Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Full Year Ended March 31, 2013

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.

Sumitomo Heavy Industries, Ltd.

Summary of Consolidated Financial Results

For the Full Year Ended March 31, 2013

Presented May 8, 2013

Sumitomo Heavy Industries, Ltd.

Listed exchanges	Tokyo Stock Exchange, Osaka Securities Exchange
Stock code	6302
Head office	Tokyo
President	Shunsuke Betsukawa
URL	www.shi.co.jp
Inquiries	Tsuneyoshi Sato General Manager, Corporate Communications Dept.
Telephone	+81 3 6737 2333
Scheduled date of ordinary shareholders' meeting	June 27, 2013
Scheduled date of payment of cash dividends	June 28, 2013
Scheduled date of securities report filing	June 27, 2013
Availability of supplementary explanatory materials for financial statement	Yes
Holding of meeting to explain financial statement	Yes (for analysts)

1. FY 2012 Consolidated Results *(April 1, 2012, to March 31, 2013)*

(1) Business Results

(Units: millions of yen)

	Current Full Term April 1, 2012 to March 31, 2013		Previous Full Term April 1, 2011 to March 31, 2012	
		% change		% change
Net sales	585,871	(6.1)	624,100	13.9
Operating income	31,288	(33.6)	47,135	2.9
Ordinary income	30,997	(30.5)	44,619	0.8
Net income	5,865	(69.9)	19,492	(30.2)
Net income per share (yen)	9.56		31.75	
Fully diluted net income per share	—		—	
Return on equity (ROE, %)	2.1		7.1	
Return on assets (%)	4.6		6.8	
Ordinary income to net sales (%)	5.3		7.6	

Note: Comprehensive income:
Fiscal year ended March 31, 2013: 15,784 million yen (-18.9%)
Fiscal year ended March 31, 2012: 19,472 million yen (-9.9%)

Reference: Equity method investment profit and loss:
Fiscal year ended March 31, 2013: (578 million yen gain)
Fiscal year ended March 31, 2012: (456 million yen loss)

(2) Financial Position

(Units: millions of yen)

	End of Current Full Year March 31, 2013	End of Previous Full Year March 31, 2012
Total assets	647,724	691,841
Net assets	292,826	282,145
Equity ratio (%)	44.6	40.3
Net assets per share (yen)	470.69	454.43

Reference: Equity:
Fiscal year ended March 31, 2013: 288,849 million yen
Fiscal year ended March 31, 2012: 278,888 million yen

(3) Cash Flows

(Units: millions of yen)

	Current Full Year April 1, 2012 to March 31, 2013	Previous Full Year April 1, 2011 to March 31, 2012
Cash flows from operating activities	2,660	23,309
Cash flows from investing activities	(19,660)	(22,671)
Cash flows from financing activities	(11,428)	19,879
Cash and cash equivalents at end of period	46,476	72,376

2. Dividends

(Units: yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ending March 31, 2013 (forecast)
Annual dividends per share			
First quarter	—	—	—
Second quarter	4.00	4.00	3.00
Third quarter	—	—	—
End of term	6.00	4.00	3.00
Annual dividends	10.00	8.00	6.00
Total dividends (millions of yen)	6,137	4,909	
Payout ratio (consolidated, %)	31.5	83.7	26.3
Net assets dividend yield (consolidated, %)	2.2	1.7	

3. FY 2013 Consolidated Forecasts *(April 1, 2013, to March 31, 2014)*

(Units: millions of yen)

	Second Quarter (Cumulative) April 1, 2013 to September 30, 2013		Full Year April 1, 2013 to March 31, 2014	
		% change		% change
Net sales	275,000	(6.2)	600,000	2.4
Operating income	7,000	(59.8)	30,000	(4.1)
Ordinary income	6,000	(63.8)	26,000	(16.1)
Net income	2,000	(79.7)	14,000	138.7
Projected net income per share (yen)	3.26		22.81	

Additional Notes

(1) Transfers of important subsidiaries during the fiscal period (moves of specific subsidiaries due to change in scope of consolidation): None

Newly consolidated: —

Excluded from consolidation: —

(2) Changes to accounting policies, changes to accounting estimates, and retrospective restatements

(i) Changes to accounting policies due to revisions to accounting standards: Yes

(ii) Changes to accounting policies not otherwise stated in (i): None

(iii) Changes to accounting estimates: Yes

(iv) Retrospective restatements: None

(3) Number of shares issued (common shares)

(i) Number of shares issued at end of fiscal period (including treasury stock):

As of March 31, 2013	614,527,405 shares
As of March 31, 2012	614,527,405 shares

(ii) Number of treasury shares at end of fiscal period:

As of March 31, 2013	857,899 shares
As of March 31, 2012	811,946 shares

(iii) Average number of shares during fiscal period:

As of March 31, 2013	613,696,384 shares
As of March 31, 2012	613,952,563 shares

Disclosure of Present Status of Audit Procedures

In compliance with the Financial Instruments and Exchange Act, audit procedures for financial statements are being performed when the Consolidated Financial Results are announced.

Explanations and Other Special Items regarding the Pertinent Reasons for the Earnings Forecast

Earnings forecasts and outlooks concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors. For information on the assumptions that form the basis of the earnings forecast and items to note concerning the use of earnings forecasts, please see the analysis of business performance in the *Supplementary Materials* section beginning on page 6.

Supplementary Materials – Table of Contents

I. Results of Operations

1. Analysis of Operating Results

(1) Summary of Economic Climate during the Consolidated Fiscal Year

During the consolidated fiscal year under review, although there were some bright signs, such as the weakening of the Japanese yen during the second half of the fiscal year and an upswing in public investments, the economic outlook continued to remain uncertain, as it did one year ago. At the same time, the overall global economy remained unstable as partial signs of recovery in the U.S. market were out-staged by the slowdown of the Chinese economy, the driver of global economic growth, as well as the disruption to public-sector finance and financial markets in the eurozone, which, negatively impacted the real economy.

Against this economic backdrop, the Sumitomo Heavy Industries Group (hereinafter referred to as the "Group") strengthened its sales activities, integrated various parts of its organization to increase operational efficiency, and executed other initiatives that focused on increasing market competitiveness in line with the plans set forth in the Innovation 21 Medium-Term Management Plan. Despite these efforts, and because of the impact of stagnant markets, the consolidated fiscal year under review saw the Group post lower than prior-year figures for orders, sales, operating income, ordinary income, and net income.

While keeping one eye on conditions in the overseas markets, the Group looked to counteract a downturn in markets through the following key initiatives during the consolidated fiscal year under review:

(i) Enhance and Effectively Use the Group's Global Network

In the power transmission business, the Group strengthened existing links between plants in Tangshan (China) and Brazil, Hansen Industrial Transmissions NV's plant in Belgium, and domestic Japanese plants to enhance its ability to supply gearboxes globally. Further, by effectively using its Vietnam plant, where production for small gearmotors was concentrated, the Group accelerated its efforts to develop both the domestic Japanese and overseas markets with respect to this product line.

In the plastics machinery business, the Group further strengthened the links and synergy between Sumitomo (SHI) Demag Plastics Machinery GmbH's plant in Germany and domestic Japanese plants.

Finally, in the hydraulic excavator business, the close links between the plants in Tangshan (China), Indonesia, and Japan allowed the Group to provide a stable supply of products to both the Japanese and overseas markets.

(ii) Develop and Market Innovative Products (Product Innovation)

In recent years, the Group has focused on developing "Green Products" that contribute to environmental protection. During the consolidated fiscal year under review, the Group's SE-EV series of fully electric injection molding machines won the Minister of Economy, Trade and Industry Award in the category of Most Energy-Efficient Machine, which was selected by the Japan Machinery Federation.

In the medical equipment sector, the Group concentrated its efforts on increasing the popularity of cutting-edge cancer therapy systems. For example, an order for a Boron Neutron Capture Therapy (BNCT) System that extracts neutrons from an accelerator and selectively destroys cancer cells was received during the consolidated fiscal year under review.

(iii) Introduce Innovation into Manufacturing, Sales, and Business Execution (Process Innovation)

The Group has continued to accelerate process innovation in all phases of the product planning, development, design, manufacturing, sales, and after-sales service functions. At the same time, the Group has decided to reform the structure of its business by integrating parts of it to improve operational efficiencies. Moreover, the Group consolidated its head office functions into a shared services subsidiary company to increase the efficiency and advance the capabilities of such functions. Although certain Group companies are already receiving the services of this company, during the consolidated fiscal year under review, the shared services company expanded the number of companies that receive its services and worked to further standardize business processes.

(iv) Avert Worsening Performance in the Ships Business

Worsening market conditions coupled with overcapacity in China and increased competitiveness in Korea has meant that the Group's Ships business segment continues to face difficulties. Amid this turmoil, the Group turned down orders that were deemed unprofitable, and consequently received only one order for a new vessel during the consolidated fiscal year under review. On the other hand, the Group maintained the minimum level of shipbuilding formation necessary to sustain the business, with the goal of reducing the negative impact of this business on overall financial performance.

Further, the Group acknowledged that a long period of time may be required for the market to fully recover, future profit projections are likely to worsen in this segment, and the need to write-down assets is becoming more and more probable. With these points in mind, the Group considered the salvage potential of its business assets in this segment and decided to write-down fixed assets relating to the building of new ships during the consolidated fiscal year under review. As a result, this business segment posted an extraordinary loss of JPY16.4 billion.

(v) Thoroughly Implement Compliance Measures

In line with the Group's guiding principle of "Prioritizing Compliance Above All Else", the Group has made various and repeated efforts to ensure that the importance of compliance is understood across the entire Group. During the consolidated fiscal year under review, to strengthen the compliance framework for its growing overseas business units in line with the further globalization of the Group, educational seminars were held for dispatched personnel, and training sessions on both Japanese and foreign antitrust laws were carried out. The Group also held training sessions on the prevention of power harassment and compliance in discussion methods.

As disclosed previously, Sumitomo Heavy Industries, Ltd., and one of its subsidiaries, Sumiju Tokki Service Co., Ltd., were suspended from bidding on Ministry of Defense (MOD) contracts because of overbilling on previous contracts. As of February of this year, the overbilled amount has been repaid to the MOD, and the suspension has subsequently been lifted. Nevertheless, the Group realized the gravity and seriousness of the incident and carried out a comprehensive review of its business structure with the guiding principle of the review being the image of a sound operating business. In terms of measures to prevent recurrences of such events, the Group reviewed its business processes, enforced a rotation system for executive officers, implemented an order estimation review process, improved compliance education, and revised its disciplinary action procedures. It goes without saying that the Group is fully committed to preventing recurrences of such events and intends to further promote compliance efforts internally.

Despite the efforts outlined above, the fiscal year under review saw orders decrease by 4% from the previous fiscal year to finish at JPY550.7 billion, and sales decreased by 6% from the previous fiscal year to finish at JPY585.9 billion on a consolidated basis.

From the standpoint of profit and loss, mainly as a consequence of declining sales, during the fiscal year under review operating income decreased by 34% from the previous fiscal year to finish at JPY31.3 billion, ordinary income decreased by 31% from the previous fiscal year to finish at JPY31.0 billion, and net income decreased by 70% from the previous fiscal year to finish at JPY5.9 billion, all on a consolidated basis. Finally, after-tax ROIC* was 4.9%.

On a non-consolidated basis, the fiscal year under review saw orders finish at JPY156.9 billion, and sales finished at JPY177.4 billion. Further, the Group posted a non-consolidated operating income of JPY0 billion, a non-consolidated ordinary income of JPY14.3 billion, and a non-consolidated net loss of JPY100 million for the fiscal year under review.

* The ROIC (return on invested capital) for the Group is calculated based on the following formula:

$$\text{ROIC}= \frac{(\text{operating income + interest income and dividend income}) \times 55\% \ (=1 - \text{effective tax rate})}{(\text{average shareholder equity for the fiscal year}) + (\text{average interest-bearing liabilities for the fiscal year})}$$

(2) Group Results by Segment

(i) Machinery Components

The downturn in European markets and the relatively poor sales of gearboxes to the resources and energy sectors resulted in a decline in both sales and orders. In actual figures, the segment as a whole saw orders fall by 6% as compared to the previous fiscal year to finish at JPY89.2 billion, and sales fell by 2% as compared to the previous fiscal year to finish at JPY91.2 billion. In addition, the segment posted operating income of JPY2.8 billion, a 35% decrease as compared to the previous fiscal year.

(ii) Precision Machinery

With respect to the plastics machinery business, the relatively poor sales to the electronic and electrical sectors in Japan and other parts of Asia resulted in a decline in both sales and orders. Other businesses in this segment also did not fare much better with the sale of electronic-related products not doing as well as initially planned, and subsequently both orders and sales declined as compared to the previous fiscal year.

In actual figures, the segment as a whole saw orders fall by 7% as compared to the previous fiscal year to finish at JPY134.4 billion, and sales fell by 3% as compared to the previous fiscal year to finish at JPY139.2 billion. In addition, the segment posted an operating income of JPY7.7 billion, a 39% decrease as compared to the previous fiscal year.

(iii) Construction Machinery

Although the domestic market showed positive signs of recovery, the worsening conditions in the Chinese market resulted in both a decline in sales and orders in the hydraulic excavator business. On the other hand, the construction crane business posted improved figures for both orders and sales as the North American market improved.

In actual figures, the segment as a whole saw orders fall by 7% as compared to the previous fiscal year to finish at JPY151.2 billion, and sales fell by 4% as compared to the previous fiscal year to finish at JPY152.8 billion. In addition, the segment posted an operating income of JPY6.1 billion, a 26% decrease as compared to the previous fiscal year.

(iv) Industrial Machinery

In the turbine and pump business, orders fell as compared to the previous fiscal year mainly because of worsening market conditions in Southeast Asia. However, sales increased as compared to the previous fiscal year in this area mainly because orders outstanding from previous periods were carried forward. The materials handling equipment business posted a decline in both orders and sales as demand from the domestic steel and shipbuilding sectors remained weak.

In actual figures, the segment as a whole saw orders fall by 9% as compared to the previous fiscal year to finish at JPY63.6 billion, and sales fell by 14% as compared to the previous fiscal year to finish at JPY69.6 billion. In addition, the segment posted an operating income of JPY5.4 billion, a 44% decrease as compared to the previous fiscal year.

(v) Ships

Although market conditions remained weak in the Ships segment as they were a year ago, during the consolidated fiscal year under review the number of new ship orders received increased to one as compared to zero in the previous fiscal year. Further, in terms of sales, five vessels were handed over during the consolidated fiscal year under review, two below the total from the previous fiscal year.

In actual figures, the segment as a whole saw orders increase by 82% as compared to the previous fiscal year to finish at JPY12.3 billion, and sales fell by 21% as compared to the previous fiscal year to finish at JPY46.0 billion. In addition, the segment posted an operating income of JPY2.4 billion, a 78% decrease as compared to the previous fiscal year.

(vi) Environmental Facilities & Plants

Orders increased in the energy plant business mainly because of the high level of activity in the domestic biomass-fueled power generation boiler market as well as the large-scale project for a private power generating facility for a mine in Indonesia. On the other hand, sales fell mainly because of the low number of orders carried over from previous periods. The water treatment plant business saw a decline in both orders and sales as overall market conditions remained weak.

In actual figures, the segment as a whole saw orders increase by 7% as compared to the previous fiscal year to finish at JPY91.4 billion, and sales fell by 2% as compared to the previous fiscal year to finish at JPY78.6 billion. In addition, the segment posted an operating income of JPY5.6 billion.

(3) Outlook for the Upcoming Fiscal Year (Ending March 31, 2014)

The economic environment that forms the backdrop of the Group's business remains unpredictable. On one hand, emerging market economies are anticipated to continue showing strong growth, while at the same time, signs of a recovery are being seen in developed economies, such as the United States and Japan. On the other hand, the debt crisis in Europe, a slowdown of the Chinese economy, rising crude oil prices, and the long-term strength of the yen are all causes of concern that can hamper any kind of positive economic momentum.

In this type of environment, the Group plans to focus on achieving its key goal of "Innovation of Half and Double" while implementing the following principal strategies set forth in the new Innovation 21 Medium-Term Management Plan:

1. Enhance and effectively use the Group's global network.
2. Develop and market innovative products (product innovation).
3. Introduce innovation into manufacturing, sales, and business execution (process innovation).

As of the publication date of this document, the outlook for the upcoming fiscal year ending March 31, 2014, is as follows:

Consolidated Results	Amount	As Compared to FY 2011
Sales	JPY600.0 billion	+2.4%
Operating income	JPY30.0 billion	-4.1%
Ordinary income	JPY26.0 billion	-16.1%
Net income	JPY14.0 billion	+138.7%

(The above figures are calculated at an exchange rate of JPY95 and JPY125 against the dollar and euro, respectively.)

* The above forecast concerning future financial results is believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast due to a variety of factors.

2. Analysis of Financial Condition

(1) Condition of Assets, Liabilities, and Net Assets

Total assets at the end of the consolidated fiscal year under review stood at JPY647.7 billion, a decrease of JPY44.1 billion from the end of the previous consolidated fiscal year. Although there was a JPY6.1 billion increase in investments and other assets, this was offset by decreases of JPY25.6 billion in cash and deposits, JPY7.9 billion in accounts and notes receivable, JPY4.7 billion in inventory assets, and JPY9.2 billion in tangible fixed assets.

Total liabilities at the end of the consolidated fiscal year under review stood at JPY354.9 billion, a decrease of JPY54.8 billion from the end of the previous consolidated fiscal year. Although there was an increase of JPY2.0 billion in interest-bearing liabilities as a result of the Group issuing new commercial paper (the ratio of outstanding interest-bearing debt to total assets deteriorated by 1.2% to close at 15.2%), there was a JPY40.3 billion decrease in notes and accounts payable and a JPY3.0 billion decrease in deferred tax liability. With regard to the latter, the decrease was due to a revaluation of the deferred tax liability amount, which was necessary as the impairment loss booked for the assets in the Ships segment included land.

Net assets at the end of the consolidated fiscal year under review stood at JPY292.8 billion, an increase of JPY10.7 billion from the end of the previous consolidated fiscal year. Although there was a decrease of JPY5.2 billion pertaining to the difference in the revaluation of land assets, retained earnings and the foreign currency translation adjustment increased by JPY6.1 billion and JPY9.7 billion, respectively.

Consequently, the shareholders' equity ratio for the consolidated fiscal year under review improved by 4.3 points from the end of the previous consolidated fiscal year to finish at 44.6%.

(2) Cash Flow Conditions

The cash and cash equivalent balance at the end of the consolidated fiscal year under review stood at JPY46.5 billion, a decrease of JPY25.9 billion as compared to the previous consolidated fiscal year. The cash flow conditions in each area and the factors behind any changes are outlined below.

Cash Flow from Operating Activities

Cash flow from operating activities was JPY2.7 billion for the consolidated fiscal year under review, a decrease of JPY20.6 billion from the previous consolidated fiscal year. The main factors behind this were the decreases to net income before tax and other adjustments, as well as the balance of accounts payable, exceeding any increases in the balance of trade receivables and inventory assets.

Cash Flow from Investing Activities

Cash flow used for investing activities totaled JPY19.7 billion for the consolidated fiscal year under review, a decrease of JPY3.0 billion as compared to the previous consolidated fiscal year. This was mainly due to a fall in cash used to acquire fixed assets.

Cash Flow from Financing Activities

Cash flow used for financing activities was JPY11.4 billion for the consolidated fiscal year under review. The main purpose of the funds was to make dividend payments.

The following table summarizes trends in the cash-flow index of the Group:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Shareholders' equity ratio (%)	34.8	40.0	42.6	40.3	44.6
Shareholders' equity ratio on a market price basis (%)	29.8	55.7	53.2	40.8	36.1
Redemption period (years)	3.2	1.5	1.9	4.1	37.0
Interest coverage ratio (multiples)	21.5	30.8	24.2	14.0	1.3

Shareholders' equity ratio = shareholders' equity / total assets

Shareholders' equity ratio on market price basis = total market value of shares / total assets

Redemption period = outstanding interest-bearing debt / operating cash flow

Interest coverage ratio = operating cash flow / interest expense

3. Basic Policy on Earnings Appropriation and Dividend for the Consolidated Fiscal Year Under Review as well as the Current Fiscal Year Ending March 31, 2014

The Group's basic stance on profit sharing is to pay a dividend amount commensurate to the income earned during the period, and to keep that amount as high as possible. However, the decision on the actual amount of the dividend is made after considering the sufficient level of retained earnings needed to ensure that the Group is able to sustain a stable business model in the long term.

For the consolidated fiscal year under review, the Group is forecasting a dividend of JPY8 per share (inclusive of the JPY4 per share interim dividend), a decrease of JPY2 per share from the previous year.

For the fiscal year ending March 2014, the Group is forecasting a dividend of JPY6 per share.

II. Status of the Business Group

The main business areas of the Group and the positioning of major Group companies in these areas are outlined below.

Due to the establishment of new companies or the increased importance of existing companies, a total of 13 companies, including Sumitomo Heavy Industries (China) Financial Leasing, Ltd., have been included within the scope of consolidation during the fiscal year under review.

1. Machinery Components

In the area of transmission power equipment, both Sumitomo Heavy Industries and Seisa Gear, Ltd. are responsible for the overall product manufacturing and distribution. The responsibility for global manufacturing and distribution of these products falls to Sumitomo Machinery Corporation of America in North America; Sumitomo (SHI) Cyclo Drive Germany GmbH and Hansen Industrial Transmissions NV in Europe; and Sumitomo (SHI) Cyclo Drive Asia Pacific Pte., Ltd. in Southeast Asia. In China, Sumitomo Heavy Industries (Tangshan) Ltd. carries out manufacturing while Sumitomo (SHI) Cyclo Drive China, Ltd. carries out manufacturing and is also responsible for the overall distribution of products in the country. Product distribution in Japan is the responsibility of Sumitomo Heavy Industries PTC Sales Co., Ltd.

2. Precision Machinery

In the area of plastics machinery equipment, Sumitomo Heavy Industries is responsible for the overall manufacturing, distribution, and after-sales service of the product line. Globally, SHI Plastics Machinery Inc. of America is responsible for the overall manufacturing and distribution of these products in North America, and Sumitomo (SHI) Demag Plastics Machinery GmbH is responsible for overall operations in Europe.

Sumitomo Heavy Industries is responsible for overall manufacturing and distribution of laser processing systems, cryocoolers, precision positioning equipment, ion accelerators, plasma coating system for FPDs, precision forgings, control components, and defense equipment.

In the area of semiconductor production equipment, both Sumitomo Heavy Industries and SEN Corporation are responsible for overall manufacturing and distribution.

Finally, Sumitomo NACCO Materials Handling Co., Ltd. is responsible for the overall manufacturing and distribution of forklift equipment in this segment.

3. Construction Machinery

In the area of hydraulic excavators and road construction machinery, Sumitomo (S.H.I.) Construction Machinery Co., Ltd. is responsible for the manufacturing and distribution of products to overseas markets, Sumitomo (S.H.I.) Construction Machinery (Tangshan) Co., Ltd. is responsible for the manufacturing of products in China, PT. Sumitomo S.H.I. Construction Machinery Indonesia is responsible for the manufacturing of products in Indonesia, and Sumitomo (S.H.I.) Construction Machinery Sales Co., Ltd. is responsible for the distribution of products in Japan.

In the area of mobile cranes, Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd. is responsible for overall development, distribution, and manufacturing of products for the Japanese market, while Link-Belt Construction Equipment Company, L.P., LLLP mainly oversees the overall manufacturing and sales of products in North America.

4. Industrial Machinery

In this segment, Sumitomo Heavy Industries is responsible for the manufacturing and distribution of logistics and handling systems, as well as automated parking systems.

Sumitomo Heavy Industries Techno-Fort Co., Ltd. is responsible for the overall manufacturing and distribution of forging machines.

Sumitomo Heavy Industries Engineering and Services Co., Ltd. is responsible for the overall manufacturing and distribution of material handling systems.

Finally in this segment, Shin Nippon Machinery Co., Ltd. is responsible for the overall manufacturing and distribution of industrial turbines and pumps.

5. Ships

In this segment, shipbuilding is carried out by Sumitomo Heavy Industries Marine & Engineering Co., Ltd., while Sumitomo Heavy Industries is responsible for the distribution of the finished product.

6. Environmental Facilities & Plants

In the areas of boiler systems, industrial waste treatment systems, pulp and paper machinery, and air pollution prevention equipment, both Sumitomo Heavy Industries and Nihon Spindle Manufacturing Co., Ltd. are responsible for overall manufacturing and distribution.

Sumitomo Heavy Industries Environment Co., Ltd. is responsible for the overall manufacturing and distribution of water treatment systems.

Further, the manufacturing and distribution of reactor vessels is handled by Sumitomo Heavy Industries and Sumitomo Heavy Industries Process Equipment Co., Ltd.

Finally, Izumi Food Machinery Co., Ltd. is responsible for the overall manufacturing and distribution of food machinery.

Please note that as of April 1, 2013, Sumitomo Techno-Fort Co., Ltd. was dissolved as a result of an absorption-type company merger that was executed where the Group became the surviving company. Further, on April 1, 2013, the Group's Logistics and Parking Systems business was transferred to Sumitomo Heavy Industries Engineering and Services Co., Ltd. Subsequently, the company was renamed Sumitomo Heavy Industries Material Handling Systems Co., Ltd.

III. Management Policies

1. Basic Management Policy

The Group is guided by the Sumitomo Business Spirit. The two components of the philosophy, namely "the placing of prime importance on conducting business with integrity and sound management" and "not pursuing easy gains or acting imprudently under any circumstances", form the basis of the Group's vision in any environment, regardless of the era or the state of the economy. The Group rigorously complies with the spirit of the philosophy, and actively pursues structural reforms to its business organization to ensure that it is able to build a strong corporate culture.

The Group also believes that by focusing on creating customer value, and thereby earning customers' long-term trust, it can achieve sustainable growth and increase overall corporate value. Further, succeeding in this task will also lead to the Group meeting its corporate citizenship responsibilities to its shareholders, employees, and surrounding communities.

To ensure a highly stable growth trajectory on the global stage, the Group is committed to becoming a "Systematic Knowledge-Creating Company" that is able to sustainably supply customers with first-class products. Moreover, the Group is actively strengthening its functional efficiencies in the areas of marketing, development, and production in pursuit of the ultimate level of workmanship.

2. Target Management Benchmarks, 3. Medium- to Long-Term Management Strategy

Since there are no significant changes from the disclosures made in the "Notice Regarding the Innovation 21 Medium Term Management Plan", these sections have been omitted. For further information on previously disclosed materials, please visit the following Web sites:

Group Web site

http://www.shi.co.jp

Tokyo Stock Exchange Web site (link to search page for publicly listed companies)

http://www.tse.or.jp/listing/compsearch/index.html

4. Action Items for the Group

The economic environment that forms the backdrop of the Group's business is mixed. On one hand, the debt crisis in the eurozone contributes to the region's unpredictability. On the other hand, positive signs such as the continuing recovery of the U.S. economy and the shift in the Chinese economy from a slowdown to a gentle recovery bode well for the future. In Japan, the announcement of monetary easing measures and economy-boosting policies, as well as the continued weakness of the Japanese yen, has resulted in an increase in the level of exports and a rise in capital investments, raising the prospects of an economic recovery in the country.

In this type of environment, the Group put emphasis on increasing competitiveness by focusing on the key strategies set forth in the Innovation 21 Medium-Term Management Plan, which are to introduce innovation into product development and business processes. By doing so, the Group is aiming to become a "Strong and Powerful SHI" that is able to achieve sustainable growth.

Moreover, FY2013 will be the year that the Group starts afresh and looks to rebound from a period of stagnation. At the same time, the Group will reinforce its businesses through sound management and execute various structural reforms across the entire company.

(1) The New Innovation 21 Medium-Term Management Plan

The Innovation 21 Medium-Term Management Plan, which was initiated in FY 2011, calls for the Group to achieve sales of JPY730 billion and operating income of JPY73.0 billion by the end of fiscal 2013 (ending March 31, 2014). In addition, the Group is targeting an ROIC of greater than 10% while at the same time maintaining an ROIC that is greater than WACC on a continuous basis.

To achieve these figures, the Group has formulated the following three strategies:

1. Enhance and effectively use the Group's global network.
2. Develop and market innovative products (product innovation).
3. Introduce innovation into manufacturing, sales, and business execution (process innovation).

Through the implementation of these measures and a focus on the key phrase of "Innovation of Half and Double" (doubling performance while cutting costs in half), the Group plans to restore its competitiveness and establish itself as a dominant player in the global marketplace.

(2) Key Areas of Focus for the Fiscal Year Ending March 31, 2014

FY 2013 marks the final year of implementing the medium-term management plan. During this year, the Group will focus on executing the following initiatives:

(i) Enhance and Effectively Use the Group's Global Network

SHI will work to enhance and maximize the use of its global network of manufacturing, sales, and service locations.

In the power transmission business, more specifically gearboxes, the Group will work to increase the operational efficiency of the Tangshan (China) and Brazil plants, and strengthen the existing link between Hansen Industrial Transmissions NV's plant in Belgium and domestic Japanese plants, with the overall goal to capture more market share globally. Further, through the effective use of its Vietnam plant where production for small gearmotors was concentrated, the Group will work to take advantage of enhanced cost competitiveness and develop markets for such products around the world.

In the plastics machinery business, the Group will aim to further strengthen the links and synergy between Sumitomo (SHI) Demag Plastics Machinery GmbH's plant in Germany and domestic Japanese plants, and ensure that any market share opportunities in growing sectors and regions are being captured.

Finally, in the hydraulic excavator business, the Group will look to optimize the links between the overseas manufacturing plants located in Tangshan (China) and Indonesia and domestic Japanese plants. By doing so, the Group will target market share expansion in the growing markets of South East Asia and North and South America.

Furthermore, the Group will look to enhance the functions of the regional head offices established in China, the United States, Indonesia, and Brazil with the goal to establish a structure that allows for the rapid implementation of management measures that are specific to the needs of each region or market. Through this, SHI will continue to build a global network of operations that focuses on "Self-subsistence and Cooperation" and that allows Group companies around the world to leverage the competitive edge that each boasts.

(ii) Develop and Market Innovative Products (Product Innovation)

The Group will focus its energies on the following markets and products:

In the field of power transmissions, the Group plans to further push for an increase in sales of its small- to medium-scale gear reducers that incorporate IE3 (the international efficiency standard for motors) compliant premium efficiency motors. By doing, it hopes to promote energy efficiency across the global industrial and social infrastructure sectors.

In the field of hydraulic excavators, the Group will take a focused approach and introduce new products that boast high energy-efficiency and safety performance characteristics to markets in developed countries. At the same time, the product line-up aimed at emerging markets will be enhanced. The overall goal of these efforts is to enable the Group to capture greater market share in the respective markets.

In the field of plastics machinery, the Group will look to increase sales by not only significantly increasing the yields and energy efficiency of its product line, but also by adding the SE-EV series of fully electric injection molding machines to its suite of available products.

In addition to the above, the Group will accelerate the development of various other “Green Products” that emphasize energy efficiency and sustainable energy. Finally, to support these product innovation efforts, the Group will further enhance coordination and cooperation between the Corporate Technology Operations Group and the respective business segments.

(iii) Introduce Innovation into Manufacturing, Sales, and Business Execution (Process Innovation)

Over the years, the Group has introduced a multitude of process innovation ideas into all stages of the business, including product planning, design and development, manufacturing, sales, and after-sales service. In the future, these efforts will be further developed and applied to the Group’s global network of businesses. The Group expects this to significantly reduce costs and lead to greater market share in emerging economies. In addition to such efforts, the Group will further pursue organizational integrations, to achieve greater synergy and enhance organizational capabilities in areas where technical capabilities can be complemented or projection execution capabilities can be strengthened.

(iv) Implement Structural Changes across All Business Units

The first point will be to recover the profit potential of the mass-produced machinery businesses. Through the introduction of new products, the Group will aim to quickly improve the profit potential of this business area, while at the same time, carry out structural changes on the business as necessary.

The second point will be to implement structural changes to the heavy machinery businesses. As this business area attempts to improve its profit potential and embarks on plans to expand overseas as a core business strategy, the proposed structural changes will create an organizational system that not only runs efficiently but also brings together the various technologies and technical know-how of the various departments within the business area, and distributes management resources in an optimal manner.

As of April 1, 2013, the following organizational changes have been made.

1. The Group’s Logistics and Parking Systems business and Material Handling Machinery business was merged under Sumitomo Heavy Industries Material Handling Systems Co., Ltd.
2. The Group’s Press Machine business and Medical Equipment business was merged to form a new division called Industrial Equipment Division.

The Group plans to further discuss organizational changes to the heavy machinery businesses in the future and implement them accordingly.

(v) Future Policies for Ship Building Business

Market conditions in the shipping industry remain at all-time lows. The one exception is in the area of tankers, which the Group focuses on, where excess freight space is declining and the weakening yen is improving ship values, albeit at a gradual pace. Nevertheless, significant time will be needed for a full recovery, and as such, it is safe to assume that the business environment will continue to remain challenging for the forthcoming period.

Amid these conditions, the Group’s Ships segment will maintain the minimum level of shipbuilding formation necessary to sustain business continuity, and will pursue the development of value-added vessels, such as those that boast higher energy efficiency or comply with new international environmental regulations.

(vi) Thoroughly Implement Compliance Measures

The Group firmly believes that ensuring compliance across all of its business activities is one of the most, it not the most, important responsibilities that it has. As the SHI Group has grown internationally, it has focused on conducting compliance-related activities not only for its domestic business units, but for all business units across the globe. During the upcoming period, the Group will continue to hold supplemental training and awareness programs for directors and employees to ensure that recognition of the importance of compliance permeates the entire Group.

(3) Formulation of a New Medium Term Management Plan

FY 2013 marks the final year of implementing the Innovation 21 Medium-Term Management Plan. As a result of the series of events that occurred from the first year of implementing the plan, namely the Great East Japan Earthquake, the eurozone debt crisis, and the slowdown of the Chinese economy, the Group was not able to meet the quantitative objectives set forth in the plan. However, the key concepts of “Globalization” and “Innovation” that were set forth in the plan were deemed to be effective amid the whirlwind of change in the business environment.

In the upcoming consolidated fiscal year, the Group will set about developing a new medium-term management plan that will be implemented beginning in FY 2014. The plan will be based on the results of the Innovation 21 Medium-Term Management Plan as well as the changes to the operating environment during the preceding three years. As a truly global company, the Sumitomo Heavy Industries Group will work on increasing customer value across all regions of the world with the aim to become a firm that is capable of sustainable growth.

IV. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Units: millions of yen)

	End of Full Year As of March 31, 2012	End of Full Year As of March 31, 2013
	Amount	Amount
Assets		
Cash and deposits	73,373	47,814
Notes and accounts receivable	181,248	173,300
Products	51,326	66,877
Works in progress	71,562	44,791
Raw materials and stock	21,034	27,548
Deferred income taxes	12,196	12,191
Other	19,161	15,223
Allowance for doubtful accounts	(855)	(1,117)
Current assets	**429,046**	**386,628**
Buildings and structures (net)	49,927	48,807
Machinery and transportation tools (net)	37,032	43,447
Land	116,306	108,033
Construction in progress	9,448	2,614
Other (net)	7,099	7,750
Total tangible assets	219,812	210,652
Other	6,374	7,765
Total intangible assets	6,374	7,765
Investment securities	23,921	25,188
Deferred income taxes	7,419	11,838
Other	6,683	7,471
Allowance for doubtful accounts	(1,414)	(1,817)
Investments and other assets	36,609	42,679
Fixed assets	**262,795**	**261,096**
Total assets	**691,841**	**647,724**

(Units: millions of yen)

	End of Full Year As of March 31, 2012	End of Full Year As of March 31, 2013
	Amount	Amount
Liabilities		
Notes and accounts payable	153,843	113,575
Short-term bank loans	27,383	48,032
Long-term loans due within one year	19,796	1,245
Commercial paper	—	10,000
Income tax payable	11,329	3,014
Advance payments received on contracts	27,770	20,937
Allowance for guaranteed construction	5,106	5,115
Other allowances	5,351	2,178
Other	37,883	38,919
Current liabilities	**288,461**	**243,014**
Bonds	10,000	10,000
Long-term debt due after one year	39,343	29,270
Employees' severance and retirement benefits	35,884	39,169
Other allowances	54	48
Deferred income taxes on revaluation	27,651	24,608
Other	8,303	8,789
Long-term liabilities	**121,235**	**111,883**
Total liabilities	**409,696**	**354,898**
Net assets		
Common stock	30,872	30,872
Capital surplus	23,789	23,789
Retained earnings	201,433	207,580
Treasury stock	(445)	(455)
Stockholders' equity	**255,649**	**261,786**
Unrealized gains on securities	2,267	2,694
Loss on deferred hedge	277	(562)
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(3,573)	(3,808)
Revaluation reserve for land	43,381	38,197
Foreign currency translation adjustments	(19,113)	(9,458)

	End of Full Year As of March 31, 2012	End of Full Year As of March 31, 2013
	Amount	Amount
Total accumulated other comprehensive income	**23,239**	**27,064**
Minority interests	**3,258**	**3,977**
Total net assets	**282,145**	**292,826**
Liabilities and net assets	**691,841**	**647,724**

2. Consolidated Income Statements and Consolidated Statement of Comprehensive Income

Consolidated Income Statements

(Units: millions of yen)

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
	Amount	Amount
Net sales	624,100	585,871
Cost of sales	490,878	465,309
Gross income	133,222	120,562
Selling, general & administrative expenses	86,087	89,274
Operating income	47,135	31,288
Non-operating income		
Interest income	480	259
Dividend income	473	2,117
Gain on foreign currency exchange	349	1,347
Other	2,428	2,901
Total non-operating income	3,730	6,624
Non-operating expenses		
Interest expenses	1,652	2,097
Other	4,594	4,818
Total non-operating expenses	6,246	6,915
Ordinary income	44,619	30,997
Extraordinary gains		
Gain on sale of investment securities	—	1,343
Reversal of reserve for legal actions	—	802
Total extraordinary gains	—	2,145
Extraordinary losses		

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
	Amount	Amount
Loss on impaired assets	688	17,392
Loss relating to defense equipment business	—	4,986
Loss on contracts	2,863	—
Loss on devaluation of marketable securities	2,166	—
Amount amortized for prior service cost	706	—
Total extraordinary losses	6,423	22,378
Income before income taxes	38,195	10,764
Corporate income tax current	19,077	10,553
Corporate income tax deferred	(1,395)	(5,959)
Total corporate income taxes	17,682	4,594
Net income before adjusting for profit (loss) from minority interests	20,513	6,170
Minority interests	1,021	305
Net income	19,492	5,865

Consolidated Statement of Comprehensive Income

(Units: millions of yen)

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
	Amount	Amount
Net income before adjusting for profit (loss) from minority interests	20,513	6,170
Other comprehensive income		
Unrealized gains on securities	1,287	426
Profit (loss) on deferred hedge	(680)	(811)
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(1,596)	(234)
Revaluation reserve for land	3,918	—
Foreign currency translation adjustments	(3,966)	10,235
Amount applied for equity method accounting of affiliates	(3)	(1)
Total other comprehensive income	(1,041)	9,614
Comprehensive income	19,472	15,784
(Breakdown)		
Comprehensive income relating to parent company shareholdings	18,434	15,068
Comprehensive income relating to minority interests	1,039	716

3. Consolidated Statements of Changes to Stockholders' Equity

(Units: millions of yen)

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
Stockholders' equity		
Capital stock		
Balance at beginning of 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 beginning of period	23,789	23,789
Fluctuation in the period		
Total fluctuation in the period	—	—
Balance at end of period	23,789	23,789
Earned surplus		
Balance at beginning of period	188,047	201,433
Fluctuation in the period		
Dividends	(7,370)	(6,137)
Net income	19,492	5,865
Disposal of treasury stock	(1)	(6)
Difference from transfer of revaluation reserve for land	388	5,184
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	877	1,124
Increase due to mergers between consolidated and non-consolidated subsidiaries	—	118
Increase from reduction of consolidated subsidiaries accompanying changes in scope of consolidation	0	—
Total fluctuation in the period	13,386	6,147
Balance at end of period	201,433	207,580

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
Treasury stock		
Balance at beginning of period	(67)	(445)
Fluctuation in the period		
Acquisition of treasury stock	(383)	(27)
Disposal of treasury stock	5	16
Total fluctuation in the period	(378)	(10)
Balance at end of period	(445)	(455)
Stockholders' equity		
Balance at beginning of period	242,641	255,649
Fluctuation in the period		
Dividends	(7,370)	(6,137)
Net income	19,492	5,865
Acquisition of treasury stock	(383)	(27)
Disposal of treasury stock	5	10
Difference from transfer of revaluation reserve for land	388	5,184
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	877	1,124
Increase due to mergers between consolidated and non-consolidated subsidiaries	—	118
Increase from reduction of consolidated subsidiaries accompanying changes in scope of consolidation	0	—
Total fluctuation in the period	13,008	6,137
Balance at end of period	255,649	261,786
Accumulated other comprehensive income		
Unrealized holding gains on other securities		
Balance at beginning of period	981	2,267
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	1,286	427
Total fluctuation in the period	1,286	427
Balance at end of period	2,267	2,694
Loss on deferred hedge		

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
Balance at beginning of period	960	277
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(683)	(838)
Total fluctuation in the period	(683)	(838)
Balance at end of period	277	(562)
Adjustment regarding pension obligations of consolidated overseas subsidiaries		
Balance at beginning of period	(1,978)	(3,573)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(1,596)	(234)
Total fluctuation in the period	(1,596)	(234)
Balance at end of period	(3,573)	(3,808)
Difference from transfer of revaluation reserve for land		
Balance at beginning of period	39,851	43,381
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	3,530	(5,184)
Total fluctuation in the period	3,530	(5,184)
Balance at end of period	43,381	38,197
Foreign exchange translation adjustments		
Balance at beginning of period	(15,129)	(19,113)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(3,984)	9,654
Total fluctuation in the period	(3,984)	9,654
Balance at end of period	(19,113)	(9,458)
Total accumulated other comprehensive income		
Balance at beginning of period	24,686	23,239
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period	(1,446)	3,824

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
(net)		
Total fluctuation in the period	(1,446)	3,824
Balance at end of period	23,239	27,064
Minority interests		
Balance at beginning of period	2,053	3,258
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	1,204	719
Total fluctuation in the period	1,204	719
Balance at end of period	3,258	3,977
Total net assets		
Balance at beginning of period	269,380	282,145
Fluctuation in the period		
Dividends	(7,370)	(6,137)
Net income	19,492	5,865
Acquisition of treasury stock	(383)	(27)
Disposal of treasury stock	5	10
Difference from transfer of revaluation reserve for land	388	5,184
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	877	1,124
Increase due to mergers between consolidated and non-consolidated subsidiaries	—	118
Increase from reduction of consolidated subsidiaries accompanying changes in scope of consolidation	0	—
Fluctuations other than stockholders' equity in the period (net)	(242)	4,544
Total fluctuation in the period	12,766	10,681
Balance at end of period	282,145	292,826

4. Consolidated Cash Flows Statement

(Units: millions of yen)

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
Cash flows from operating activities		
Income before income taxes	38,195	10,764
Depreciation	17,820	18,282
(Gain) loss from the sale of investment securities	—	(1,343)
Reversal of reserve for legal actions	—	(802)
Loss on impaired assets	688	17,392
Loss on contracts	2,863	—
(Gain) loss on valuation of investment securities	2,166	—
Amount amortized for prior service cost	706	—
Interest and dividend income	(953)	(2,377)
Interest expenses	1,652	2,097
(Increase) decrease in notes and accounts receivable	(30,305)	6,025
(Increase) decrease in inventories	(14,485)	12,702
Increase (decrease) in notes and accounts payable	21,159	(44,837)
Other	3,538	3,602
Subtotal	**43,045**	**21,506**
Interest and dividends received	1,438	2,240
Interest expenses	(1,660)	(2,038)
Payments for income taxes	(19,514)	(19,047)
Net cash provided by operating activities	**23,309**	**2,660**
Cash flows from investing activities		
Acquisition costs associated with fixed assets	(24,227)	(22,052)
Proceeds from sale of securities	768	1,362
Other	788	1,029
Net cash used in investing activities	**(22,671)**	**(19,660)**

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
Cash flows from financing activities		
Net increase (decrease) in short-term loans	6,246	16,393
Increase (decrease) in the amount of commercial paper	—	10,000
Proceeds from long-term debt	27,213	15,416
Repayments for long-term debt	(4,416)	(44,429)
Cash dividends paid	(7,354)	(6,120)
Payment of dividends to minority stockholders	(49)	(426)
Other	(1,763)	(2,263)
Net cash used in financing activities	**19,879**	**(11,428)**
Effect of exchange rate changes on cash and cash equivalents	(649)	2,073
Net increase (decrease) in cash and cash equivalents	19,867	(26,356)
Cash and cash equivalents at beginning of year	**51,700**	**72,376**
Increase due to new consolidated companies	809	327
Increase in cash and cash equivalents due to mergers between consolidated and non-consolidated subsidiaries	—	128
Decrease due to exclusion of previously consolidated entities	(0)	—
Cash and cash equivalents at end of year	**72,376**	**46,476**

5. Items of Special Note Concerning the Consolidated Financial Statements

(Significant Events or Conditions that Question the Premise of a Going Concern)

No events or conditions are noted.

(Changes to Accounting Estimates and Changes to Accounting Policies that are Difficult to Differentiate)

In accordance with the revisions to the Corporation Tax Act, the Group and its domestic consolidated subsidiaries have used the post-revision depreciation method for tangible fixed assets as of the first quarter of the current consolidated fiscal year under review. This only applies to those tangible fixed assets acquired after April 1, 2012.

The impact of this change on the profit and loss figures for the current consolidated fiscal year under review is negligible.

(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 Group's Board of Directors periodically deliberates over such matters 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 equipment
Precision Machinery	Plastic injection molding machines, film forming machines, semiconductor production equipment, laser processing systems, cryocoolers, precision positioning equipment, 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

Previous Full Year *(April 1, 2011, to March 31, 2012)*

(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	93,206	144,145	158,942	80,683	58,111	80,116	615,202	8,898	624,100	—	624,100
(2) Internal sales between segments or exchanges	2,310	1,416	18	321	90	607	4,763	2,886	7,649	(7,649)	—
Total	95,516	145,561	158,960	81,004	58,201	80,723	619,965	11,784	631,749	(7,649)	624,100
Segment profit[3]	4,238	12,507	8,293	9,499	10,935	6	45,478	1,631	47,109	25	47,135
Segment assets	104,660	144,859	143,153	59,344	79,266	60,241	591,524	45,599	637,123	54,718	691,841
Other categories											
Depreciation expense	3,750	5,063	3,929	1,536	2,081	1,026	17,385	435	17,820	—	17,820
Increase in tangible and intangible assets	7,516	3,488	5,901	825	924	853	19,508	175	19,682	—	19,682

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. “Other” represents businesses that are not included in the other reporting segments. 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.

Current Full Year ***(April 1, 2012, to March 31, 2013)***

(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	91,174	139,218	152,773	69,649	46,013	78,584	577,410	8,460	585,871	—	585,871
(2) Internal sales between segments or exchanges	2,113	1,733	23	239	86	501	4,694	2,873	7,567	(7,567)	—
Total	93,287	140,951	152,796	69,888	46,099	79,084	582,105	11,333	593,437	(7,567)	585,871
Segment profit[3]	2,767	7,665	6,132	5,358	2,366	5,575	29,862	1,361	31,224	64	31,288
Segment assets	106,582	138,072	158,186	46,383	52,848	61,533	563,604	49,006	612,611	35,113	647,724
Other categories											
Depreciation expense	4,272	5,137	4,526	1,419	1,663	913	17,930	353	18,282	—	18,282
Increase in tangible and intangible assets	7,395	6,516	12,983	1,198	692	743	29,527	362	29,888	—	29,888

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. "Other" represents businesses that are not included in the other reporting segments. 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.

(Per Share Information)

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
Net assets per share	454.43 yen	470.69 yen
Net income per share	31.75 yen	9.56 yen
	Note that EPS adjusted for full dilution is not presented because there are no residual shares.	

The basis for calculation of net income per share is as follows:

	Previous Full Year April 1, 2011 to March 31, 2012	Current Full Year April 1, 2012 to March 31, 2013
Net income for the period	19,492 million yen	5,865 million yen
Value not attributable to common stockholders	—	—
Net income for common stock	19,492 million yen	5,865 million yen
Average number of outstanding shares for the term	613,953,000 shares	613,696,000 shares

(Subsequent Events of Significant Importance)

No events are noted.

6. Orders Received, Sales, and Balance of Orders Received, by Segment

Orders Received

(Units: millions of yen)

Segment	April 1, 2011 to March 31, 2012		April 1, 2012 to March 31, 2013		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Machinery Components	95,082	16.6	89,176	16.2	(5,906)	(6.2)
Precision Machinery	143,918	25.2	134,406	24.4	(9,511)	(6.6)
Construction Machinery	162,359	28.4	151,195	27.4	(11,164)	(6.9)
Industrial Machinery	69,607	12.2	63,631	11.6	(5,976)	(8.6)
Ships	6,721	1.2	12,258	2.2	5,537	82.4
Environmental Facilities & Plants	85,006	14.9	91,364	16.6	6,358	7.5
Others	8,594	1.5	8,662	1.6	68	0.8
Total	571,285	100.0	550,691	100.0	(20,594)	(3.6)

Sales

(Units: millions of yen)

Segment	April 1, 2011 to March 31, 2012		April 1, 2012 to March 31, 2013		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Machinery Components	93,206	14.9	91,174	15.6	(2,033)	(2.2)
Precision Machinery	144,145	23.1	139,218	23.8	(4,927)	(3.4)
Construction Machinery	158,942	25.5	152,773	26.1	(6,168)	(3.9)
Industrial Machinery	80,683	12.9	69,649	11.9	(11,034)	(13.7)
Ships	58,111	9.3	46,013	7.8	(12,098)	(20.8)
Environmental Facilities & Plants	80,116	12.9	78,584	13.4	(1,532)	(1.9)
Others	8,898	1.4	8,460	1.4	(438)	(4.9)
Total	624,100	100.0	585,871	100.0	(38,230)	(6.1)

Balance of Orders Received

(Units: millions of yen)

Segment	End of Full Year As of March 31, 2012		End of Full Year As of March 31, 2013		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Machinery Components	29,548	9.7	27,551	10.2	(1,998)	(6.8)
Precision Machinery	60,713	19.9	55,901	20.7	(4,812)	(7.9)
Construction Machinery	26,167	8.6	24,588	9.1	(1,579)	(6.0)
Industrial Machinery	68,092	22.3	62,073	23.0	(6,019)	(8.8)
Ships	44,450	14.5	10,695	3.9	(33,755)	(75.9)
Environmental Facilities & Plants	74,820	24.5	87,601	32.4	12,781	17.1
Others	1,638	0.5	1,840	0.7	202	12.3
Total	305,426	100.0	270,249	100.0	(35,179)	(11.5)