for reuse.



Water pollution prevention poster

# The Pursuit of Business Activities that Coexist with Society

Shimizu's Management Philosophy calls for "Humanism"; our Code of Corporate Ethics and Conduct begins with a call for the development of a company that places its greatest emphasis on people.

As responsible corporate citizens dedicated to harmonious coexistence with society, Shimizu and its stakeholders pursue a broad range of activities whose goals are to improve social welfare, establish and strengthen community relationships, and create workplaces where employees and specialist contractors can work in secure settings inspired by a sense of purpose.

■ Key performance indicators (KPIs)	Performance in fiscal 2013	Performance in fiscal 2014	Performance in fiscal 2015	Targets for fiscal 2016
Number of women in management positions	19	33	49	57*
Percentage of employees with disabilities	2.05%	2.11%	2.18%	2.05% or more
Percentage taking annual vacation	29.5%	32.9%	33.8%	40.0%
Accident frequency rate	0.60	0.77	0.59	0.60 or less
Expenditures on social contribution activities as a percentage of ordinary income	1.74%	0.85%	0.83%	1%

\*Three times that of FY2013

■ Evaluation indicators	Performance in fiscal 2013	Performance in fiscal 2014	Performance in fiscal 2015	Targets for fiscal 2016
Percentage of female employees taking childcare leave	97.3%	100%	100%	100%
Number of female engineers	181	215	257	(Doubling the 2014 figure by 2019)

## A Company That Values People

### Promoting conditions that enable each and every employee to thrive

#### ■ Creating comfortable workplaces

Shimizu strives to create comfortable workplaces where diverse groups of employees can achieve a sound work-life balance, regardless of age or gender.

During fiscal 2015, in addition to declaring every Wednesday a companywide "no-overtime day" and implementing other steps to reduce long working hours, the President himself took various opportunities, including workplace social gatherings, to ask employees to review the ways they work at their workplaces. On April 1, 2016, to help employees balance job and family responsibilities, the company introduced a flex employment system intended to make childcare and family care easier for employees.

To remain an attractive destination for individuals who will lead the company into the next generation, Shimizu will continue to strive to make its workplaces more welcoming and hospitable.

#### ■ Efforts to promote health

Shimizu supports employee in their efforts to maintain and improve their health and to work with a sense of vitality.

The career advancement forum for women held in December 2015 welcomed about 300 female employees from across Japan and around the world, who came to discuss the theme of "What Well-Being Means to Me." This forum featured a lecture by Prof. Riko Nohara of Tokyo Women's Medical University on the theme of "Enabling Everyone to Work in Good Health," which discussed what kinds of facilities are needed to maintain health by age category and related issues. The forum also featured a panel discussion in which Shimizu industrial physicians, doctors, and public health nurses exchanged views on the health issues faced by female employees.



Prof. Riko Nohara of Tokyo Women's Medical University

#### ■ Human rights efforts

In addition to incorporating a policy of respect for human rights into our Code of Corporate Ethics and Conduct, we are pursuing efforts to heighten awareness of human rights issues under our Basic Human Rights Policy. During fiscal 2015, in accordance with the policies and plans determined by the Committee to Enhance Awareness of Human Rights (chaired by Shimizu's vice president), we implemented a Human Rights Awareness Training program targeting specific job levels, with a focus on social integration, the starting point for awareness of human rights issues, and training for human rights facilitators.

Additionally, we published a human rights handbook covering basic knowledge of various human rights issues and related topics and distributed copies to all employees, including employees of Group member companies.

Other efforts included establishing a harassment hotline on the intranet, posting posters to promote awareness of issues related to sexual harassment and abuse of power, and an awards program that solicits slogans for human rights awareness. Our goal is to strengthen awareness of human rights on a broad basis throughout the organization.



Based on the management principle of respect for human rights, we seek to create working environments in which employees feel free to demonstrate their abilities to the fullest. We remain committed to efforts that ensure each member of our increasingly diverse and wide-ranging workforce can work comfortably.

**Tadashi Tsujino**  
Senior Managing Officer/  
General Manager, Personnel Dept.

## Contributing to Society

### Basic Social Contribution Policy and priority areas

#### Basic Social Contribution Policy

As corporate citizens of the world, we seek actively to enrich our society, our communities, and the natural environment, thereby helping to build a society in which all feel free to strive for a better life. This is in line with the management principles drawn from the precepts set forth in Rongo to Soroban—captured in our corporate motto, “Today’s Work, Tomorrow’s Heritage”—as well as our underlying ideals of corporate social responsibility (CSR) and creating shared value (CSV).

#### Priority areas

##### Environment

Promoting environmental measures in day-to-day business activities as a leading environmentally-conscious enterprise to achieve our Ecological Mission

##### Education

Promoting our voluntary programs and education for children, youth, and society

##### Arts and culture

Maintaining our support for arts and culture events, contributing to the preservation and restoration of historical structures, and related efforts

##### Social inclusion

Promoting activities to help build satisfied communities in which everyone can work and live with a sense of vitality

### Main activities and initiatives

#### Shimizu Open Academy

The Shimizu Institute of Technology holds Shimizu Open Academy classes as public courses for young people and members of the community. Events include site tours and lectures on wide-ranging topics.

From across Japan and around the world, a total of 38,720 people have taken part (as of March 31, 2016) since these activities began in September 2008.



Elementary school students learn what happens during liquefaction.

#### Awards won

2011 Architectural Institute of Japan Prize (Education Division)  
2013 Japan Association for Earthquake Engineering Commendation (contributions to earthquake disaster-prevention education)


#### Shimizu Volunteer Academy

In fiscal 2015, we held Shimizu Volunteer Academy classes as volunteer training courses for Shimizu Group employees and their family members. These events provide training for volunteers with a strong interest in the needs of those with disabilities, including training in how to support athletic and other activities for people with disabilities.

#### An official sponsor of the Japanese Para-Sports Association

Since December 2015, Shimizu has been an official sponsor of the Japanese Para-Sports Association (JPSA).

Shimizu supports the JPSA’s vision—an active and harmonious society in which individuals with disabilities have the opportunity to participate in society independently through athletic activities. We will continue to work with JPSA to expand athletic opportunities for those with disabilities.

 Shimizu supports the Japanese Para-Sports Association.

#### Volunteers respond to torrential rainfall in Joso, Ibaraki Prefecture

In response to torrential rainfalls in September 2015 that resulted in significant damage in the Kanto and Tohoku regions, Shimizu participated in volunteer disaster relief activities organized by the city of Joso. Over a period of eight days, a total of 180 employees from Shimizu and business partners took part in various activities, including moving household goods from damaged homes, filling sandbags with waste materials, and shoveling sludge from beneath homes.



Volunteers at work

#### Tokyo Mokokujou: Minamisanriku volunteer woodworking class

Every year since 2012, the year after the disaster, Tokyo Mokokujou, a facility of the Tokyo Branch, has hosted volunteer woodworking classes in the town of Minamisanriku, Miyagi Prefecture, an area struck by the Great East Japan Earthquake. Through this activity, volunteers help children in the community to grow and to experience the warmth of wood and the fun of building things.



A woodworking class

#### Donating foreign-language picture books

Since 2009, to strengthen awareness of foreign cultures among children, the Hokuriku Branch has donated foreign-language picture books to the Tamagawa Children’s Library in the city of Kanazawa.

To date, this program has donated a total of 752 books collected by the International Division from 21 countries in Europe, the Americas, Asia, and elsewhere. The program also includes monthly read-aloud sessions by volunteers from other countries.



Reading aloud to children

#### Oita wheelchair marathon

On November 8, 2015, a total of 34 volunteers from the Kyushu Branch took part in a marathon featuring more than 10,000 participants—the world’s largest organized exclusively for competitors in wheelchairs. Volunteers helped stage the event by guiding participants around the course, managing personal belongings left by participants during the event, and distributing lunches and refreshments during the event. We plan to continue participating in these volunteer activities every year.



Shimizu employees marking out the course for safety

## Health and Safety Efforts

### Fiscal 2015 results

#### Health and safety results

Our accident frequency rate\* improved from 0.77 in fiscal 2014 and to 0.59 in fiscal 2015.

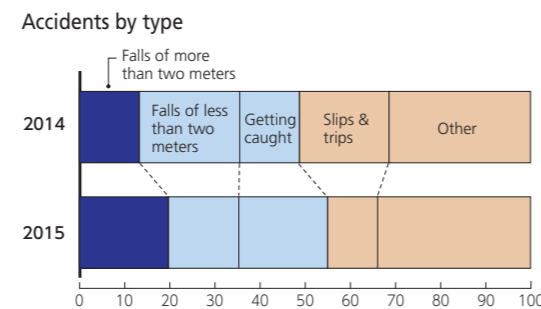
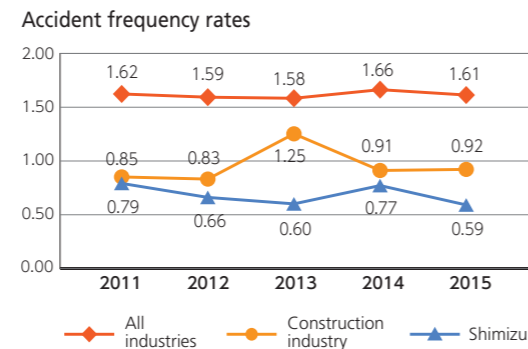
\* Accident frequency rate: Number of deaths and injuries per million cumulative man-hours (Figures for all industries and for the construction industry represent accidents resulting in one or more lost workdays, calculated on a calendar-year basis; figures for Shimizu represent accidents resulting in four or more lost workdays, calculated on a fiscal-year basis.)

#### Accident analysis

Falls of more than two meters, falls of less than two meters, and incidents involving getting caught in machinery or equipment accounted for the largest share of accidents, followed by slips & trips. In particular, the proportion of incidents involving falls of more than two meters rose from 13% to 19%. A look at the factors leading to these falls suggests a need to improve work planning and work procedures and to address failures to use safety harnesses or human error when hooking harnesses.

#### Safety patrols by the Company President

Shimizu's president undertakes safety patrols at construction sites each year during National Safety Week and National Industrial Health Week. "Something new happens at construction sites every day," Mr. Miyamoto told workers during a visit to a Tokyo construction site in July. "When you encounter new incidents, you need to discuss them with your colleagues and workers and follow the measures all you have agreed on. Keep the importance of saving lives in mind and do everything you can to make sure each of you returns home safe and sound at the end of each workday."



Then-President Miyamoto on a safety patrol

### Measures in fiscal 2016

#### Back-to-basics safety management

We will prepare work plans tailored to each site condition that address dangerous activities as specified by each division, ensure that workers at the frontlines are familiar with work procedures and safety points, and run through the plan-do-check-act (PDCA) cycle to improve safety practices.

#### Four priority measures

- Eliminating accidents involving falls from heights of more than two meters or less than two meters: We will ensure that workplaces are safe and that employees wear safety harnesses.

- Eliminating accidents involving heavy equipment and cranes: We will implement measures without fail to keep heavy equipment and cranes from falling over, to keep construction vehicles from veering off track, and to avoid accidental human contact with such equipment.
- Eliminating accidents involving collapsing or falling heavy items: We will carry out safety checks and ensure thorough compliance with work procedures when handling heavy items like steel frames and precast concrete.
- Eliminating fires and other accidents due to damaged infrastructure: We will deploy without fail construction methods that eliminate the risk of fire. We will highlight any problems related to infrastructure.

## Initiatives by Affiliates

### Total Office Partner, Inc.

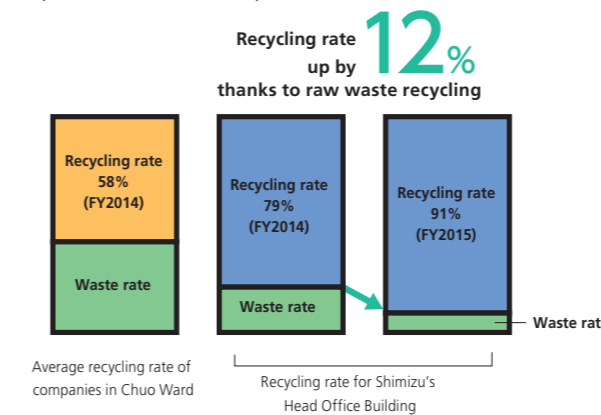
Total Office Partner, Inc. provides services such as building management, administrative services, and advertising and publicity, mainly to clients within the Shimizu Group. Introduced below are some of its building management initiatives as well as its activities for creating a welcoming environment for workplaces with high proportion of female employees.

#### Effective use of resources

#### Improving recycling rates for waste generated by the Shimizu Head Office Building

In its waste management operations, the Building Management Division works to improve waste recycling rates for the Shimizu Head Office Building. In addition to forming partnerships with various waste handling vendors to recycle this waste, the Building Management Division works to monitor treatment sites and verify that waste treatment is appropriately handled, thereby avoiding incidents such as illegal waste disposal or resale of expired food.

The Building Management Division has changed how leftover food and other raw waste from the Head Office is processed, shifting from incineration to use in electricity-generating methane gas generators. As of March 2016, the Head Office was recycling more than 90% of its waste—a notable achievement for an office building of its size. In recognition of these everyday recycling efforts, Shimizu has received a letter of appreciation from Chuo Ward, where the Head Office is located.



Periodically checking on and improving waste sorting

#### Diversity initiatives

#### Creating workplaces women find hospitable

Since women make up about 70% of the staff of Total Office Partner, providing opportunities for women and creating comfortable working environments are important company issues. For this reason, Total Office Partner provides services such as counseling when staff return to work after childcare leave, support for reduced working hours, and job rotation efforts. As a result, most women return to the workplace after taking childcare leave. The increasing numbers of those who have taken childcare leave and returned encourage other staff to do the same. The company is also seeking to train more female managers, who currently account for 8 of 31 managers, or about one-fourth of the total.



When I had my two children, I took advantage of both childcare leave and the shortened work hours. Thanks to these programs, I was able to return to the workplace with minimal difficulty. If one of my children gets sick, my superiors and colleagues support me so I can take time off to be with my child. Workplace restrictions on overtime and weekend work also help—they let me rush off to the daycare center at the end of each workday. I want to pass on these experiences to my younger colleagues and help maintain this positive workplace environment.

Naoko Fukushima  
Administrative Center

To promote initiatives that help bring us closer to a sustainable society, Shimizu engages stakeholders in dialogue on social issues with deep connections to our businesses.

### A construction company from the perspective of female students

In August 2015, as part of its career support program, Teikyo University hosted a Project-Based Learning (PBL) workshop program in partnership with Shimizu.



Exchange of opinions after presentation of proposals

Thirteen female students from the university participated in the five-day program, offering ideas from the fresh perspective of university students for reshaping the image of construction as an exclusively male domain and proposing ideas for attracting female students to the industry. These proposals and ideas will be put to use in Shimizu's future business activities as improvement proposals.

### Building a healthy hometown in Kawaba, Gunma Prefecture

In the village of Kawaba, we are promoting the Genki na Furusato Zukuri ("Building a Healthy Hometown") program in cooperation with Gunma Prefecture, the local government, a forestry cooperative, universities, local companies, farmers, and others to contribute to land conservation, counter global warming, and revitalize the community.

We have developed a program to process timber from local forest thinning for sale and invest the business profits into forest preservation. Through repeated discussions in conferences held with the village, we have initiated and plan to maintain efforts related to biomass power genera-

tion from lumber scraps and the use of waste heat from power generated for greenhouse farming.



A discussion with the village project participants

### Company visits of Shinshu University Students

In September 2015, 23 students from the seminar led by Prof. Yoshikazu Yamaaki of the Faculty of Economics and



Discussions with students

Law, Department of Economics, Shinshu University visited Shimizu for discussions as part of the seminar's research on corporations.

It is our hope that dialogue of this nature will help build awareness and interest in Shimizu among students who might otherwise have little contact with the construction industry. We will continue with similar initiatives in the future.



**Keisuke Takegahara**  
General Manager, Economic & Industrial Research Department  
Development Bank of Japan, Inc.

Based on the structure of Shimizu's Corporate Report, I got the strong impression that Shimizu was adopting an integrated approach by enhancing the content of its previous CSR Report from the perspectives of business strategy and financial information.

I was impressed, first of all, by the wealth of content in the message from the President. In an easy-to-understand way, it communicated the essence of Shimizu's business strategy by describing the company's long-term direction through its long-term vision—becoming a Smart Solutions Company—and a Midterm Management Plan that establishes five-year policies based on this vision, in addition to showing how the company will address specific management topics through its three-year management plans. There's a greater emphasis on treating the fundamental principles of CSR management as an integrated concept by referring to "The Analects and the Abacus," which describes a balance between meeting social responsibilities and earning fair returns.

An especially interesting part of this year's report is the introduction by General Managers of their division's businesses, in which they discuss the opportunities and risks they have identified. For example, the architectural construction business in Japan is responding to the challenge of a shortage of workers by making greater use of ICT and promoting skills transfers and diversity to enhance competitiveness in winning orders. The civil engineering business is working to improve productivity through its technological capabilities and by training global human resources in response to diversifying orders and the growth of its overseas business. The overseas architectural construction business is seeking to develop a structure under which it can account for about 20% of the company's overall business, while new businesses have proposed ways to turn the risk of

global warming into opportunities, based on the ecoBCP business. Lastly, the section on Shimizu's technology strategy seemed most representative of Shimizu in discussing efforts to address various social challenges through technological development and innovation, including joint efforts between the Institute of Technology and technological development units of the business divisions and the establishment of the new Center for Future Technology and Design.

Based on this series of descriptions, a vision naturally comes into view of the challenges confronting Shimizu and the actions it will take to respond to these challenges, including tangible and intangible responses to labor shortages, its adaptation to globalization, its efforts to enhance competitive strengths through technological capabilities, and its efforts to achieve differentiation through its ability to propose solutions, all based on the sustainable growth of its core construction business. This is a refreshing approach that could be described as a presentation of materiality through a focus on narrative.

That is the first half of the report. The second half carries on in the tradition of previous CSR reports, describing the CSR management that underlies the businesses and strategy presented in the first half by looking at governance, the environment, and society, in that order. In the future, I'd like to see a greater effort to integrate the first and second halves by strengthening these connections. KPIs, which show how initiatives in CSR management (non-financial information) are connected to business growth and competitive strength, should play an important role in enhancing this integration. By listing the KPIs that have been revised through repeated discussion and debate, this year's report clearly shows the energetic efforts Shimizu is making to address this difficult challenge. At the same time, I would like to add that I was able to confirm through discussions with core management before writing this opinion that this set of KPIs is not its final form and therefore will be brushed up. Identification of the value created by the construction business requires a long-term perspective, and choosing the KPIs that best represent the value of a given business is a difficult challenge. I hope Shimizu will continue to play a leading role in such efforts.

### Shimizu's response

While this is the first in a series of annual Shimizu Corporate Reports, as part of efforts to continue enhancing this report, we asked Mr. Takegahara for his views. We will deliberate further on the proposed integration of content on businesses, strategy, and CSR management and enhancements of KPIs to facilitate such integration. These considerations will be reflected in future reports.



■ Winning projects at the 56th BCS Awards



D.T. Suzuki Museum (construction) (Photo courtesy of D.T.Suzuki Museum)



Meiji University Izumi Campus Izumi Library (construction)

■ 25th BELCA Awards (Long-Life Section)



Musashi University Ekoda Campus  
From left:  
Building No. 3 (new design/construction, remodeling)  
Large lecture hall (new construction, remodeling)  
Nezu Chemical Laboratory (new construction, remodeling)

■ List of other awards won

Award name	Work recognized by prizes or awards
2014 Japan Society of Civil Engineers Awards: Tanaka Award (Works Section)	Yokohama Loop North Line truss bridge
17th Infrastructure Technology Development Award	Sealed rectangular shield construction method (paddle-shield method for stable wide-area underground excavation)
Society of Heating, Air Conditioning and Sanitary Engineers of Japan Awards: 53rd Technical Award (Building Facilities)	Environmental and facilities planning for Shimizu Head Office: Realizing an urban high-rise office building contribute to a sustainable society
Society of Heating, Air Conditioning and Sanitary Engineers of Japan Awards: Third Special Award for remodeling	Energysaving conservation improvements to building facilities at Makuhari Techno Garden
Society of Heating, Air Conditioning and Sanitary Engineers of Japan Awards: 29th Promotion Award (Technological Promotion Award)	Air conditioning equipment at Shizuoka Gas head office building
2015 Japan Concrete Institute Awards: Works Award	Asahi-Shuzo Sake Brewing Shorai-gura, new warehouse
2015 Japan Concrete Institute Awards: Works Award	Building No.1, Toho Gakuen College Music Department Chofu Campus
2015 Japan Concrete Institute Awards: Works Award	Otagawa Ohashi Bridge
2015 Japan Concrete Institute Awards: Works Award	Assessment of fiber distribution structure of short-fiber reinforced mortar using X-ray CT technology and the impact of the use of fibers on dynamic performance (combined topic)
2015 Osaka Eco-Friendly Construction Award: Osaka Governor's Prize	Bell Land General Hospital
26th Institute of Electrical Installation Engineers of Japan Awards: Technology Promotion Award	Electrical facilities at Shimizu's Head Office Building
14th Environment and Equipment Design Award: Merit Award (Environmental Design Section)	Oaze Shibaura
Fifth Carbon Offset Award: Merit Award	CO <sub>2</sub> emissions reductions and securing carbon offsets through high-performance buildings
Sixth Sustainable Architecture Awards: Minister of Land, Infrastructure, Transport and Tourism Award	Shimizu Corporation Head Office Building
Sixth Sustainable Architecture Awards: Judges' Encouragement Award	Seicho-No-le's Office in the Forest
Sixth Sustainable Architecture Awards: Judges' Encouragement Award	Shizuoka Gas head office building
Sixth Sustainable Architecture Awards: Judges' Encouragement Award	Yanmar Museum
27th Japan Construction Machinery and Construction Association Awards: Merit Award	Development and practical implementation of technology for granulation and production of crushed stone in treatment of disaster waste
Seventh Engineering Services Award	Development of BWE tunnel-blasting low-frequency noise-reduction technology
Seventh Engineering Encouragement Special Award	Development of treatment technology for oil field water in Oman and technologies for using this water
18th Japan Water Award: International Contributions Award	Creation of new water resources from oil field water in Oman: Greening the desert with oil field water
Fifth Seismic Retrofitting Outstanding Construction Award	Kyoto University Clock Tower Centennial Hall

See the report data at the Shimizu website (<http://www.shimz.co.jp/csr/environment/report/report2016.html>) for other awards.

■ 2015 Japan Society of Civil Engineers Awards  
Technology Award, Group I



Permanent countermeasure against deformation of railway shield tunnels caused by increased loads: Takashima Tunnel reinforcement construction

■ Environmental Award, Group II



Hirono Clean Project seeks to bring evacuated town residents back home as soon as possible.

■ Independent Assurance Report

With respect to CO<sub>2</sub> emissions reported on page 48-49, we obtained a third-party certification from Ernst & Young Sustainability Co., Ltd.



Interviewing top management



Inspecting evidence for forms and data



Construction site inspection (on-site inspection)

■ ISO management systems

Quality Management System (ISO 9001)

■ Quality policy

Individual quality policies are established for each of the following business segments: building construction, civil engineering, and engineering.

Building construction segment:

All employees belong to this segment, are responsible for providing satisfactory buildings and services, in their respective processes ranging from sales through maintenance by; — committing exhaustively to the customers, — identifying precisely the values customers expect, and — establishing correctly and pursuing adequately the optimized quality plan.

Civil engineering segment:

Based on our management philosophy and management strategy and drawing on the technological capabilities, good faith, and passion of all our employees, this segment identifies the value expected by customers and society, earns the trust and satisfaction of customers, and contributes to society by providing structures of optimal quality that meet all requirements.

Engineering segment:

Coordinating customer needs and advanced specialized technologies, this segment is responsible for customer satisfaction and gaining customer trust by building and maintaining high value and high quality environments and facilities that comply with all applicable laws and regulations. The segment delivers business potential, functionality, and permanence, all in accordance with the ISO 9001 international standard for quality management systems.

■ Continuing improvements and external inspections

Each business segment establishes and maintains a quality management system based on the policies above, setting quality targets and reviewing the status of each activity. Each segment also strives to achieve sustained improvements based on ISO 9001 external inspections that confirm and assess the quality management system in terms of its validity.

Translation

The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

June 24, 2016

Building a better working world

Mr. Kazuyuki Inoue  
President  
SHIMIZU CORPORATION

### Independent Assurance Report

Masahiko Tsukahara Representative Director  
Kenji Sawami Executive Officer  
Ernst & Young Sustainability Co., Ltd. Tokyo

We, Ernst & Young Sustainability Co., Ltd., have been commissioned by SHIMIZU CORPORATION (hereafter "the Company") to provide limited assurance on the Key Sustainability Performance Indicators (hereafter "the Indicators") of the Company for the year ended March 31, 2016 included in the Company's Ecological Mission 2030-2050 section of the Shimizu Corporate Report 2016 (hereafter "the Report"). The scope of our work was limited to assurance over the information marked with the symbol "EY" in the Report.

- The Company's Responsibilities**  
The Company is responsible for preparing the Indicators in accordance with the Company's own criteria determined in consideration of Japanese Environmental Laws. The criteria reference Data in 2016, 2. Ecological Missions 2030-2050, 2.1. Estimation Standards ([http://www.shimz.co.jp/csr/environment/report/pdf/data\\_2016.pdf](http://www.shimz.co.jp/csr/environment/report/pdf/data_2016.pdf)) of the Report. Greenhouse gas (GHG) emissions are estimated by using emission factors, which are uncertain because the scientific ground of the factors are not established and different instruments for measuring GHG emissions have different characteristics in terms of functions and presumed parameters.
- Our Independence and Quality Control**  
We have complied with the independence requirements defined in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in March 2013, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior. In addition, as a member of Ernst & Young ShinNihon LLC, our parent company, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2009.
- Our Responsibilities**  
Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.  
We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board in December 2013, Practical Guidelines for the Assurance of Sustainability Information, revised in December 2014 by the Japanese Association of Assurance Organizations for Sustainability Information and, in respect of GHG emissions, the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board in June 2012.  
The procedures, which we have performed according to professional judgment, include inquiries, inspecting documents, analytical procedures, agreeing with records of basic information on the Indicators, as well as the following:
  - Inquiries about Company's own criteria determined in consideration of Japanese Environmental Laws and evaluating their appropriateness;
  - Inspecting relevant documents with regard to the design of the Company's internal controls of the Indicators and inquiring of personal responsible thereof at the headquarters and 1 site visited;
  - Performing analytical procedures on the Indicators at the headquarters and 1 site visited; and
  - Agreeing to supporting documents and re-calculating with part of the Indicators at the headquarters and 1 site visited on a test basis.
 The procedures performed in a limited assurance engagement are more limited in nature, timing or extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is not as that obtained if we had performed a reasonable assurance engagement.
- Conclusion**  
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that caused us to believe that the Indicators included in the Report have not been measured and reported in accordance with Company's own criteria determined in consideration of Japanese Environmental Laws.

Environmental Management System (ISO 14001)

■ Policies and objectives

Based on Shimizu Basic Environment Policy, Environmental Policies have been established for each of the following business segments: the building construction and civil engineering business sections and Engineering Headquarters.  
<http://www.shimz.co.jp/csr/environment/manage/index.html>

■ Organization/structure

[http://www.shimz.co.jp/csr/environment/activity/manage\\_sys.html](http://www.shimz.co.jp/csr/environment/activity/manage_sys.html)

■ Results of external inspections and internal environmental audits

<http://www.shimz.co.jp/csr/environment/report/pdf/report2015add2.pdf>

■ Continual improvement

New targets are set each year as a part of the fiscal year targets set under the Environmental Action Plan. Progress toward targets is continually monitored.  
<http://www.shimz.co.jp/csr/environment/activity/plan.html>

■ Education

Environmental education is provided under the HR Development Policy through programs tailored to employee job category and profession.  
<http://www.shimz.co.jp/csr/human/education.html>

■ Planned migration to revised standards (review)

Plans call for migrating as follows to the revised standards issued in November 2015.  
Building construction and civil engineering segments: July 2017  
Engineering Headquarters: October 2017

**Head Office:** Shimizu Corporation  
No.16-1 Kyobashi 2-chome,  
Chuo-ku, Tokyo 104-8370, Japan  
Phone: 81-3-3561-1111

**URL:** <http://www.shimz.co.jp/>

**Date of Establishment:** 1804

**Common Stock:** ¥74,365 million

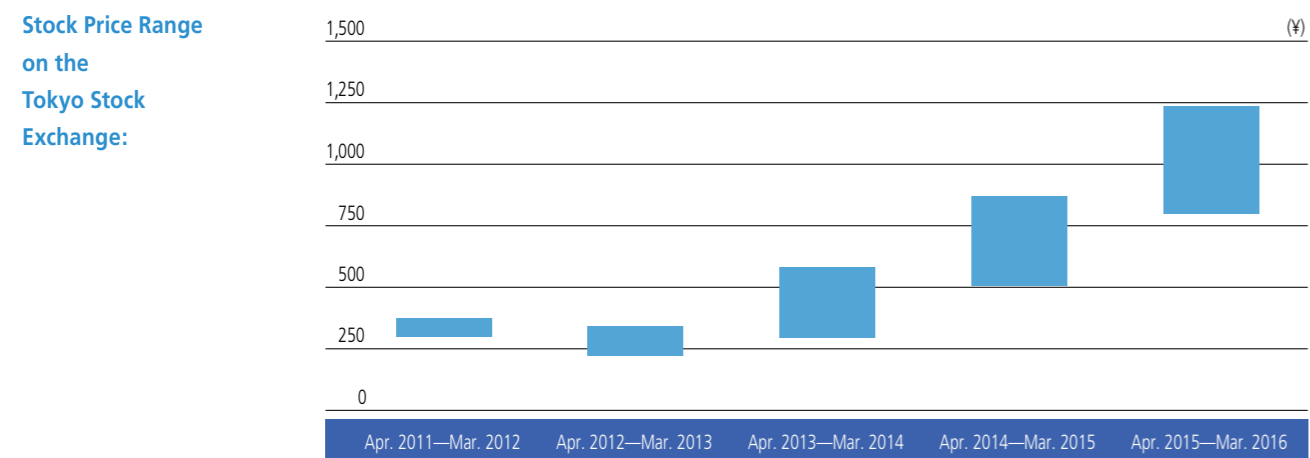
**Employees:** Consolidated: 15,640  
Nonconsolidated: 10,466

**Transfer Agent:** The Mitsubishi UFJ Trust and Banking Corporation

**Major Shareholders:**

Shareholder	Shares held (thousands)	Percentage of total
SHIMIZU & CO., LTD.	60,129	7.63%
The SHIMIZU FOUNDATION	38,100	4.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,076	4.70
Japan Trustee Services Bank, Ltd. (Trust Account)	32,494	4.12
Employee's Stock Ownership Plan	18,709	2.37
HOUSING RESEARCH FOUNDATION JYUSO-KEN	17,420	2.21
Mizuho Bank, Ltd.	16,197	2.05
Japan Trustee Services Bank, Ltd. (Trust Account 4)	12,407	1.57
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 2,590,529 shares of treasury stock.



## Financial Section

68	Consolidated Balance Sheet
70	Consolidated Statement of Income
71	Consolidated Statement of Comprehensive Income
72	Consolidated Statement of Changes in Net Assets
73	Consolidated Statement of Cash Flows
74	Notes to Consolidated Financial Statements
101	Independent Auditor's Report
	<i>Supplemental Information</i>
102	Nonconsolidated Balance Sheet
104	Nonconsolidated Statement of Income
105	Nonconsolidated Breakdown of Orders

# Consolidated Balance Sheet

Shimizu Corporation and its subsidiaries  
As at March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2016	2016
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash (Notes 9 and 10.2))	¥ 176,482	¥ 189,167	\$ 1,680,148
Notes and accounts receivable—trade (Notes 5.3) and 10.2))	472,367	548,925	4,875,438
Marketable securities (Notes 9, 10.2) and 11)	66,239	85,202	756,748
Real estate for sale (Notes 4.2))	26,353	21,620	192,029
Costs on uncompleted construction contracts (Notes 4.2) and 5.3))	63,232	84,518	750,672
Costs on uncompleted real estate development projects (Note 4.2))	32,755	26,041	231,293
PFI projects and other inventories (Notes 4.2) and 5.3))	63,748	57,983	515,000
Deferred tax assets (Note 14)	27,313	26,539	235,717
Other current assets	111,410	81,372	722,730
Less: Allowance for doubtful accounts	(1,229)	(976)	(8,671)
<b>Total current assets</b>	<b>1,038,673</b>	<b>1,120,395</b>	<b>9,951,108</b>
<b>Non-Current Assets:</b>			
Tangible fixed assets:			
Buildings and structures (Note 5.2))	162,152	167,046	1,483,667
Machinery, equipment and vehicles (Note 5.2))	55,030	58,675	521,146
Land (Notes 5.1) and 5.2))	132,534	132,083	1,173,133
Construction in progress	4,165	2,719	24,157
Less: Accumulated depreciation	(122,653)	(129,142)	(1,147,014)
<b>Total tangible fixed assets</b>	<b>231,229</b>	<b>231,382</b>	<b>2,055,090</b>
Intangible fixed assets	4,281	4,274	37,964
Investments and other assets:			
Investment securities (Notes 5.2), 5.3), 10.2) and 11)	409,927	349,447	3,103,716
Deferred tax assets (Note 14)	1,479	1,474	13,094
Other investments (Note 5.2))	20,211	18,250	162,095
Less: Allowance for doubtful accounts	(2,403)	(2,288)	(20,321)
<b>Total investments and other assets</b>	<b>429,215</b>	<b>366,884</b>	<b>3,258,584</b>
<b>Total non-current assets</b>	<b>664,725</b>	<b>602,541</b>	<b>5,351,639</b>
<b>Total assets</b>	<b>¥1,703,399</b>	<b>¥1,722,936</b>	<b>\$15,302,747</b>

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

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2016	2016
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Notes and accounts payable—trade (Notes 5.3) and 10.2))	¥ 454,576	¥ 441,301	\$ 3,919,548
Short-term borrowings (Notes 5.2), 10.2) and 20)	132,401	125,120	1,111,295
Current portion of non-recourse borrowings (Notes 5.3), 10.2) and 20)	7,511	9,458	84,007
Current portion of bonds payable (Notes 10.2) and 19)	—	25,000	222,044
Current portion of non-recourse bonds payable (Notes 5.3), 10.2) and 19)	2,101	668	5,933
Income taxes payable	22,423	19,520	173,374
Advances received on uncompleted construction contracts	86,690	102,916	914,082
Warranty reserve	3,228	3,799	33,749
Reserve for expected losses on construction contracts in process	29,042	22,950	203,838
Reserve for directors' bonuses	51	176	1,563
Other current liabilities	92,535	116,664	1,036,190
<b>Total current liabilities</b>	<b>830,562</b>	<b>867,576</b>	<b>7,705,627</b>
<b>Non-Current Liabilities:</b>			
Bonds payable (Notes 10.2) and 19)	90,000	65,000	577,315
Convertible bond-type bonds with subscription rights to shares (Notes 10.2) and 19)	—	30,136	267,663
Non-recourse bonds payable (Notes 5.3), 10.2) and 19)	17,899	16,785	149,080
Long-term borrowings (Notes 10.2) and 20)	85,469	76,772	681,872
Non-recourse borrowings (Notes 5.3), 10.2) and 20)	40,197	43,542	386,734
Deferred tax liabilities (Note 14)	57,198	32,131	285,385
Deferred tax liabilities for revaluation reserve for land (Note 5.1))	19,017	17,847	158,518
Reserve for expected losses on affiliates' businesses	7,033	5,510	48,943
Net defined benefit liability (Note 13)	55,074	68,150	605,300
Other non-current liabilities	19,051	13,828	122,820
<b>Total non-current liabilities</b>	<b>390,940</b>	<b>369,704</b>	<b>3,283,636</b>
<b>Total liabilities</b>	<b>1,221,502</b>	<b>1,237,281</b>	<b>10,989,263</b>
<b>NET ASSETS</b>			
<b>Shareholders' Equity:</b>			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2015 and 2016	74,365	74,365	660,496
Additional paid-in capital	43,143	43,155	383,300
Retained earnings	167,283	219,507	1,949,621
Less: Treasury stock, at cost 3,928 thousand shares as at March 31, 2016	—	(1,571)	(13,960)
Less: Treasury stock, at cost 3,890 thousand shares as at March 31, 2015	(1,533)	—	—
<b>Total shareholders' equity</b>	<b>283,259</b>	<b>335,457</b>	<b>2,979,458</b>
<b>Accumulated Other Comprehensive Income:</b>			
Net unrealized gain (loss) on other securities, net of taxes (Note 11)	169,474	131,849	1,171,056
Deferred gain (loss) on hedging, net of taxes (Note 12)	41	15	137
Revaluation reserve for land, net of taxes (Note 5.1))	25,667	26,293	233,533
Foreign currency translation adjustments	1,758	756	6,720
Remeasurements of defined benefit plans	(3,291)	(13,656)	(121,297)
<b>Total accumulated other comprehensive income</b>	<b>193,649</b>	<b>145,258</b>	<b>1,290,150</b>
<b>Non-controlling Interests</b>	<b>4,987</b>	<b>4,939</b>	<b>43,875</b>
<b>Total net assets</b>	<b>481,896</b>	<b>485,655</b>	<b>4,313,484</b>
<b>Total liabilities and net assets</b>	<b>¥1,703,399</b>	<b>¥1,722,936</b>	<b>\$15,302,747</b>

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

## Consolidated Statement of Income

Shimizu Corporation and its subsidiaries  
For the year ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2016	2016
<b>Net Sales:</b>			
Construction contracts (Notes 4.11) and 6.1))	¥1,444,843	¥1,516,054	\$13,465,270
Real estate development and other	123,000	148,879	1,322,312
	1,567,843	1,664,933	14,787,582
<b>Cost of Sales:</b>			
Construction contracts (Note 6.2))	1,338,723	1,357,546	12,057,430
Real estate development and other (Note 6.3))	106,121	132,012	1,172,510
	1,444,845	1,489,559	13,229,941
<b>Gross profit:</b>			
Construction contracts	106,119	158,508	1,407,839
Real estate development and other	16,878	16,866	149,802
	122,998	175,374	1,557,641
<b>Selling, General and Administrative Expenses (Note 6.4))</b>	72,966	80,706	716,819
<b>Operating income</b>	50,032	94,668	840,822
<b>Non-Operating Income (Expenses):</b>			
Interest and dividend income	5,038	5,632	50,029
Interest expenses	(3,327)	(3,171)	(28,171)
Equity in earnings of affiliates	1,629	1,094	9,724
Foreign exchange gain(loss)	2,353	(1,859)	(16,516)
Other, net	520	(862)	(7,663)
<b>Ordinary income</b>	56,246	95,501	848,224
<b>Special Gains (Losses):</b>			
Gain on sales of fixed assets (Note 6.6))	3,170	734	6,520
Loss on sales of fixed assets (Note 6.7))	(110)	(223)	(1,987)
Loss on affiliates' businesses	(3,623)	(2,406)	(21,378)
<b>Income before income taxes</b>	55,682	93,605	831,379
<b>Provision for Income Taxes (Note 14):</b>			
Current	25,826	32,402	287,788
Deferred	(4,276)	1,541	13,687
	21,550	33,943	301,475
<b>Net Income</b>	34,131	59,661	529,904
<b>Net Income attributable to non-controlling interests</b>	734	339	3,014
<b>Net Income attributable to shareholders of the Corporation</b>	¥ 33,397	¥ 59,322	\$ 526,889

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

## Consolidated Statement of Comprehensive Income

Financial Section

Shimizu Corporation and its subsidiaries  
For the year ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2016	2016
<b>Net income</b>	¥ 34,131	¥59,661	\$529,904
<b>Other Comprehensive Income:</b>			
Net unrealized gain (loss) on other securities, net of taxes	68,084	(37,570)	(333,689)
Deferred gain (loss) on hedging, net of taxes	69	(10)	(97)
Revaluation reserve for land, net of taxes	1,948	994	8,835
Foreign currency translation adjustments	2,933	(1,252)	(11,126)
Remeasurements of defined benefit plans	4,007	(10,406)	(92,428)
Share of other comprehensive income of associates accounted for using equity method	153	(113)	(1,005)
Total other comprehensive income (Note 7)	77,197	(48,358)	(429,511)
<b>Comprehensive Income</b>	¥111,329	¥11,303	\$100,392
Comprehensive income attributable to:			
Shareholders of the Corporation	¥110,257	¥11,299	\$100,359
Non-controlling interests	1,072	3	33

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

# Consolidated Statement of Changes in Net Assets

Shimizu Corporation and its subsidiaries  
For the year ended March 31, 2016

Millions of Yen

	Shareholders' Equity				Accumulated Other Comprehensive Income							Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests		
<b>Balance as at April 1, 2014</b>	¥ 74,365	¥ 43,143	¥ 139,160	¥ (1,507)	¥ 101,344	¥ (30)	¥ 24,027	¥ (891)	¥ (7,350)	¥ 3,786	¥ 376,048	
<b>Cumulative effects of changes in accounting policies</b>	-	-	(82)	-	-	-	-	-	-	-	(82)	
<b>Restated balance as at April 1, 2014</b>	¥ 74,365	¥ 43,143	¥ 139,078	¥ (1,507)	¥ 101,344	¥ (30)	¥ 24,027	¥ (891)	¥ (7,350)	¥ 3,786	¥ 375,966	
Cash dividends paid (¥7.00 per share)	-	-	(5,501)	-	-	-	-	-	-	-	(5,501)	
Net income attributable to shareholders of the Corporation for the year	-	-	33,397	-	-	-	-	-	-	-	33,397	
Reversal of revaluation reserve for land, net of taxes	-	-	309	-	-	-	-	-	-	-	309	
Purchase and disposal of treasury stock, at cost	-	0	-	(25)	-	-	-	-	-	-	(26)	
Changes other than shareholders' equity	-	-	-	-	68,129	72	1,639	2,649	4,058	1,200	77,750	
<b>Balance as at April 1, 2015</b>	¥ 74,365	¥ 43,143	¥ 167,283	¥ (1,533)	¥ 169,474	¥ 41	¥ 25,667	¥ 1,758	¥ (3,291)	¥ 4,987	¥ 481,896	
<b>Cumulative effects of changes in accounting policies</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Restated balance as at April 1, 2015</b>	¥ 74,365	¥ 43,143	¥ 167,283	¥ (1,533)	¥ 169,474	¥ 41	¥ 25,667	¥ 1,758	¥ (3,291)	¥ 4,987	¥ 481,896	
Cash dividends paid (¥9.50 per share)	-	-	(7,466)	-	-	-	-	-	-	-	(7,466)	
Net income attributable to shareholders of the Corporation for the year	-	-	59,322	-	-	-	-	-	-	-	59,322	
Reversal of revaluation reserve for land, net of taxes	-	-	368	-	-	-	-	-	-	-	368	
Purchase and disposal of treasury stock, at cost	-	0	-	(38)	-	-	-	-	-	-	(39)	
Increase or decrease of shares of consolidated subsidiaries	-	11	-	-	-	-	-	-	-	(34)	(23)	
Changes other than shareholders' equity	-	-	-	-	(37,625)	(25)	626	(1,001)	(10,365)	(12)	(48,404)	
<b>Balance as at March 31, 2016</b>	¥ 74,365	¥ 43,155	¥ 219,507	¥ (1,571)	¥ 131,849	¥ 15	¥ 26,293	¥ 756	¥ (13,656)	¥ 4,939	¥ 485,655	

Thousands of U.S. Dollars (Note 2)

	Shareholders' Equity				Accumulated Other Comprehensive Income							Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized gain (loss) on other securities, net of taxes	Deferred gain (loss) on hedging, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests		
<b>Balance as at April 1, 2015</b>	\$660,496	\$383,193	\$1,485,776	\$(13,615)	\$1,505,235	\$367	\$227,969	\$15,615	\$(29,235)	\$44,299	\$4,280,102	
<b>Cumulative effects of changes in accounting policies</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Restated balance as at April 1, 2015</b>	\$660,496	\$383,193	\$1,485,776	\$(13,615)	\$1,505,235	\$367	\$227,969	\$15,615	\$(29,235)	\$44,299	\$4,280,102	
Cash dividends paid (¥9.50 per share)	-	-	(66,316)	-	-	-	-	-	-	-	(66,316)	
Net income attributable to shareholders of the Corporation for the year	-	-	526,889	-	-	-	-	-	-	-	526,889	
Reversal of revaluation reserve for land, net of taxes	-	-	3,271	-	-	-	-	-	-	-	3,271	
Purchase and disposal of treasury stock, at cost	-	2	-	(344)	-	-	-	-	-	-	(341)	
Increase or decrease of shares of consolidated subsidiaries	-	104	-	-	-	-	-	-	-	(308)	(204)	
Changes other than shareholders' equity	-	-	-	-	(334,179)	(230)	5,564	(8,894)	(92,061)	(115)	(429,916)	
<b>Balance as at March 31, 2016</b>	\$660,496	\$383,300	\$1,949,621	\$(13,960)	\$1,171,056	\$137	\$233,533	\$6,720	\$(121,297)	\$43,875	\$4,313,484	

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

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

# Consolidated Statement of Cash Flows

Financial Section

Shimizu Corporation and its subsidiaries  
For the year ended March 31, 2016

Millions of Yen

Thousands of U.S. Dollars (Note 2)

	2015	2016	2016
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 55,682	¥ 93,605	\$ 831,379
Adjustments for:			
Depreciation and amortization	11,387	11,568	102,746
Increase (decrease) in allowance for doubtful accounts	(3,455)	(359)	(3,196)
Increase (decrease) in reserve for expected losses on construction contracts in process	(259)	(6,092)	(54,113)
Increase (decrease) in net defined benefit liability	(1,775)	(1,516)	(13,469)
Loss (gain) on sales of fixed assets	(1,100)	219	1,948
Loss (gain) on sales of investment securities	(1,958)	(729)	(6,477)
Interest and dividend income	(5,038)	(5,632)	(50,029)
Interest expenses	3,327	3,171	28,171
(Increase) decrease in notes and accounts receivable-trade	7,830	(76,836)	(682,441)
(Increase) decrease in real estate for sale	4,620	4,733	42,040
(Increase) decrease in costs on uncompleted construction contracts	(7,554)	(21,308)	(189,256)
(Increase) decrease in uncompleted real estate development projects	10,015	6,714	59,637
(Increase) decrease in PFI projects and other inventories	(679)	5,763	51,193
Increase (decrease) in notes and accounts payable-trade	14,574	(12,014)	(106,707)
Increase (decrease) in advances received on uncompleted construction contracts	(28,323)	16,493	146,490
Other, net	4,413	53,118	471,785
Subtotal	61,706	70,898	629,702
Interest and dividends received	5,379	6,220	55,247
Interest paid	(3,288)	(3,164)	(28,103)
Income taxes paid	(7,691)	(35,618)	(316,355)
Net cash provided by (used in) operating activities	56,105	38,335	340,489
<b>Cash Flows from Investing Activities:</b>			
Acquisition of tangible fixed assets	(19,790)	(16,006)	(142,165)
Proceeds from sales of tangible fixed assets	1,638	487	4,329
Acquisition of marketable securities and investment securities	(3,803)	(388)	(3,451)
Proceeds from sales of marketable securities and investment securities	2,669	2,647	23,518
Other, net	1,641	(791)	(7,029)
Net cash provided by (used in) investing activities	(17,644)	(14,051)	(124,798)
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term borrowings	6,646	880	7,815
Proceeds from long-term borrowings	27,942	17,450	154,987
Repayments of long-term borrowings	(51,252)	(34,275)	(304,429)
Proceeds from non-recourse borrowings	3,402	13,444	119,406
Repayments of non-recourse borrowings	(6,721)	(8,152)	(72,406)
Proceeds from issuance of bonds	20,000	-	-
Proceeds from issuance of non-recourse bonds	20,000	-	-
Redemption of non-recourse bonds	-	(2,547)	(22,621)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	-	30,150	267,785
Dividends	(5,501)	(7,466)	(66,316)
Other, net	(208)	(282)	(2,511)
Net cash provided by (used in) financing activities	14,305	9,199	81,710
<b>Effect of exchange rate changes on Cash and Cash Equivalents</b>	5,339	(1,798)	(15,977)
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	58,106	31,685	281,423
<b>Cash and Cash Equivalents at beginning of year</b>	183,440	242,482	2,153,677
<b>Increase (decrease) in Cash and Cash Equivalents resulting from Change of Scope of Consolidation</b>	935	-	-
<b>Cash and Cash Equivalents at end of year (Note 9)</b>	¥242,482	¥274,167	\$2,435,100

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

## 1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Shimizu Corporation (the "Corporation") and its subsidiaries (collectively the "Group") prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Corporation as required by the Financial Instruments and Exchange Law of Japan.

## 2. U.S. Dollar Amounts

The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to the nearest million. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from the original Japanese yen into U.S. dollars on the basis of ¥112.59 to U.S.\$1, the rate of exchange prevailing at March 31, 2016, and have been then rounded down to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

## 3. Principles of Consolidation

### 1) Scope of Consolidation

The Corporation had 60 subsidiaries as at March 31, 2016. The consolidated financial statements for the year ended March 31, 2016 include the accounts of the Corporation and all subsidiaries.

The Corporation had 13 affiliates as at March 31, 2016. As at March 31, 2016, the equity method was applied to all affiliates.

### 2) Financial Statements of Subsidiaries

The financial year-end of 11 overseas subsidiaries and 2 domestic subsidiaries 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 year-end balance sheet dates for these subsidiaries to March 31.

### 3) Amortization of Goodwill

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

### 4) Elimination of Unrealized Intercompany Profits

All significant unrealized intercompany profits included in assets such as "Costs on uncompleted construction contracts" among the Group has been eliminated on consolidation and the portion thereof attributable to non-controlling interests is reported as "Non-controlling Interests."

In connection with the elimination of unrealized intercompany profits, the depreciation expense is also adjusted to eliminate any profit from the cost of assets purchased through intercompany transactions.

## 4. Summary of Significant Accounting Policies

### 1) Valuation of Securities

The Group classifies securities into two different categories, held-to-maturity debt securities and other securities. The Group holds no trading securities. Held-to-maturity debt securities are valued at amortized cost. Other securities with market quotations are valued at the prevailing market price as at the balance sheet date. Other securities without market quotations are stated at cost, cost being determined by the moving average method. Net unrealized gains on other securities with market quotations are reported net of taxes as a separated component of "Net Assets" and the cost of sales is determined by the moving average method.

### 2) Valuation of Inventories

Real estate 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)

### 3) Depreciation Method for Tangible Fixed Assets

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

### 4) Allowance for Doubtful Accounts

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

### 5) Warranty Reserve

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

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

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

### 7) Reserve for Directors' Bonuses

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

### 8) 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.

### 9) Accounting Method for Retirement Benefits

Net defined benefit liability has been recorded mainly at the amount calculated based on the projected benefit obligation and the fair value of the plan assets as at the balance sheet date.

Method of attributing the projected benefit obligations to periods of service: Benefit formula basis

Method used for Amortization of actuarial gain or loss: Straight-line method (10 years - amortized from the following financial year)

Method used for Amortization of prior service cost: Straight-line method (10 years)

Adoption of simplified methods in the Group: Some consolidated subsidiaries apply a simplified method to compute their net defined benefit liability and retirement benefit expenses.

### 10) Accounting for Hedging

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

Hedging instruments: Derivative transactions (interest rate swaps, foreign exchange contracts and foreign exchange non-deliverable forward contracts)

Hedged items: Assets and liabilities which are exposed to interest and foreign exchange market fluctuation risks.

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

Derivative transactions are never entered into for the purpose of trading or speculation.

### 11) 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.

**12) Consumption Taxes**

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

**13) Foreign Currency Translation**

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

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

**14) Cash Flows**

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

**15) Income Taxes**

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

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

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

**16) Changes in Accounting Policies**

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the year ended March 31, 2016, the Corporation has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, revised on September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on September 13, 2013), and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, revised on September 13, 2013), etc. As a result, the method of recording the difference resulting from changes in the Corporation ownership interests in subsidiaries when the Corporation retains control was changed to one in which it is recorded in capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred.

Furthermore, for the accounting treatment for business combinations carried out in or after the year ended March 31, 2016, the accounting method is changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional fair value is reflected in the consolidated financial statements for the fiscal year in which the business combination occurred. In addition, the presentation method of net income attributable to shareholders of the Corporation was amended, and the presentation of "minority interests" was changed to "non-controlling interests." To reflect these changes in presentation, the consolidated financial statements for the fiscal year ended March 31, 2015 were reclassified.

The application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. These standards have been applied prospectively from the beginning of the year ended March 31, 2016.

The impact on the consolidated financial statements for the year ended March 31, 2016 as a result of this change was immaterial.

**5. Notes to Consolidated Balance Sheet****1) Revaluation Reserve for Land**

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

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

According to the enforcement ordinance of the Law, there are several methods allowed to determine the revalued amount of land. The Corporation adopted a method of using the assessed value for property taxes with appropriate adjustments.

**2) Assets Pledged as Collateral**

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Assets pledged as collateral:			
Buildings and structures	¥ 349	¥ –	\$ –
Machinery, equipment and vehicles	101	–	–
Land	4,738	–	–
Total	¥5,189	¥ –	\$ –
Secured liabilities:			
Short-term borrowings	¥4,950	¥ –	\$ –
Total	¥4,950	¥ –	\$ –

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

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Assets pledged as collateral:			
Buildings and structures	¥ 72	¥ –	\$ –
Machinery, equipment and vehicles	101	–	–
Land	283	–	–
Total	¥ 458	¥ –	\$ –
Secured liabilities:			
Short-term borrowings	¥3,800	¥ –	\$ –
Total	¥3,800	¥ –	\$ –

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

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Investment securities	¥173	¥173	\$1,536
Other investments	94	86	771
Total	¥267	¥259	\$2,307

## 3) Other Notes to Consolidated Balance Sheet

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Contingent liabilities from guaranteeing indebtedness			
Guarantees for housing loans of employees	¥332	¥219	\$1,953

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
The total amount of notes receivable discounted at consolidated subsidiaries	¥806	¥115	\$1,027

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
The total amount of business assets pledged as collateral for "Non-recourse borrowings" by subsidiaries engaged in PFI business	¥54,862	¥60,193	\$534,629

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
The total amount of business assets of subsidiaries engaged in the real estate development business corresponding to "Non-recourse bonds payable"	¥25,547	¥22,567	\$200,441

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
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	¥2,004	\$17,799

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

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Breakdown of PFI projects and other inventories			
Merchandise	¥ 673	¥ 668	\$ 5,939
Materials and supplies	569	477	4,237
PFI and other projects	62,505	56,838	504,823

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Investment securities			
Investments in affiliates	¥19,370	¥19,916	\$176,897

## 6. Notes to Consolidated Statement of Income

## 1) Revenue recognized using the percentage-of-completion method were as follows:

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Revenue recognized using the percentage-of-completion method	¥1,256,283	¥1,319,145	\$11,716,367

## 2) Provision of reserve for expected losses on construction contracts in process included in cost of sales were as follows:

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Provision of reserve for expected losses on construction contracts in process included in cost of sales	¥14,750	¥11,489	\$102,045

## 3) Inventory write-down due to reduced profitability included in cost of sales were as follows:

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Inventory write-down due to reduced profitability included in cost of sales	¥369	¥823	\$7,310

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

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Salaries and allowances to employees	¥23,550	¥25,927	\$230,285
Retirement benefit expenses for employees	1,973	1,749	15,537

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

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Research and development costs	¥11,170	¥8,557	\$76,001

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

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Land	¥ 733	¥ -	\$ -
Investment securities	2,031	729	6,477
Others	405	4	42

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

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Land	¥33	¥213	\$1,900
Investment securities	72	-	-
Others	4	9	87



## 7. Notes to Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects related to other comprehensive income were as follows:

For the year ended March 31	Millions of Yen		Thousands of
	2015	2016	U.S. Dollars
Net unrealized gain (loss) on other securities, net of taxes			2016
Gains (losses) arising during the year	¥93,595	¥(58,641)	\$(520,842)
Reclassification adjustments	(987)	(662)	(5,880)
Total before tax effect	92,607	(59,303)	(526,722)
Tax effect	(24,523)	21,733	193,033
Net unrealized gain (loss) on other securities, net of taxes	68,084	(37,570)	(333,689)
Deferred gain(loss) on hedging, net of taxes			
Gains arising during the year	¥ 77	¥ 43	\$ 387
Reclassification adjustments	28	(77)	(686)
Total before tax effect	105	(33)	(299)
Tax effect	(35)	22	202
Deferred gain (loss) on hedging, net of taxes	69	(10)	(97)
Revaluation reserve for land, net of taxes			
Tax effect	¥ 1,948	¥ 994	\$ 8,835
Foreign currency translation adjustments			
Gains (losses) arising during the year	¥ 2,933	¥ (1,252)	\$ (11,126)
Reclassification adjustments	-	-	-
Foreign currency translation adjustments	2,933	(1,252)	(11,126)
Remeasurements of defined benefit plans, net of taxes			
Gains (losses) arising during the year	¥ 3,957	¥(16,233)	\$(144,181)
Reclassification adjustments	2,328	1,581	14,046
Total before tax effect	6,285	(14,651)	(130,135)
Tax effect	(2,278)	4,245	37,707
Remeasurements of defined benefit plans, net of taxes	4,007	(10,406)	(92,428)
Share of other comprehensive income of associates accounted for using equity method			
Gains (losses) arising during the year	¥ 167	¥ (129)	\$ (1,154)
Reclassification adjustments	(14)	16	148
Share of other comprehensive income of associates accounted for using equity method	153	(113)	(1,005)
Total other comprehensive income	¥77,197	¥(48,358)	\$(429,511)

## 8. Notes to Consolidated Statement of Changes in Net Assets

## 1) Type and number of outstanding shares

Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
For the year ended March 31, 2015				
Issued stock:				
Common stock	788,514	-	-	788,514
Treasury stock:				
Common stock	3,857	33	0	3,890

Notes: 1. The increase in 33 thousand shares of treasury stock is mainly due to the purchase of shares in quantities less than the minimum trading unit of shares.  
2. The decrease in 0 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.

Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
For the year ended March 31, 2016				
Issued stock:				
Common stock	788,514	-	-	788,514
Treasury stock:				
Common stock	3,890	39	0	3,928

Notes: 1. The increase in 39 thousand shares of treasury stock is mainly due to the purchase of shares in quantities less than the minimum trading unit of shares.  
2. The decrease in 0 thousand shares of treasury stock is due to the sale of shares in quantities less than the minimum trading unit of shares.

## 2) Dividends

## (1) Dividends paid to shareholders

Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date	
					Shareholders' cut-off date	Effective date
For the year ended March 31, 2015						
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	
For the year ended March 31, 2016						
Annual general meeting of shareholders (June 26, 2015)	Common stock	¥3,536	\$31,413	¥4.50	\$0.04	March 31, 2015
Board of directors (November 9, 2015)	Common stock	¥3,929	\$34,902	¥5.00	\$0.04	September 30, 2015
						December 2, 2015

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

For the year ended March 31, 2015

Resolution approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 26, 2015)	Common stock	Retained earnings	¥3,536	¥4.50	March 31, 2015	June 29, 2015

For the year ended March 31, 2016

Resolution approved by	Type of shares	Paid from	Amount (Millions of Yen)	Amount (Thousands of U.S. Dollars)	Amount per share (Yen)	Amount per share (U.S. Dollars)	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders (June 29, 2016)	Common stock	Retained earnings	¥8,645	\$76,784	¥11.00	\$0.09	March 31, 2016	June 30, 2016

Notes: Dividend per share of ¥11.00 were included special dividend of ¥6.00.

## 9. Notes to Consolidated Statement of Cash Flows

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

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Cash (as per consolidated balance sheet)	¥176,482	¥189,167	\$1,680,148
Marketable securities (Negotiable certificate of deposit)	66,000	85,000	754,951
Cash and cash equivalents	¥242,482	¥274,167	\$2,435,100

## 10. 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 evaluates the rationale for of undertaking acquisitions while comprehensively considering the benefit from improving relationships with customers and the risk of price fluctuation of the investment securities, and it reconsiders the holding purpose on an ongoing basis after the acquisition from the same perspectives.

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

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

#### (3) Supplementary explanation on fair value of financial instruments

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

### 2) Estimated fair value of financial instruments

The carrying value of the financial instruments on the consolidated balance sheet as at March 31, 2015 and 2016, and estimated fair value are shown below. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

As at March 31, 2015	Millions of Yen		
	Carrying value	Fair value	Difference
<b>Assets</b>			
(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	-
<b>Liabilities</b>			
(5) Notes and accounts payable—trade	454,576	454,576	-
(6) Short-term borrowings	132,401	132,401	-
(7) Bonds payable and current portion of bonds payable	90,000	91,344	1,344
(8) Convertible bond-type bonds with subscription rights to shares	-	-	-
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	20,000	20,000	-
(10) Long-term borrowings	85,469	86,545	1,075
(11) Non-recourse borrowings and current portion of non-recourse borrowings	47,709	49,260	1,551
<b>Derivative transactions(*)</b>			
(12) Derivative transactions			
Hedge accounting not applied	(264)	(264)	-
Hedge accounting applied	77	77	-

As at March 31, 2016	Millions of Yen		
	Carrying value	Fair value	Difference
<b>Assets</b>			
(1) Cash	¥189,167	¥189,167	¥ -
(2) Notes and accounts receivable—trade	548,925	548,925	-
(3) Marketable securities	85,202	85,202	-
(4) Investment securities	316,643	316,643	-
<b>Liabilities</b>			
(5) Notes and accounts payable—trade	441,301	441,301	-
(6) Short-term borrowings	125,120	125,120	-
(7) Bonds payable and current portion of bonds payable	90,000	91,259	1,259
(8) Convertible bond-type bonds with subscription rights to shares	30,136	31,929	1,792
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	17,453	17,453	-
(10) Long-term borrowings	76,772	78,467	1,695
(11) Non-recourse borrowings and current portion of non-recourse borrowings	53,000	55,235	2,234
<b>Derivative transactions(*)</b>			
(12) Derivative transactions			
Hedge accounting not applied	(20)	(20)	-
Hedge accounting applied	43	43	-

As at March 31, 2016	Thousands of U.S. Dollars		
	Carrying value	Fair value	Difference
<b>Assets</b>			
(1) Cash	\$1,680,148	\$1,680,148	\$ -
(2) Notes and accounts receivable—trade	4,875,438	4,875,438	-
(3) Marketable securities	756,748	756,748	-
(4) Investment securities	2,812,356	2,812,356	-
<b>Liabilities</b>			
(5) Notes and accounts payable—trade	3,919,548	3,919,548	-
(6) Short-term borrowings	1,111,295	1,111,295	-
(7) Bonds payable and current portion of bonds payable	799,360	810,542	11,182
(8) Convertible bond-type bonds with subscription rights to shares	267,663	283,586	15,923
(9) Non-recourse bonds payable and current portion of non-recourse bonds payable	155,013	155,013	-
(10) Long-term borrowings	681,872	696,929	15,056
(11) Non-recourse borrowings and current portion of non-recourse borrowings	470,742	490,589	19,847
<b>Derivative transactions(*)</b>			
(12) Derivative transactions			
Hedge accounting not applied	(183)	(183)	-
Hedge accounting applied	387	387	-

(\*) Assets and liabilities that arise from derivative transactions are presented on a net basis. When the total amount becomes a net liability, the amount is indicated in parenthesis.

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

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

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

(2) Notes and accounts receivable—trade

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

(4) Investment securities

The fair value of stocks is determined based on the stock market price and the fair value of bonds is determined based on the stock market price or prices quoted by financial institutions. Among "Investment securities," non-listed shares, etc. (¥32,804 million (\$291,360 thousand) in the consolidated balance sheets as at March 31, 2016 (¥39,488 million as at March 31, 2015) ) are not included in the above because determining the fair value for them is extremely difficult. (7) Bonds payable and current portion of bonds payable, (8) Convertible bond-type bonds with subscription rights to shares The fair value of the bonds issued by the Corporation is based on the prevailing market price.

(9) 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.

(10) Long-term borrowings, (11) Non-recourse borrowings and current portion of non-recourse borrowings

The fair value of long-term borrowings and non-recourse borrowings are 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.

(12) Derivative transactions

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

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

As at March 31, 2015	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥176,482	¥ -	¥ -
Notes and accounts receivable—trade	453,551	18,784	31
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	1,239	482	-
Other (negotiable certificate of deposit)	66,000	-	-
<b>Total</b>	<b>¥697,273</b>	<b>¥19,266</b>	<b>¥31</b>

As at March 31, 2016	Millions of Yen		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	¥189,167	¥ -	¥ -
Notes and accounts receivable—trade	539,634	9,290	-
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	202	301	-
Other (negotiable certificate of deposit)	85,000	-	-
<b>Total</b>	<b>¥814,004</b>	<b>¥9,592</b>	<b>¥-</b>

As at March 31, 2016	Thousands of U.S. Dollars		
	Less than 1 year	Over 1 year less than 5 years	Over 5 years
Cash	\$1,680,148	\$ -	\$ -
Notes and accounts receivable—trade	4,792,918	82,520	-
Marketable securities and investment securities			
Other marketable securities with maturities			
Bonds			
Corporate Bonds	1,795	2,675	-
Other (negotiable certificate of deposit)	754,951	-	-
<b>Total</b>	<b>\$7,229,814</b>	<b>\$85,195</b>	<b>\$-</b>

3. Repayment schedule for short-term borrowings, bonds payable and current portion of bonds payable, convertible bond-type bonds with subscription rights to shares, non-recourse bonds payable and current portion of non-recourse bonds payable, long-term borrowings and non-recourse borrowings and current portion of non-recourse borrowings after each fiscal year end.

Millions of Yen						
As at March 31, 2015	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	¥132,401	¥ -	¥ -	¥ -	¥ -	¥ -
Bonds payable	-	25,000	15,000	10,000	20,000	20,000
Convertible bond-type bonds with subscription rights to shares	-	-	-	-	-	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	2,101	668	17,231	-	-	-
Long-term borrowings	-	23,466	18,338	16,656	11,732	15,275
Non-recourse borrowings and current portion of non-recourse borrowings	7,511	7,544	5,904	4,792	4,471	17,484
<b>Total</b>	<b>¥142,013</b>	<b>¥56,678</b>	<b>¥56,473</b>	<b>¥31,449</b>	<b>¥36,204</b>	<b>¥52,760</b>

Millions of Yen						
As at March 31, 2016	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	¥125,120	¥ -	¥ -	¥ -	¥ -	¥ -
Bonds payable and current portion of bonds payable	25,000	15,000	10,000	20,000	10,000	10,000
Convertible bond-type bonds with subscription rights to shares	-	-	-	-	30,000	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	668	16,785	-	-	-	-
Long-term borrowings	-	20,800	19,119	14,134	9,955	12,761
Non-recourse borrowings and current portion of non-recourse borrowings	9,458	7,185	6,074	5,752	5,431	19,098
<b>Total</b>	<b>¥160,247</b>	<b>¥59,770</b>	<b>¥35,193</b>	<b>¥39,887</b>	<b>¥55,387</b>	<b>¥41,860</b>

Thousands of U.S. Dollars						
As at March 31, 2016	Less than 1 year	Over 1 year less than 2 years	Over 2 years less than 3 years	Over 3 years less than 4 years	Over 4 years less than 5 years	Over 5 years
Short-term borrowings	\$1,111,295	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable and current portion of bonds payable	222,044	133,226	88,817	177,635	88,817	88,817
Convertible bond-type bonds with subscription rights to shares	-	-	-	-	266,453	-
Non-recourse bonds payable and current portion of non-recourse bonds payable	5,933	149,080	-	-	-	-
Long-term borrowings	-	184,747	169,811	125,543	88,422	113,348
Non-recourse borrowings and current portion of non-recourse borrowings	84,007	63,817	53,948	51,092	48,244	169,631
<b>Total</b>	<b>\$1,423,280</b>	<b>\$530,872</b>	<b>\$312,577</b>	<b>\$354,271</b>	<b>\$491,938</b>	<b>\$371,797</b>

## 11. Securities

### 1) Other securities (with market value)

Millions of Yen			
As at March 31, 2015	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥369,824	¥124,890	¥244,934
Sub total	369,824	124,890	244,934
Securities with unrealized losses			
Stocks	613	660	(46)
Corporate bonds	239	239	-
Other	66,000	66,000	-
Sub total	66,852	66,899	(46)
<b>Total</b>	<b>¥436,677</b>	<b>¥191,789</b>	<b>¥244,887</b>

Millions of Yen			
As at March 31, 2016	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	¥299,678	¥113,124	¥186,554
Sub total	299,678	113,124	186,554
Securities with unrealized losses			
Stocks	16,964	17,934	(970)
Corporate bonds	202	202	-
Other	85,000	85,000	-
Sub total	102,166	103,137	(970)
<b>Total</b>	<b>¥401,845</b>	<b>¥216,261</b>	<b>¥185,584</b>

As at March 31, 2016	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Difference
Securities with unrealized gains			
Stocks	<b>\$2,661,682</b>	<b>\$1,004,744</b>	<b>\$1,656,938</b>
Sub total	<b>2,661,682</b>	<b>1,004,744</b>	<b>1,656,938</b>
Securities with unrealized losses			
Stocks	<b>150,673</b>	<b>159,293</b>	<b>(8,619)</b>
Corporate bonds	<b>1,795</b>	<b>1,795</b>	<b>-</b>
Other	<b>754,951</b>	<b>754,951</b>	<b>-</b>
Sub total	<b>907,421</b>	<b>916,041</b>	<b>(8,619)</b>
Total	<b>\$3,569,103</b>	<b>\$1,920,785</b>	<b>\$1,648,318</b>

## 2) Other securities sold

For the year ended March 31, 2015	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	¥2,630	¥2,031	¥-
For the year ended March 31, 2016	Millions of Yen		
	Sales amount	Total gain on sales	Total loss on sales
Shares	<b>¥2,647</b>	<b>¥729</b>	¥-
For the year ended March 31, 2016	Thousands of U.S. Dollars		
	Sales amount	Total gain on sales	Total loss on sales
Shares	<b>\$23,518</b>	<b>\$6,477</b>	\$-

## 12. Derivatives

## 1) Derivative transactions to which hedge accounting is not applied

## (1) Currency-related transactions

Segmentation	Transaction type	Millions of Yen			
		Contract amount	Contract over 1 year	Fair value	Valuation gains and losses
Off-market transactions	Foreign exchange forward contract				
	Sell U.S. dollar/ Buy Yen	¥35,778	¥-	¥(264)	¥(264)
	Total	¥35,778	¥-	¥(264)	¥(264)

Note: The fair value of derivative transactions is determined based on prices quoted by financial institutions.

Segmentation	Transaction type	Millions of Yen			
		Contract amount	Contract over 1 year	Fair value	Valuation gains and losses
Off-market transactions	Foreign exchange forward contract				
	Sell U.S. dollar/ Buy Yen	¥33,676	¥-	¥(20)	¥(20)
	Total	¥33,676	¥-	¥(20)	¥(20)

Segmentation	Transaction type	Thousands of U.S. Dollars			
		Contract amount	Contract over 1 year	Fair value	Valuation gains and losses
Off-market transactions	Foreign exchange forward contract				
	Sell U.S. dollar/ Buy Yen	\$299,110	\$-	\$(183)	\$(183)
	Total	\$299,110	\$-	\$(183)	\$(183)

Note: The fair value of derivative transactions is determined based on prices quoted by financial institutions.

## 2) Derivative transactions to which hedge accounting is applied

## (1) Currency-related transactions

Hedging method	Transaction type	Main hedged item	Millions of Yen		
			Contract amount	Contract over 1 year	Fair value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy U.S. dollar/ Sell Yen		¥1,466	¥-	¥144
	Sell Singapore dollar/ Buy Yen		1,910	1,910	(72)
	Non-Deliverable-Forward (NDF)				
	Buy Philippine Peso/ Sell Yen		64	64	4

Note: The fair value of derivative transactions is determined based on prices quoted by financial institutions.

Hedging method	Transaction type	Main hedged item	Millions of Yen		
			Contract amount	Contract over 1 year	Fair value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy Euro/ Sell Thai Baht		¥ 500	¥-	¥ 33
	Buy U.S. dollar/ Sell Yen		696	222	25
	Buy British Pound/ Sell Yen		18	-	(2)
	Sell Singapore dollar/ Buy Yen		1,898	1,898	(13)

Hedging method	Transaction type	Main hedged item	Thousands of U.S. Dollars		
			Contract amount	Contract over 1 year	Fair value
Deferred hedge method	Foreign exchange forward contract	Forecasted foreign currency transactions			
	Buy Euro/ Sell Thai Baht		\$ 4,444	\$-	\$ 296
	Buy U.S. dollar/ Sell Yen		6,188	1,977	229
	Buy British Pound/ Sell Yen		164	-	(21)
	Sell Singapore dollar/ Buy Yen		16,858	16,858	(117)

Note: The fair value of derivative transactions is determined based on prices quoted by financial institutions.

## (2) Interest-related transactions

As at March 31, 2015			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/receiving variable		¥7,797	¥6,565	(Note)

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

As at March 31, 2016			Millions of Yen		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/receiving variable		¥5,195	¥4,950	(Note)

As at March 31, 2016			Thousands of U.S. Dollars		
Hedging method	Transaction type	Main hedged item	Contract amount	Contract over 1 year	Fair value
Special treatment of interest rate swap	Interest rate swap transaction	Long-term borrowings and non-recourse borrowings			
	Payment fixed/receiving variable		\$46,140	\$43,964	(Note)

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

## 13. Retirement Benefits

## 1) Summary of Employees' Retirement Benefit Plans

The Corporation and certain consolidated subsidiaries have lump-sum retirement payment plans and defined benefit pension plans.

As at March 31, 2015, the Corporation and 24 consolidated subsidiaries offered lump-sum retirement payment plans and the Corporation and 7 consolidated subsidiaries also offered a defined benefit pension plan.

As at March 31, 2016, the Corporation and 20 consolidated subsidiaries offered lump-sum retirement payment plans and the Corporation and 7 consolidated subsidiaries also offered a defined benefit pension plan.

## 2) Defined benefit pension plan

## (1) Reconciliation of Projected Benefit Obligations

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Projected benefit obligations as at April 1	¥158,941	¥154,711	\$1,374,118
Accumulative effects of changes in accounting policies	127	-	-
Restated balance	159,069	154,711	1,374,118
Service cost	5,782	5,625	49,964
Interest cost	1,534	1,475	13,108
Actuarial gain or loss	(72)	15,881	141,059
Retirement benefits paid	(12,956)	(11,065)	(98,285)
Other	1,354	549	4,877
Projected benefit obligations as at March 31	¥154,711	¥167,178	\$1,484,843

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

## (2) Reconciliation of Plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Plan assets as at April 1	¥96,353	¥99,637	\$884,954
Expected return on plan assets	760	770	6,840
Actuarial gain or loss	3,884	(351)	(3,122)
Contributions by the Corporation	7,418	7,331	65,118
Retirement benefits paid	(9,096)	(8,141)	(72,308)
Other	316	(218)	(1,940)
Plan assets as at March 31	¥99,637	¥99,027	\$879,542

## (3) Reconciliation of Projected Benefit Obligations and Plan Assets and Net liability for retirement benefit in the consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Funded projected benefit obligation	¥107,109	¥115,263	\$1,023,748
Plan assets	(99,637)	(99,027)	(879,542)
	7,472	16,236	144,205
Unfunded projected benefit obligation	47,602	51,914	461,095
Net liability for projected benefit in the consolidated balance sheet	55,074	68,150	605,300
Net defined benefit liability	55,074	68,150	605,300
Net liability for projected benefit in the consolidated balance sheet	¥ 55,074	¥ 68,150	\$ 605,300

## (4) Retirement Benefit Expenses

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Service cost	¥5,782	¥5,625	\$49,964
Interest cost	1,534	1,475	13,108
Expected return on plan assets	(760)	(770)	(6,840)
Amortization of actuarial gain or loss	2,462	1,608	14,290
Amortization of prior service cost	(133)	(27)	(244)
Other	468	832	7,393
Retirement benefit expenses	¥9,353	¥8,745	\$77,672

## (5) Remeasurements of Defined Benefit Plans included in other comprehensive income

Remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Prior service cost	¥ 133	¥ 27	\$ 244
Actuarial gain or loss	(6,419)	14,624	129,891
Total	¥(6,285)	¥14,651	\$130,135

## (6) Remeasurements of Defined Benefit Plans included in accumulated other comprehensive income

Remeasurements of defined benefit plans (before tax effect) were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Unrecognized prior service cost	¥ (130)	¥ -	\$ -
Unrecognized actuarial gain or loss	4,921	19,443	172,690
Total	¥4,791	¥19,443	\$172,690

**(7) Plan assets**

(a) Major components of plan assets were as follows:

	2015	2016
Stocks	15%	13%
Bonds	9%	10%
General account	75%	75%
Other	1%	2%
Total	100%	100%

(b) Method for estimation of expected return on plan assets

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

**(8) Assumptions for actuarial calculations**

Major components of the basis for actuarial calculations (figures are weighted averages)

	2015	2016
Discount rates	1.0%(mainly)	0.0%(mainly)
Expected rates of return on plan assets	0.8%(mainly)	0.8%(mainly)

**14. Deferred Tax Accounting**

1) As at March 31, 2015 and 2016, the significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
As at March 31			
Deferred tax assets			
Net defined benefit liability	¥ 16,733	¥19,630	\$174,352
Non-deductible portion of reserves and allowances	14,860	14,326	127,247
Losses on write-down of assets	10,947	10,104	89,748
Tax losses carried forward	6,764	4,112	36,522
Other	26,083	26,065	231,506
Sub total	75,389	74,239	659,377
Less: valuation allowance	(23,628)	(20,331)	(180,580)
Total deferred tax assets	51,760	53,907	478,796
Deferred tax liabilities			
Net unrealized gains on other securities	(75,486)	(53,751)	(477,409)
Other	(4,683)	(4,306)	(38,250)
Total deferred tax liabilities	(80,170)	(58,058)	(515,660)
Net deferred tax assets (liabilities)	¥ (28,409)	¥(4,150)	\$(36,863)

2) As at March 31, 2015 and 2016, the reconciliation of the statutory tax rate to the effective income tax rate was as follows:

	2015	2016
As at March 31		
Statutory tax rate	35.5%	32.9%
Adjustments:		
Expenses not deductible permanently for income tax purposes	2.8%	3.2%
Income not included permanently for income tax purposes	(2.6%)	(1.2%)
Elimination of intercompany dividend income	1.7%	1.1%
Foreign corporation tax	1.9%	0.6%
Decrease of valuation allowance	(3.6%)	(3.2%)
Reversal of deferred tax assets due to tax rate change	7.9%	2.4%
Other	(4.9%)	0.5%
Effective income tax rate	38.7%	36.3%

**3) Reversal of the amount of deferred tax assets and liabilities due to the change in the corporate tax rate**

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) were approved in the Diet on March 29, 2016. The reduction of the corporate tax rate will be effective for fiscal year beginnings on or after April 1, 2016. Therefore, the effective statutory tax rate used to measure the Corporation's deferred tax assets and liabilities was changed from 32.2% to 30.8% for temporary differences expected to be utilized in fiscal year beginning April 1, 2016 and 2017 and from 32.2% to 30.5% for temporary differences expected to be utilized from fiscal year beginning April 1, 2018.

As a result of this change in the tax rates, deferred tax liabilities (net of the amount of deferred tax assets) decreased by ¥388 million (\$3,449 thousand), deferred tax liabilities for revaluation reserve for land decreased by ¥994 million (\$8,835 thousand), therefore, accumulated other comprehensive income increased by ¥3,665 million (\$32,557 thousand), deferred income taxes increased by ¥2,282 million (\$20,272 thousand).

**15. 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.

For the years ended March 31, 2015 and 2016, the carrying values, changes during the year, and fair values of those properties were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
For the year ended March 31			
Carrying value			
Balance at beginning of year	¥106,171	¥106,935	\$949,774
Changes during the year	763	3,227	28,669
Balance at end of year	106,935	110,163	978,444
Fair value at end of year	169,223	179,909	1,597,912

- Notes: 1. The carrying value is the amount after deducting accumulated depreciation from acquisition cost.  
2. The changes during the year primarily consist of real estate acquisitions (increase: ¥11,592million (\$96,367thousand)), transferred to real estate for sale(decrease: ¥5,658million (\$47,035thousand))and depreciation (decrease: ¥4,259 million (\$35,407thousand))for the year ended March 31, 2015.  
3. The changes during the year primarily consist of real estate acquisitions (increase: ¥6,962million (\$61,840thousand)) and depreciation (decrease: ¥3,421 million (\$30,388thousand))for the year ended March 31, 2016.  
4. 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.

For the years ended March 31, 2015 and 2016, incomes from rental business were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
For the year ended March 31			
Net sales on rental business	¥13,274	¥14,225	\$126,347
Cost of sales on rental business	11,011	10,787	95,815
Gross profit on rental business	2,263	3,437	30,531
Other profit	189	56	502

**16. Segment Information****1) Segment Information****(1) Overview of Reportable Segment**

The Group is engaged in construction, real estate development and other related businesses. Construction business and real estate business both operated by the Corporation are the main businesses of the Group. Construction business of the Corporation is operated by branches located in various regions. Real estate business of the Corporation, which involves development, rental and sales, is operated by the Investment and Development Division. The Board of Directors regularly reviews the management and operating results. Therefore, based on the aggregate criteria and the quantitative criteria, "Construction business of the Corporation," which consists of branches of the Corporation, and "Real estate business of the Corporation," conducted by the Investment and Development Division, are deemed to be the two reportable segments of the Group.

**(2) Detail of the method used to calculate net sales, profit or loss, assets and liabilities by reportable segment**

The accounting policies of the reportable segments are mostly the same as those in "4. Summary of Significant Accounting Policies." However, segment profit does not include provision and reversal amounts of reserves and allowances which are included in the consolidated financial statements.

Intersegment transactions are based on arm's length price.

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

Millions of Yen						
For the year ended March 31, 2015	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
<b>Net sales</b>						
Customers	¥1,291,005	¥20,940	¥255,898	¥1,567,843	¥ -	¥1,567,843
Intersegment or transfer	16,749	150	184,578	201,477	(201,477)	-
<b>Total</b>	<b>¥1,307,754</b>	<b>¥21,091</b>	<b>¥440,476</b>	<b>¥1,769,321</b>	<b>¥(201,477)</b>	<b>¥1,567,843</b>
<b>Segment profit (Note 1)</b>	<b>¥ 47,757</b>	<b>¥ 5,863</b>	<b>¥ 18,881</b>	<b>¥ 72,502</b>	<b>¥ (22,470)</b>	<b>¥ 50,032</b>

- Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.  
 2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries.  
 3. The adjustment of ¥22,470 million in segment profit was intersegment eliminations, etc.  
 4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

Millions of Yen						
For the year ended March 31, 2016	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
<b>Net sales</b>						
Customers	¥1,344,467	¥31,635	¥288,830	¥1,664,933	¥ -	¥1,664,933
Intersegment or transfer	23,388	590	189,765	213,744	(213,744)	-
<b>Total</b>	<b>¥1,367,856</b>	<b>¥32,225</b>	<b>¥478,596</b>	<b>¥1,878,678</b>	<b>¥(213,744)</b>	<b>¥1,664,933</b>
<b>Segment profit (Note 1)</b>	<b>¥ 93,734</b>	<b>¥ 4,727</b>	<b>¥ 19,690</b>	<b>¥ 118,152</b>	<b>¥ (23,484)</b>	<b>¥ 94,668</b>

Thousands of U.S. Dollars						
For the year ended March 31, 2016	Construction business of the Corporation	Real estate business of the Corporation	Other (Note 2)	Total	Adjustment (Note 3)	Consolidated
<b>Net sales</b>						
Customers	\$11,941,266	\$280,983	\$2,565,332	\$14,787,582	\$ -	\$14,787,582
Intersegment or transfer	207,735	5,240	1,685,455	1,898,432	(1,898,432)	-
<b>Total</b>	<b>\$12,149,002</b>	<b>\$286,224</b>	<b>\$4,250,788</b>	<b>\$16,686,014</b>	<b>\$(1,898,432)</b>	<b>\$14,787,582</b>
<b>Segment profit (Note 1)</b>	<b>\$ 832,529</b>	<b>\$ 41,992</b>	<b>\$ 174,882</b>	<b>\$ 1,049,404</b>	<b>\$ (208,581)</b>	<b>\$ 840,822</b>

- Notes: 1. Segment profits are adjusted to the operating income of the Corporation's consolidated statement of income.  
 2. "Other" segment is composed of business segments not included in the reportable segments, and includes Engineering business operated by the Corporation and other businesses operated by subsidiaries.  
 3. The adjustment of ¥23,484 million (\$208,581 thousand) in segment profit was intersegment eliminations, etc.  
 4. The amounts of business segment assets have not been presented because they were not allocated to business segments.

**2) Related information**

For the year ended March 31, 2015

**(1) Product and Service Information**

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

**(2) Geographical Segments****(a) Net sales**

Millions of Yen			
Japan	Asia	Other	Total
¥1,396,845	¥154,752	¥16,246	¥1,567,843

Note: Revenues are classified in countries or regions based on locations of customers.

**(b) Tangible fixed assets**

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

**(3) Information by main customers**

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

For the year ended March 31, 2016

**(1) Product and Service Information**

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

**(2) Geographical Segments****(a) Net sales**

Millions of Yen			
Japan	Asia	Other	Total
¥1,492,604	¥147,186	¥25,142	¥1,664,933

Thousands of U.S. Dollars			
Japan	Asia	Other	Total
\$13,256,988	\$1,307,282	\$223,311	\$14,787,582

Note: Revenues are classified in countries or regions based on locations of customers.

**(b) Tangible fixed assets**

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

**(3) Information by main customers**

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

**3) Impairment loss on fixed assets by reportable segment**

For the years ended March 31, 2015 and 2016

Not applicable.

**4) Amortization of goodwill and unamortized balance by reportable segment**

For the years ended March 31, 2015

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

For the years ended March 31, 2016

Not applicable.

**5) Gain on negative goodwill by reportable segment**

Not applicable.



## 17. Related Party Transactions

For the year ended March 31, 2015

## 1) Related party transactions between the Corporation and related parties

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

Related Party	Category	Address	Capital or Investment	Type of Business	% of Voting Rights Held (held by Others)	Relationship	Nature of Transaction	Amounts of Transaction		Balance at the end of the year
								Millions of Yen	Account	
Mitsuaki Shimizu	Director and close relative	-	-	Director of the Corporation	Direct: 0.5%	Construction Contract	Construction Contract	¥425	Notes and accounts receivable—trade	¥8

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

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

Related Party	Category	Address	Capital or Investment	Type of Business	% of Voting Rights Held (held by Others)	Relationship	Nature of Transaction	Amounts of Transaction		Balance at the end of the year
								Millions of Yen	Account	
Kazuyuki Inoue				Executive officer of the Corporation	Direct: 0.0%			¥46		-
Fujiko Inoue	Director and close relative	-	-	Close relative of the executive officer of the Corporation	-	Sale of Condominium	Sale of Condominium	19		-
Hiroya Inoue				Close relative of the executive officer of the Corporation	-			14		-

- Notes: 1. The amounts of transaction do not include consumption tax.  
2. The transaction amount of the construction contract is the revenue recognized using the percentage-of-completion method for the fiscal year ended March 31, 2015. The contract amount is ¥613 million excluding consumption tax.  
3. For the amounts of notes and accounts receivable—trade from completed construction contracts related to the contract 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.  
4. Terms and conditions of transaction and policy for determining them  
(1) The construction contract is based on "General Conditions of Construction Contract", and the contract amount is determined based on the appropriate estimation as other general contracts.  
(2) The terms for the sale of the condominium were determined in the same manner as general transactions.  
(3) Kazuyuki Inoue, an executive officer of the Corporation, Fujiko Inoue and Hiroya Inoue purchased the condominium jointly.  
5. Kazuyuki Inoue was elected a director of the Corporation at the shareholders meeting held on June 26, 2015.

For the year ended March 31, 2016

## 1) Related party transactions between the Corporation and related parties

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

Related Party	Category	Address	Capital or Investment	Type of Business	% of Voting Rights Held (held by Others)	Relationship	Nature of Transaction	Amounts of Transaction		Balance at the end of the year
								Millions of Yen	Thousands of U.S. Dollars	
Mitsuaki Shimizu	Director and close relative	-	-	Director of the Corporation	Direct: 0.5%	Construction Contract	Construction Contract	¥222	\$1,975	-

- Notes: 1. The amounts of transaction do not include consumption tax.  
2. The transaction amount of the construction contract is the revenue recognized using the percentage-of-completion method for the fiscal year ended March 31, 2016. The contract amount is ¥648 million (\$5,756 thousand) excluding consumption tax.  
3. Terms and conditions of transaction and policy for determining them  
The construction contract is based on "General Conditions of Construction Contract", and the contract amount is determined based on the appropriate estimation as other general contracts.

## 18. Amounts per Share

For the year ended March 31	Yen		U.S. Dollars
	2015	2016	2016
Net assets per share of common stock	¥607.82	¥612.70	\$5.44
Basic net income per share of common stock	¥ 42.56	¥ 75.61	\$0.67
Diluted net income per share of common stock	¥ 42.53	¥ 75.57	\$0.67

## 1) Basis of net income per share of common stock and diluted net income per share of common stock

## (1) Net income per share of common stock

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Net income attributed to shareholders of the Corporation	¥33,397	¥59,322	\$526,889
Net income not attributed to common share holders	-	-	-
Net income attributed to shareholders of Corporation available for distribution to shareholders of common shares	33,397	59,322	526,889
Average number of common shares issued and outstanding during the period	784,640 thousand shares	784,601 thousand shares	784,601 thousand shares

## (2) Diluted net income per share of common stock

For the year ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Adjustment in net income attributed to shareholders of the Corporation (Stock subscription rights of affiliated companies decrease the equity investment earnings when they are exercised)	¥(26)	¥(31)	\$(280)
Number of common stock increased by share warrants	-	-	-

## (3) Summary of diluted stock not included in the calculation of diluted net income per share due to absence of dilution effect

For the year ended March 31, 2015

Not applicable.

For the year ended March 31, 2016

Euro/Yen Zero Coupon Convertible Bonds due 2020

Total amount of face value of Bonds (Millions of Yen)	Total amount of face value of Bonds (Thousands of U.S. Dollars)	Number of Subscription rights to shares (Shares)	Class and number of shares underlying subscription rights to shares	Conversion value (Yen)	Conversion value (U.S. Dollars)	Exercise period of subscription rights to shares
¥30,000	\$266,453	3,000	Common stock	¥1,352	\$12.00	From October 30, 2015 To October 2, 2020
			Total amount of face value of Bonds divided by conversion value			

## 2) Basis of net assets per share of common stock

As at March 31	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Net assets	¥481,896	¥485,655	\$4,313,484
Amounts deducted from net assets	4,987	4,939	43,875
Non-controlling interests	4,987	4,939	43,875
Net assets applicable to common stock	476,909	480,715	4,269,608
Number of shares of common stock at end of year	784,624 thousand shares	784,585 thousand shares	784,585 thousand shares

## 19. Bonds Payable

Issued by	Issue type	Issue date	Balance at	Balance at		Interest Rate (%)	Collateral	Maturity	Remarks
			April 1, 2015	March 31, 2016	March 31, 2016				
			Millions of Yen	Millions of Yen	Thousands of U.S. Dollars				
Corporation	15th unsecured straight bond	Dec. 2, 2010	¥ 15,000	¥ 15,000	\$ 133,226	1.180	None	Dec. 1, 2017	(*)
Corporation	16th unsecured straight bond	Feb. 2, 2011	15,000	(15,000)	(133,226)	1.040	None	Feb. 2, 2017	(*)
Corporation	17th unsecured straight bond	Dec. 2, 2011	10,000	(10,000)	(88,817)	0.710	None	Dec. 2, 2016	(*)
Corporation	18th unsecured straight bond	Mar. 6, 2012	10,000	10,000	88,817	0.947	None	Mar. 6, 2019	(*)
Corporation	19th unsecured straight bond	Jun. 21, 2012	10,000	10,000	88,817	0.817	None	Jun. 21, 2019	(*)
Corporation	20th unsecured straight bond	Mar. 8, 2013	10,000	10,000	88,817	0.599	None	Mar. 6, 2020	(*)
Corporation	21th unsecured straight bond	Dec. 4, 2014	10,000	10,000	88,817	0.390	None	Dec. 3, 2021	(*)
Corporation	22th unsecured straight bond	Mar. 6, 2015	10,000	10,000	88,817	0.337	None	Mar. 5, 2021	(*)
Corporation	Euro/Yen Zero Coupon Convertible Bonds due 2020 (Note 2)	Oct. 16, 2015	-	30,136	267,663	-	None	Oct. 16, 2020	
MM21-46 SPC	1st general secured specified corporate bond (Note 3)	May 2, 2014	20,000	(668)	(5,933)	0.281 (Note4)	Yes	May 31, 2017	(*)
Total	-	-	¥110,000	¥137,589	\$1,222,037	-	-	-	-
				(25,668)	(227,977)				

Notes: (\*)With limited inter-bond pari passu clause

- Aggregate annual maturities of non-recourse bonds bracketed due within one year from the balance sheet date
- Items mentioned convertible bond-type bonds with subscription rights to shares were as follows:

Class of shares to be issued	Common stock	
Issue price for subscription rights to shares (yen and U.S. dollars)	¥-	\$-
Exercise price per share (yen and U.S. dollars)	1,352	12
Total issue amount (millions of yen and thousands of U.S. dollars)	30,000	266,453
Total amount of shares issued by exercising subscription rights to shares (millions of yen and thousands of U.S. dollars)	-	-
Percentage of shares subscription rights to shares (%)	100	
Exercise period of subscription rights to shares	From Oct.30, 2015 to Oct.2, 2020	

Upon the exercise of each of the subscription rights to shares, the Bonds attached with the subscription rights to shares shall be contributed and the value for such Bonds shall be equal to the face value of the Bonds

## 3. Non-recourse bonds

## 4. At floating rates and the rates the most recent

5. Aggregate annual maturities of corporate bonds, convertible bond-type bonds with subscription rights to shares, non-recourse bonds due within five years from the balance sheet date are as follows:

Corporate bonds	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥25,000	\$222,044
Over 1 year less than 2 years	15,000	133,226
Over 2 years less than 3 years	10,000	88,817
Over 3 years less than 4 years	20,000	177,635
Over 4 years less than 5 years	10,000	88,817

Convertible bond-type bonds with subscription rights to shares	Millions of Yen	Thousands of U.S. Dollars
Over 4 years less than 5 years	¥30,000	\$266,453

Non-recourse bonds	Millions of Yen	Thousands of U.S. Dollars
Less than 1 year	¥ 668	\$ 5,933
Over 1 year less than 2 years	16,785	149,080

## 20. Borrowings

Item	Balance at	Balance at		Average interest rate (%)	Repayment term
	April 1, 2015	March 31, 2016			
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars		
Short-term borrowings	¥ 98,342	¥ 99,190	\$ 880,984	0.61	—
Current portion of long-term borrowings	34,058	25,930	230,311	1.15	—
Current portion of non-recourse borrowings	7,511	9,458	84,007	1.46	—
Current portion of lease obligations	242	285	2,533	—	—
Long-term borrowings (Excluding current portion)	85,469	76,772	681,872	1.10	2017–2031
Non-recourse borrowings (Excluding current portion)	40,197	43,542	386,734	1.57	2017–2031
Lease obligations (Excluding current portion)	375	629	5,588	—	2017–2025
<b>Total</b>	<b>¥266,197</b>	<b>¥255,808</b>	<b>\$2,272,032</b>	<b>—</b>	<b>—</b>

Notes: 1. The "average interest rate" is the weighted average interest rate for the average balance of borrowings during the fiscal year.  
 2. The average interest rate on lease obligations is not presented because lease obligations carried on the consolidated balance sheet represent the amount before deducting interest equivalents.  
 3. Aggregate annual repayment of long-term borrowings, non-recourse borrowings and lease obligations, excluding the current portion, due to be repaid within five years from the balance sheet date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Long-term borrowings (Excluding current portion)		
Over 1 year less than 2 years	¥20,800	\$184,747
Over 2 years less than 3 years	19,119	169,811
Over 3 years less than 4 years	14,134	125,543
Over 4 years less than 5 years	9,955	88,422
Non-recourse borrowings (Excluding current portion)		
Over 1 year less than 2 years	¥7,185	\$63,817
Over 2 years less than 3 years	6,074	53,948
Over 3 years less than 4 years	5,752	51,092
Over 4 years less than 5 years	5,431	48,244
Lease obligations (Excluding current portion)		
Over 1 year less than 2 years	¥195	\$1,737
Over 2 years less than 3 years	156	1,388
Over 3 years less than 4 years	83	739
Over 4 years less than 5 years	42	380

## 21. Asset Retirement Obligations

In accordance with Article 92, Paragraph 2 of "Regulation for Consolidated Financial Statements" the amount of asset retirement obligations as at April 1, 2015 and March 31, 2016 has not been presented because it represented less than 1% of total liabilities and net assets on the consolidated balance sheets.

The Board of Directors  
Shimizu Corporation

We have audited the accompanying consolidated financial statements of Shimizu Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shimizu Corporation and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

*Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

*Ernst & Young Shinjohon LLC*

June 29, 2016

Tokyo, Japan

## Nonconsolidated Balance Sheet

Shimizu Corporation  
As at March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	¥ 119,443	¥ 131,204	\$ 1,165,331
Notes receivable	14,221	38,227	339,531
Accounts receivable from completed construction contracts	414,626	439,898	3,907,085
Marketable securities	66,000	85,000	754,951
Real estate for sale	8,887	3,314	29,441
Costs on uncompleted construction contracts	62,302	80,805	717,693
Costs on uncompleted real estate development projects	9,201	—	—
Materials and supplies	195	121	1,079
Prepaid expenses	99	66	592
Deferred tax assets	25,561	24,855	220,758
Other current assets	100,152	72,237	641,599
Less: Allowance for doubtful accounts	(967)	(844)	(7,501)
Total current assets	819,724	874,887	7,770,563
<b>Non-Current Assets:</b>			
Tangible fixed assets:			
Buildings	69,868	71,657	636,446
Structures	1,460	1,438	12,774
Machinery and equipment	970	1,036	9,208
Vehicles	337	394	3,505
Tools, furniture and fixtures	3,182	3,065	27,228
Land	108,360	107,315	953,155
Construction in progress	3,168	2,594	23,039
Total tangible fixed assets	187,348	187,502	1,665,358
Intangible fixed assets:			
Leasehold	1,570	1,556	13,828
Software	1,537	1,515	13,461
Other intangible fixed assets	43	44	398
Total intangible fixed assets	3,151	3,117	27,687
Investments and other assets:			
Investment securities	385,983	336,566	2,989,308
Investments in subsidiaries and affiliates	32,614	34,757	308,707
Investments in other securities of subsidiaries and affiliates	3,305	4,025	35,754
Investments in capital	0	130	1,154
Long-term loans	28	25	227
Long-term loans to employees	16	6	59
Long-term loans to subsidiaries and affiliates	6,830	6,282	55,800
Claims in bankruptcy or reorganization proceedings	1	2	19
Long-term prepaid expenses	1,424	1,140	10,125
Other investments	7,489	7,378	65,532
Less: Allowance for doubtful accounts	(2,497)	(2,396)	(21,282)
Total investments and other assets	435,197	387,918	3,445,408
Total non-current assets	625,697	578,538	5,138,455
Total assets	¥1,445,421	¥1,453,426	\$12,909,019

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥112.59 to U.S.\$1, the approximate rate prevailing at March 31, 2016.

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Notes payable	¥ 10,394	¥ 9,688	\$ 86,054
Accounts payable for construction contracts	386,699	369,063	3,277,939
Short-term borrowings	89,130	87,807	779,883
Current portion of bonds payable	—	25,000	222,044
Lease obligations	365	422	3,756
Accounts payable—other	3,045	7,528	66,870
Accrued expenses	11,295	18,162	161,311
Income taxes payable	19,524	16,513	146,666
Advances received on uncompleted construction contracts	77,373	90,537	804,130
Withholdings	104,795	112,946	1,003,165
Warranty reserve	3,123	3,240	28,784
Reserve for expected losses on construction contracts in process	28,440	22,630	201,003
Reserve for directors' bonuses	51	176	1,563
Asset retirement obligations	87	98	878
Other current liabilities	259	260	2,314
Total current liabilities	734,585	764,077	6,786,366
<b>Non-Current Liabilities:</b>			
Bonds payable	90,000	65,000	577,315
Convertible bond-type bonds with subscription rights to shares	—	30,136	267,663
Long-term borrowings	79,959	71,955	639,088
Lease obligations	553	828	7,360
Deferred tax liabilities	57,579	37,052	329,095
Deferred tax liabilities for revaluation reserve for land	19,017	17,847	158,518
Reserve for employees' retirement benefits	45,461	43,911	390,011
Reserve for expected losses on affiliates' businesses	8,484	4,172	37,054
Asset retirement obligations	25	8	71
Other non-current liabilities	9,854	10,478	93,066
Total non-current liabilities	310,934	281,390	2,499,247
Total liabilities	1,045,519	1,045,467	9,285,614
<b>NET ASSETS</b>			
<b>Shareholders' Equity:</b>			
Common stock, no par value			
Authorized: 1,500,000 thousand shares			
Issued: 788,514 thousand shares as at March 31, 2015 and 2016	74,365	74,365	660,496
Additional paid-in capital:			
Capital reserve	43,143	43,143	383,191
Other additional paid-in capital	0	0	4
Retained earnings:			
Legal reserve	18,394	18,394	163,379
Contingent Reserve	44,700	61,400	545,341
Other retained earnings	26,324	54,603	484,977
Less: Treasury stock, at cost			
2,590 thousand shares as at March 31, 2016	—	(1,149)	(10,210)
2,552 thousand shares as at March 31, 2015	(1,111)	—	—
Total shareholders' equity	205,817	250,758	2,227,180
<b>Valuation and Translation Adjustments:</b>			
Net unrealized gain (loss) on other securities, net of taxes	168,365	130,896	1,162,595
Deferred gain (loss) on hedging, net of taxes	51	10	94
Revaluation reserve for land, net of taxes	25,667	26,293	233,533
Total valuation and translation adjustments	194,084	157,200	1,396,223
Total net assets	399,901	407,959	3,623,404
Total liabilities and net assets	¥1,445,421	¥1,453,426	\$12,909,019

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥112.59 to U.S.\$1, the approximate rate prevailing at March 31, 2016.

## Nonconsolidated Statement of Income

Shimizu Corporation  
For the year ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
<b>Net Sales:</b>			
Construction contracts	¥1,301,656	¥1,350,347	\$11,993,495
Real estate development and other	39,109	56,485	501,695
	1,340,766	1,406,833	12,495,190
<b>Cost of Sales:</b>			
Construction contracts	1,218,107	1,216,342	10,803,291
Real estate development and other	29,590	47,472	421,636
	1,247,697	1,263,814	11,224,928
<b>Gross profit:</b>			
Construction contracts	83,548	134,005	1,190,203
Real estate development and other	9,519	9,013	80,059
	93,068	143,018	1,270,262
<b>Selling, General and Administrative Expenses</b>	57,695	64,411	572,091
<b>Operating income</b>	35,373	78,607	698,171
<b>Non-Operating Income (Expenses):</b>			
Interest and dividend income	7,058	8,017	71,207
Interest expenses	(2,780)	(2,623)	(23,302)
Foreign exchange gain(loss)	2,301	(1,846)	(16,401)
Other, net	630	(976)	(8,677)
<b>Ordinary income</b>	42,583	81,177	720,996
<b>Special Gains (Losses):</b>			
Gain on sales of fixed assets	1,903	729	6,482
Loss on sales of fixed assets	(43)	(223)	(1,987)
Loss on affiliates' businesses	(4,130)	(1,033)	(9,182)
<b>Income before income taxes</b>	40,312	80,649	716,309
<b>Provision for Income Taxes:</b>			
Current	21,156	26,930	239,186
Deferred	(4,398)	1,642	14,584
	16,757	28,572	253,771
<b>Net Income</b>	¥ 23,554	¥ 52,077	\$ 462,538

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥112.59 to U.S.\$1, the approximate rate prevailing at March 31, 2016.

## Nonconsolidated Breakdown of Orders

Financial Section

Shimizu Corporation  
For the year ended March 31, 2016

(1) Construction orders awarded and contracts	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Construction business (orders)			
Architectural Construction			
Domestic Operations	¥ 958,713	¥ 965,369	\$ 8,574,203
Overseas Operations	82,072	35,405	314,466
Subtotal	1,040,785	1,000,775	8,888,670
Civil Engineering			
Domestic Operations	337,307	252,578	2,243,343
Overseas Operations	43,277	31,280	277,824
Subtotal	380,585	283,858	2,521,167
Total construction business	1,421,371	1,284,633	11,409,838
Real estate development and other(orders)	29,243	57,266	508,627
Total	¥1,450,614	¥1,341,900	\$11,918,465

(2) Net sales	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Construction business			
Architectural Construction			
Domestic Operations	¥ 951,901	¥ 985,558	\$ 8,753,520
Overseas Operations	95,369	82,026	728,542
Subtotal	1,047,270	1,067,585	9,482,063
Civil Engineering			
Domestic Operations	231,748	257,482	2,286,902
Overseas Operations	22,637	25,279	224,529
Subtotal	254,386	282,762	2,511,431
Total construction business	1,301,656	1,350,347	11,993,495
Real estate development and other	39,109	56,485	501,695
Total	¥1,340,766	¥1,406,833	\$12,495,190

(3) Backlog	Millions of Yen		Thousands of U.S. Dollars
	2015	2016	2016
Construction business			
Architectural Construction			
Domestic Operations	¥ 853,967	¥ 833,778	\$ 7,405,437
Overseas Operations	104,620	57,999	515,139
Subtotal	958,588	891,777	7,920,577
Civil Engineering			
Domestic Operations	401,098	396,194	3,518,914
Overseas Operations	62,733	68,734	610,484
Subtotal	463,832	464,928	4,129,398
Total construction business	1,422,420	1,356,706	12,049,976
Real estate development and other	25,725	26,505	235,415
Total	¥1,448,145	¥1,383,212	\$12,285,392

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

(2) U.S. dollar amounts have been translated at the exchange rate of ¥112.59 to U.S.\$1, the approximate rate prevailing at March 31, 2016.



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