

Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Full Year Ended March 31, 2011

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors, and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded to the nearest million yen.

Summary of Consolidated Financial Results

For the Full Year Ended March 31, 2011

Presented May 9, 2011

Sumitomo Heavy Industries, Ltd.

Listed exchanges	Tokyo Stock Exchange, Osaka Securities Exchange
Stock code	6302
Head office	Tokyo
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Scheduled date of ordinary shareholders' meeting	June 29, 2011
Scheduled date of payment of cash dividends	June 30, 2011
Scheduled date of securities report filing	June 29, 2011
Availability of supplementary explanatory materials for financial statement	None
Holding of meeting to explain financial statement	Yes

1. FY 2011 Consolidated Results (April 1, 2010 to March 31, 2011)

(1) Business Results

(Units: millions of yen)

	Current Full Term April 1, 2010 to March 31, 2011		Previous Full Term April 1, 2009 to March 31, 2010	
		% change		% change
Net sales	548,015	6.2	516,165	(19.7)
Operating income	45,803	62.1	28,254	(50.4)
Ordinary income	44,253	68.1	26,333	(47.6)
Net income	27,926	110.3	13,280	(2.7)
Net income per share (yen)	45.87		22.01	
Fully diluted net income per share	--		--	
Return on equity (ROE, %)	10.9		5.6	
Return on assets (%)	7.2		4.2	
Ordinary income to net sales (%)	8.4		5.5	

Note: Comprehensive Income

Fiscal year ended March 31, 2011: 21,601 million yen (--%)

Fiscal year ended March 31, 2010: -- million yen (--%)

Reference: Equity method investment profit and loss:

Fiscal year ended March 31, 2011: (447 million yen)

Fiscal year ended March 31, 2010: (22 million yen)

(2) Financial Position

(Units: millions of yen)

	End of Current Full Year As of March 31, 2011	End of Previous Full Year As of March 31, 2010
Total assets	626,829	610,087
Net assets	269,380	254,153
Equity ratio (%)	42.6	40.0
Net assets per share (yen)	435.10	404.73

Reference: Equity:

Fiscal year ended March 31, 2011: 267,326 million yen

Fiscal year ended March 31, 2010: 244,221 million yen

(3) Cash Flows

(Units: millions of yen)

	Current Full Year April 1, 2010 to March 31, 2011	Previous Full Year April 1, 2009 to March 31, 2010
Cash flows from operating activities	36,521	57,513
Cash flows from investing activities	(23,513)	(13,954)
Cash flows from financing activities	(22,020)	(26,686)
Cash and cash equivalents at end of period	51,700	61,452

2. Dividends

(Units: yen)

	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ending March 31, 2012 (forecast)
Annual dividends per share			
First quarter	--	--	--
Second quarter	0.00	0.00	4.00
Third quarter	--	--	--
End of term	4.00	8.00	6.00
Annual dividends	4.00	8.00	10.00
Total dividends (millions of yen)	2,414	4,915	
Payout ratio (consolidated, %)	18.2	17.4	20.5
Net assets dividend yield (consolidated, %)	1.0	1.9	

3. FY 2012 Consolidated Forecasts (April 1, 2011 to March 31, 2012)

(Units: millions of yen)

	Second Quarter (Cumulative) April 1, 2010 to Sept. 31, 2011		Full Year April 1, 2011 to March 31, 2012	
		% change		% change
Net sales	294,000	16.7	630,000	15.0
Operating income	18,500	13.5	54,000	17.9
Ordinary income	16,500	11.4	50,500	14.1
Net income	9,000	13.6	30,000	7.4
Projected net income per share (yen)	14.65		48.83	

IV. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Units: millions of yen)

	End of Full Year As of March 31, 2010	End of Full Year As of March 31, 2011
	Amount	Amount
Assets		
Cash and deposits	62,511	52,486
Notes and accounts receivable	131,893	155,267
Products	34,408	41,827
Works in progress	70,071	70,802
Raw materials and stock	18,937	18,406
Deferred income taxes	8,632	9,648
Other	14,400	17,898
Allowance for doubtful accounts	(1,073)	(991)
Current assets	339,780	365,342
Buildings and structures (net)	53,072	50,799
Machinery and transportation tools (net)	38,166	37,003
Land	115,971	117,157
Construction in progress	1,450	1,938
Other (net)	7,818	7,259
Tangible assets	216,477	214,156
Intangible assets	7,308	6,936
Investment securities	30,398	26,281
Long-term loans	79	67
Deferred income taxes	9,886	8,319
Other	7,733	7,199
Allowance for doubtful accounts	(1,574)	(1,472)
Investments and other assets	46,523	40,395
Fixed assets	270,308	261,487
Total assets	610,087	626,829

(Units: millions of yen)

	End of Full Year As of March 31, 2010	End of Full Year As of March 31, 2011
	Amount	Amount
Liabilities		
Notes and accounts payable	108,018	131,951
Short-term bank loans	30,524	21,504
Long-term loans due within one year	10,438	4,411
Income tax payable	6,759	11,574
Advance payments received on contracts	40,971	33,295
Allowance for guaranteed construction	5,218	5,196
Other allowances	2,589	1,804
Other	30,438	32,773
Current liabilities	234,954	242,507
Bonds	10,000	10,000
Long-term debt due after one year	36,698	31,918
Employees' severance and retirement benefits	32,426	31,380
Other allowances	235	208
Deferred income taxes on revaluation	32,211	31,836
Other	9,411	9,600
Long-term liabilities	120,981	114,943
Total liabilities	355,935	357,450
Net assets		
Common stock	30,872	30,872
Capital surplus	20,503	23,789
Retained earnings	161,951	188,047
Treasury stock	(1,494)	(67)
Stockholders' equity	211,831	242,641
Unrealized gains on securities	2,003	981
Loss on deferred hedge	1,125	960
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(1,753)	(1,978)
Revaluation reserve for land	40,386	39,851
Foreign currency translation adjustments	(9,370)	(15,129)

	End of Full Year As of March 31, 2010	End of Full Year As of March 31, 2011
	Amount	Amount
Total accumulated other comprehensive income	32,390	24,686
Minority interests	9,931	2,053
Total net assets	254,153	269,380
Liabilities and net assets	610,087	626,829

2. Consolidated Income Statements and Consolidated Statement of Comprehensive Income

Consolidated Income Statements

(Units: millions of yen)

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
	Amount	Amount
Net sales	516,165	548,015
Cost of sales	412,751	426,479
Gross income	103,414	121,537
Selling, general & administrative expenses	75,160	75,733
Operating income	28,254	45,803
Non-operating income		
Interest income	183	136
Dividend income	1,039	1,380
Other	3,328	2,474
Total non-operating income	4,550	3,989
Non-operating expenses		
Interest expenses	1,940	1,489
Other	4,530	4,050
Total non-operating expenses	6,471	5,539
Ordinary income	26,333	44,253
Extraordinary gains		
Gain from negative goodwill	--	3,437
Gain on sale of securities	1,581	-
Income from subsidies	863	-
Total extraordinary gains	2,444	3,437
Extraordinary losses		

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
	Amount	Amount
Loss on impaired assets	--	1,396
Amount accrued as a result of a change in a subsidiary's retirement pension plan	--	503
Financial impact due to the application of the accounting standard for asset retirement obligations	--	480
Loss on contracts	1,000	220
Loss on devaluation of marketable securities	1,000	--
Environmental protection expenses	503	--
Total extraordinary losses	2,503	2,598
Income before income taxes	26,274	45,091
Corporate income tax current	11,502	16,555
Corporate income tax deferred	382	(468)
Total corporate income taxes	11,884	16,087
Net income before adjusting for profit (loss) from minority interests	--	29,004
Minority interests	1,109	1,078
Net income	13,280	27,926

Consolidated Statement of Comprehensive Income

(Units: millions of yen)

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
	Amount	Amount
Net income before adjusting for profit (loss) from minority interests	—	29,004
Other comprehensive income		
Unrealized gains on securities	—	(1,046)
Profit (loss) on deferred hedge	—	(120)
Adjustment regarding pension obligations of consolidated overseas subsidiaries	—	(224)
Foreign currency translation adjustments	—	(5,970)
Amount applied for equity method accounting of affiliates	—	(43)
Total other comprehensive income	—	(7,403)
Comprehensive income	—	21,601
(Breakdown)		
Comprehensive income relating to parent company shareholdings	—	20,756
Comprehensive income relating to minority interests	—	845

3. Consolidated Statements of Changes to Stockholders' Equity

(Units: millions of yen)

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
Stockholders' equity		
Capital stock		
Balance at end of previous period	30,872	30,872
Fluctuation in the period		
Total fluctuation in the period	--	--
Balance at end of period	30,872	30,872
Capital surplus		
Balance at end of previous period	20,503	20,503
Fluctuation in the period		
Disposal of treasury stock	--	5
Changes as a result of a stock-swap	--	3,281
Total fluctuation in the period	--	3,286
Balance at end of period	20,503	23,789
Earned surplus		
Balance at end of previous period	148,725	161,951
Fluctuation in the period		
Dividends	--	(2,414)
Net income	13,280	27,926
Disposal of treasury stock	(2)	(1)
Difference from transfer of revaluation reserve for land	(26)	535
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	578	50
Decrease from addition of consolidated subsidiaries accompanying changes in scope of consolidation	(605)	--
Total fluctuation in the period	13,225	26,097
Balance at end of period	161,951	188,047

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
Treasury stock		
Balance at end of previous period	(1,471)	(1,494)
Fluctuation in the period		
Acquisition of treasury stock	(28)	(164)
Disposal of treasury stock	4	8
Changes as a result of a stock-swap	--	1,583
Total fluctuation in the period	(24)	1,427
Balance at end of period	(1,494)	(67)
Stockholders' equity		
Balance at end of previous period	198,629	211,831
Fluctuation in the period		
Dividends	--	(2,414)
Net income	13,280	27,926
Acquisition of treasury stock	(28)	(164)
Disposal of treasury stock	3	12
Difference from transfer of revaluation reserve for land	(26)	535
Changes as a result of a stock-swap	--	4,864
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	578	50
Decrease from addition of consolidated subsidiaries accompanying changes in scope of consolidation	(605)	--
Total fluctuation in the period	13,202	30,810
Balance at end of period	211,831	242,641
Accumulated other comprehensive income		
Unrealized holding gains on other securities		
Balance at end of previous period	(547)	2,003
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	2,549	(1,022)
Total fluctuation in the period	2,549	(1,022)
Balance at end of period	2,003	981

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
Loss on deferred hedge		
Balance at end of previous period	1,945	1,125
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(820)	(165)
Total fluctuation in the period	(820)	(165)
Balance at end of period	1,125	960
Adjustment regarding pension obligations of consolidated overseas subsidiaries		
Balance at end of previous period	(3,008)	(1,753)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	1,255	(224)
Total fluctuation in the period	1,255	(224)
Balance at end of period	(1,753)	(1,978)
Difference from transfer of revaluation reserve for land		
Balance at end of previous period	40,360	40,386
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	26	(535)
Total fluctuation in the period	26	(535)
Balance at end of period	40,386	39,851
Foreign exchange translation adjustments		
Balance at end of previous period	(8,798)	(9,370)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(572)	(5,759)
Total fluctuation in the period	(572)	(5,759)
Balance at end of period	(9,370)	(15,129)
Total accumulated other comprehensive income		
Balance at end of previous period	29,952	32,390
Fluctuation in the period		

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
Fluctuations other than stockholders' equity in the period (net)	2,438	(7,705)
Total fluctuation in the period	2,438	(7,705)
Balance at end of period	32,390	24,686
Minority interests		
Balance at end of previous period	10,116	9,931
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(185)	(7,878)
Total fluctuation in the period	(185)	(7,878)
Balance at end of period	9,931	2,053
Total net assets		
Balance at end of previous period	238,697	254,153
Fluctuation in the period		
Dividends	--	(2,414)
Net income	13,280	27,926
Acquisition of treasury stock	(28)	(164)
Disposal of treasury stock	3	12
Difference from transfer of revaluation reserve for land	(26)	535
Changes as a result of a stock-swap	--	4,864
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	578	50
Decrease from addition of consolidated subsidiaries accompanying changes in scope of consolidation	(605)	--
Fluctuations other than stockholders' equity in the period (net)	2,254	(15,583)
Total fluctuation in the period	15,455	15,227
Balance at end of period	254,153	269,380

4. Consolidated Cash Flows Statement

(Units: millions of yen)

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
Cash flows from operating activities		
Income before income taxes	26,274	45,091
Depreciation	19,725	17,941
Gain from negative goodwill	--	(3,437)
Loss on impaired assets	--	1,396
Interest and dividend income	(1,222)	(1,515)
Interest expenses	1,940	1,489
(Increase) decrease in notes and accounts receivable	15,652	(30,224)
(Increase) decrease in inventories	27,977	(6,280)
Increase (decrease) in notes and accounts payable	(29,282)	26,420
Other	5,948	(1,587)
Subtotal	67,012	49,295
Interest and dividend received	1,785	1,014
Interest expenses	(1,869)	(1,508)
Payments for income taxes	(9,415)	(12,280)
Net cash provided by operating activities	57,513	36,521
Cash flows from investing activities		
(Increase) decrease in time deposits	1,713	(368)
(Increase) decrease in securities	1,500	—
Acquisition costs associated with fixed assets	(20,004)	(14,393)
Payments for acquisition of subsidiaries' stock accompanying changes in scope of consolidation	---	(10,607)
Proceeds from sale of securities	1,485	457
Other	1,353	1,398
Net cash used in investing activities	(13,954)	(23,513)

	Previous Full Year April 1, 2009 to March 31, 2010	Current Full Year April 1, 2010 to March 31, 2011
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(5,754)	(7,260)
Net increase (decrease) in commercial paper	(24,000)	—
Proceeds from long-term debt	6,099	—
Repayments for long-term debt	(1,137)	(10,697)
Income from the issuance of bonds	10,000	—
Costs associated with the redemption of bonds	(10,000)	—
Cash dividends paid	(22)	(2,423)
Payment of dividends to minority stockholders	(1,004)	(347)
Other	(868)	(1,294)
Net cash used in financing activities	(26,686)	(22,020)
Effect of exchange rate changes on cash and cash equivalents	205	(977)
Net increase (decrease) in cash and cash equivalents	17,079	(9,989)
Cash and cash equivalents at beginning of year	42,414	61,452
Increase due to new consolidated companies	1,942	236
Increase due to mergers and acquisitions	17	—
Cash and cash equivalents at end of year	61,452	51,700

(Segment Information)
1. Summary of Reporting Segments

The Group's reporting segments are based on those units within the Group where separate financial information is available and where the Board of Directors of the Group periodically deliberates over matters such as the distribution of management resources and the financial performance of such segments.

The Group formulates a comprehensive international and domestic strategy for individual products and services for the head office and for each consolidated subsidiary, and executes such strategies at the operating level. Consequently, the Group comprises segments that are split by categories of products and services offered by the head office and consolidated subsidiaries. More specifically, the six reporting segments of the Group are "Machinery Components", "Precision Machinery", "Construction Machinery", "Industrial Machinery", "Ships", and "Environmental Facilities & Plants".

Businesses	Main Products
Machinery Components	Power transmission and control
Precision Machinery	Plastic injection molding machines, film forming machines, semiconductor production equipment, laser processing systems, cryogenic equipment, precision XY stages, ion accelerators, medical machines and equipment, plasma coating systems for FPDs, precision forgings, control components, defense equipment, machining tools
Construction Machinery	Hydraulic excavators, mobile cranes, road machinery
Industrial Machinery	Forging machines, material handling systems, logistics systems, automated parking systems, turbines, pumps
Ships	Ships
Environmental Facilities & Plants	Private power generation facilities, boilers, industrial waste treatment facilities, air pollution control equipment, water and sewage treatment systems, process equipment, pressure vessels, agitation tanks, air conditioning equipment, food processing machinery

2. Information Regarding Net Sales, Profits, Assets, Liabilities and Other Items by Reporting Segment
Current Full Year (April 1, 2010, to March 31, 2011)

(Units: millions of yen)

Item \ Segment	A	B	C	D	E	F	Subtotal	Other ¹	Total	G ²	H
Net sales											
(1) Sales to external customers	74,591	131,944	130,811	66,544	59,496	76,070	539,458	8,558	548,015	—	548,015
(2) Internal sales between segments or exchanges	1,810	1,158	9	137	74	794	3,983	2,190	6,173	(6,173)	—
Total	76,401	133,103	130,821	66,681	59,570	76,864	543,440	10,748	554,188	(6,173)	548,015
Segment profit	4,874	8,340	5,290	10,252	9,897	5,566	44,219	1,518	45,737	66	45,803
Segment assets	106,365	137,987	121,339	49,921	80,230	52,246	548,087	39,466	587,553	39,276	626,829
Other categories											
Depreciation expense	3,298	5,304	3,720	1,706	2,422	1,037	17,488	453	17,941	—	17,941
Increase in tangible and intangible assets	3,848	2,976	4,442	869	1,106	712	13,953	339	14,292	—	14,292

Segments:

- A: Machinery Components
- B: Precision Machinery
- C: Construction Machinery
- D: Industrial Machinery
- E: Ships
- F: Environmental Facilities & Plants
- G: Adjustments
- H: Value included on the consolidated income statement

Notes:

1. The "Other" segment represents those business segments that are not included as part of any other reporting segment. This includes the Group's real-estate businesses, software-related business and other businesses.
2. Mainly due to the deletion of intersegment transactions
3. Segment profits have been adjusted with operating income recorded in the consolidated income statement