

# Sumitomo Heavy Industries, Ltd.

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## SECOND QUARTER CONSOLIDATED FINANCIAL REPORT

For the Six-Month Period from April 1 to September 30, 2015

*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 Second Quarter Ended September 30, 2015**  
 Presented October 29, 2015

**Sumitomo Heavy Industries, Ltd.**

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Scheduled reporting date for quarterly report	November 6, 2015
Scheduled date of payment of cash dividends	December 1, 2015
Availability of supplementary explanations for quarterly financial statement	Yes
Holding of meeting to explain quarterly financial statement	Yes (for analysts)

**1. FY 2015 Second Quarter Consolidated Results (April 1, 2015, to September 30, 2015)**

**(1) Business Results**

(Units: millions of yen)

	Second Quarter April 1 to September 30, 2015		Previous Second Quarter April 1 to September 30, 2014	
		% change		% change
Net sales	322,517	5.3	306,329	12.2
Operating income	18,372	(7.9)	19,946	138.3
Ordinary income	16,815	(15.9)	20,001	155.4
Net income attributed to shareholders of the parent company	11,458	(6.7)	12,279	263.7
Net income per share (yen)	18.69		20.03	
Fully diluted net income per share (yen)	—		—	

Note: Comprehensive income

Fiscal quarter ended September 30, 2015: 10,272 million yen (57.8%)

Fiscal quarter ended September 30, 2014: 6,509 million yen (-65.1%)

**(2) Financial Position**

(Units: millions of yen)

	End of Second Quarter As of September 30, 2015	End of Previous Full Year As of March 31, 2015
Total assets	761,821	786,027
Shareholders' equity	372,107	365,101
Equity ratio (%)	48.3	45.8

Reference: Equity

Fiscal quarter ended September 30, 2015: 367,652 million yen

Fiscal year ended March 31, 2015: 360,079 million yen

**2. Dividends**

(Units: yen)

	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2016 (forecast)
Annual dividends per share			
First quarter	—	—	
Second quarter	5.00	7.00	
Third quarter	—		—
End of term	7.00		7.00
Annual dividends	12.00		14.00

Note: Changes from the most recent dividend forecast: None

**3. FY 2015 Consolidated Forecasts (April 1, 2015, to March 31, 2016)**

(Units: millions of yen)

	Full Year April 1, 2015, to March 31, 2016	
		% change
Net sales	690,000	3.4
Operating income	46,000	0.0
Ordinary income	43,000	(4.7)
Net income attributed to shareholders of the parent company	27,000	10.9
Projected net income per share (yen)	44.05	

Note: Changes from the most recent consolidated forecast: Yes

## 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: None
- Excluded from consolidation: None
- (2) Special accounting measures applied in the quarterly consolidated financial report: None
- (3) Changes to accounting policies, changes to accounting estimates, and restatements
- (i) Changes to accounting policies resulting from revisions to accounting standards, etc.: Yes
- (ii) Changes other than (i): None
- (iii) Changes to accounting estimates: None
- (iv) Restatements: None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at end of fiscal period (including treasury stock):
- |                          |                    |
|--------------------------|--------------------|
| As of September 30, 2015 | 614,527,405 shares |
| As of March 31, 2015     | 614,527,405 shares |
- (ii) Amount of treasury stock at end of fiscal period
- |                          |                  |
|--------------------------|------------------|
| As of September 30, 2015 | 1,606,797 shares |
| As of March 31, 2015     | 1,495,994 shares |
- (iii) Average number of shares during fiscal period (cumulative quarterly period)
- |                          |                    |
|--------------------------|--------------------|
| As of September 30, 2015 | 612,973,689 shares |
| As of September 30, 2014 | 613,189,548 shares |

### Recording of Implementation Conditions regarding Quarterly Review Procedures

This quarterly financial summary does not fall within the scope of the Quarterly Review Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the quarterly financial summary, the Group was in the process of implementing the quarterly review procedures for its quarterly financial statements.

### 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 because of 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 *Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates* in the *Supplementary Materials* on page 8.

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## 1. Qualitative Information regarding Current Quarterly Consolidated Business Performance

### (1) Explanation of Business Performance

The Japanese economy during the second quarter of the current consolidated fiscal year under review saw a softening of the gentle recovery that was seen in the previous quarter due to several competing factors. For example, although the employment and wage environment showed signs of improvement, this did not lead to a recovery in personal consumption levels due to rising prices. Another example is in the area of capital investment where an improvement in the financial performance of corporations resulted in an upwards trend but the pace of this trend was suppressed by stagnant export levels. Outside of Japan, the Eurozone continued to indicate signs of a gentle recovery, while sustained recovery in the U.S. market was undermined by slow growth in capital investment levels. Moreover, the slowdown of the Chinese economy became more apparent, which also resulted in a slowdown in the pace of growth of other emerging market economies, and increased the risk of weakened currencies. As a result, the condition of the overall global economy remained very stagnant.

Under these conditions, orders increased in the Industrial Machinery and Precision Machinery segments while orders fell in the Ships and Construction Machinery segments. In overall terms, the Group posted an order figure of JPY356.3 billion, a 3% decrease as compared to the same period last year (hereinafter referred to as the "previous term"). With regard to sales, all segments of the Group, in particular the Precision Machinery segment grew as compared to the previous term. In total, the Group posted a figure of JPY322.5 billion, a 5% increase as compared to the previous term.

Turning to income, the Precision Machinery segment showed signs of improvement while profit levels fell in the Construction Machinery segment. As a result, operating income was JPY18.4 billion, an 8% decrease as compared to the previous term, and ordinary income was JPY16.8 billion, a 16% decrease as compared to the previous term. Quarterly net income attributed to shareholders of the parent company also decreased by 7% as compared to the previous term to finish at JPY11.5 billion.

Conditions in each business segment of the Group were as follows:

#### 1. Machinery Components

Despite a slowdown in the Chinese market, a strong showing from the domestic and North American markets resulted in an increase in both orders and sales as compared to the previous term in this segment. In actual figures, the segment received orders worth JPY54.0 billion, a gain of 5% as compared to the previous term, and posted sales of JPY52.3 billion, a gain of 8% as compared to the previous term. Further, the segment posted operating income of JPY3.6 billion.

#### 2. Precision Machinery

With respect to plastics machinery, while the strong IT-related demand from the Asian markets slowed, the domestic, Eurozone and North American markets trended positively. Consequently, both orders and sales figures showed improvements as compared to the previous term. In other product areas, while orders for the segment's semiconductor-related products fell as compared to the previous term, sales improved. In actual figures, the segment received orders worth JPY75.0 billion, a gain of 4% as compared to the previous term, and posted sales of JPY75.5 billion, a gain of 7% as compared to the previous term. Further, the segment posted operating income of JPY9.4 billion.

#### 3. Construction Machinery

The hydraulic excavator business saw a drop in both orders and sales as compared to the previous term mainly due to the significant drop in demand from the Chinese market, and the slowdown in demand from the domestic market because customers rushed to place orders in the previous fiscal year ahead of the implementation of new emission regulations. In the mobile crane business, orders fell as compared to the previous term mainly due to the delayed recovery of oil-related demand from the North American market, while sales increased. In actual figures, the segment received orders worth JPY93.7 billion, a fall of 8% as compared to the previous term, and posted sales of JPY98.3 billion, a gain of 1% as compared to the previous term. Further, the segment posted operating income of JPY2.2 billion.

#### 4. Industrial Machinery

In this segment, the material handling business was boosted by strong demand from the domestic shipbuilding sector, while the turbine business was boosted by demand from the overseas power generation sector. Elsewhere in the segment, the industrial equipment business successfully won an order for a proton cancer therapy equipment. As a result, orders across the segment increased as compared to the previous term. Sales also improved as compared to the previous term buoyed by the material handling business and the turbine business. In actual figures, the segment received orders worth JPY47.5 billion, a gain of 29% as compared to the previous term, and posted sales of JPY34.9 billion, a gain of 4% as compared to the previous term. Further, the segment posted operating income of JPY2.6 billion.

#### 5. Ships

The segment received orders for two new vessels, a reduction of three vessels as compared to the previous term. With regard to sales, one vessel was handed over, mirroring the one vessel that was handed over in the previous term. In actual figures, the segment received orders worth JPY18.6 billion, a fall of 42% as compared to the previous term, and posted sales of JPY13.0 billion, a gain of 13% as compared to the previous term. Further, the segment posted an operating loss of JPY0.0 million.

#### 6. Environmental Facilities & Plants

Despite receiving orders for boilers from the overseas IPP (Independent Power Producers) sector and the domestic power generation sector, overall orders in the energy plant business fell as compared to previous term, mainly due to low level of orders received. On the other hand, orders in the water treatment plant business increased as compared to the previous term as a result of receiving an order on a large-scale refurbishment project. Sales also increased as compared to the previous term as boiler-related construction projects for the power generation sector progressed further towards completion. In actual figures, the segment received orders worth JPY63.0 billion, a fall of 5% as compared to the previous term, and posted sales of JPY42.7 billion, a gain of 6% as compared to the previous term. Further, the segment posted an operating loss of JPY100 million.

#### 7. Other

In this segment, orders dropped while sales increased as compared to the previous term. In actual figures, the segment received orders worth JPY4.4 billion, a fall of 19% as compared to the previous term, and posted sales of JPY5.7 billion, a gain of 48% as compared to the previous term. Further, the segment posted operating income of JPY700 million.

### (2) Explanation of the Group's Consolidated Financial Position

#### 1. Condition of Assets, Liabilities, and Net Assets

Total assets at the end of the second quarter of the current consolidated fiscal year under review (ended September 30, 2015) amounted to JPY761.8 billion, a decrease of JPY24.2 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to the JPY7.7 billion decrease in trade notes and accounts receivable and the JPY30.0 billion decrease in marketable securities outstripping the JPY17.0 billion increase in inventory assets.

Total liabilities fell to JPY389.7 billion, a decrease of JPY31.2 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to decreases of JPY8.2 billion in trade notes and accounts payable, JPY11.6 billion in the balance of interest-bearing liabilities, and JPY11.5 billion in current liabilities.

Net assets increased by JPY7.0 billion as compared to the end of the previous consolidated fiscal year to JPY372.1 billion. This was mainly due to the JPY8.0 billion increase in retained earnings.

As a result of the above, the shareholders' equity ratio improved by 2.5% from the end of the previous consolidated fiscal year to finish at 48.3%.

#### 2. Cash Flow Condition

Cash flow used for operating activities totaled JPY7.8 billion (as compared to an inflow of JPY31.9 billion in the previous term). When broken down, the main components of the proceeds were JPY16.6 billion in quarterly net income before tax and other adjustments, and the JPY8.8 billion reduction in trade receivables. The main sources of the outflow of cash were the JPY17.2 billion increase in inventory assets and the JPY10.9 billion payment of corporate and other taxes.

Cash flow used for investing activities totaled JPY8.2 billion, as compared to an outflow of JPY5.1 billion during the previous term. This was mainly due to the JPY10.0 billion used to acquire fixed assets.

Cash flow used for financing activities totaled JPY17.5 billion, as compared to an outflow of JPY17.5 billion in the previous term. The outflow of cash was mainly used to repay outstanding debts in the amount of JPY12.2 billion (after netting out the inflow from debts repaid) and to make dividend payments in the amount of JPY4.3 billion.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year under review totaled JPY57.7 billion, a decrease of JPY32.7 billion as compared to the end of the previous consolidated fiscal year.

### **(3) Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates**

The consolidated earnings forecast for the full-year ending March 31, 2016 that was previously released in conjunction with the Financial Report dated May 8, 2015 has been revised as follows:

(Full-Year Ending March 31, 2016)

(Units: millions of yen)

	Previous Forecast (A)	Current Forecast (B)	Increase or Decrease (B-A)	Percent Increase or Decrease (%)	Previous Year Performance (for reference)
Net sales	700,000	690,000	(10,000)	(1.4)	667,099
Operating income	52,500	46,000	(6,500)	(12.4)	45,998
Ordinary income	50,000	43,000	(7,000)	(14.0)	45,113
Net income attributed to shareholders of the parent company	30,000	27,000	(3,000)	(10.0)	24,348
Projected net income per share (yen)	48.94	44.05	—	—	39.71

Sustained stagnant conditions are expected with regard to the future outlook of the global economy, mainly driven by the clear economic slowdown of the Chinese economy, and the subsequent slowdown in other emerging market economies, as well as the increased risk of currency weakness.

Under this type of operating environment, operating income of the Construction Machinery segment (excavators) is expected to worsen as compared to the previous forecast (released on May 8, 2015) due to the reduction in sales, especially in China.

As a result of the above, the consolidated earnings forecast for the full-year ending March 31, 2016 that was previously released on May 8, 2015 has been revised downwards with respect to net sales, operating income, ordinary income, and net income attributed to shareholders of the parent company.

Please note that from the third quarter of the current consolidated fiscal year, the main exchange rates are assumed to be USD1 = JPY120 and EUR1 = JPY135.

## 2. Notes regarding Summarized Information (Explanatory Notes)

### (1) Changes Involving Important Subsidiaries during the Current Consolidated Year-to-Date Quarterly Period

There are no applicable items.

### (2) Special Accounting Procedures Adopted during the Development of the Quarterly Consolidated Financial Report

There are no applicable items.

### (3) Changes to Accounting Policies, Changes to Accounting Estimates, and Restatements

(Changes to Accounting Policies)

With regard to the “Revised Accounting Standards for Business Combination” (Accounting Standards Board of Japan (ASBJ) Accounting Standard – ASBJ Statement No. 21 dated September 13, 2013; hereinafter referred to as the “Revised Business Combination Accounting Standards”), the “Revised Accounting Standard for Consolidated Financial Statements” (Accounting Standards Board of Japan (ASBJ) Accounting Standard – ASBJ Statement No. 22 dated September 13, 2013; hereinafter referred to as the “Revised Consolidated Financial Statements Accounting Standards”), and the “Revised Accounting Standards for Business Divestitures” (Accounting Standards Board of Japan (ASBJ) Accounting Standard – ASBJ Statement No. 7 dated September 13, 2013; hereinafter referred to as the “Revised Business Divestitures Accounting Standards”) have been adopted from the first quarter of the current consolidated fiscal year under review. Where control of certain subsidiaries continues under the new accounting standards, the differential change in equity of the Group is reported as additional paid-in capital. In addition, a change was made to account for acquisition-related costs as an expense item in the consolidated fiscal year where such costs were incurred.

Further, with regard to business combinations executed after the beginning of the first quarter of the current consolidated fiscal year under review, the allotted acquisition cost resulting from the provisional accounting of the item will now be reflected in the quarterly consolidated financial report for the quarter in which the business integration is completed. Moreover, the way in which quarterly net income is denoted has been changed, and the term minority interest has been changed to non-controlling interests. In order to reflect such changes, the quarterly consolidated financial statements and the full consolidated year financial statements for the previous second quarter and previous consolidated fiscal year have been reclassified.

From the second quarter of the current consolidated fiscal year under review, the purchase or sale of subsidiary shares that do not result in a change to the scope of consolidation has been included under the heading, “Cash Flow from Financing Activities” in the quarterly consolidated cash flow statement. In addition, expenses associated with the acquisition of subsidiary shares that result in a change in the scope of consolidation as well as the expenses associated with the purchase or sale of subsidiary shares that do not result in a change to the scope of consolidation are now categorized under the heading of “Cash Flow from Operating Activities”.

The implementation of the Revised Business Combination Accounting Standards has been carried out in accordance with Article 58-2(4) of the Revised Business Combination Accounting Standards, Article 44-5(4) of the Revised Consolidated Financial Statements Accounting Standards, and Article 57-4(4) of the Revised Business Divestitures Accounting Standards which allow for transitional treatment. The new standards have been adopted from the first quarter of the current consolidated fiscal year under review and will be utilized on a go-forward basis.

Please note that the impact of this change to the quarterly consolidated financial statements for the second quarter of the current consolidated fiscal year under review is negligible.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Units: millions of yen)

	End of Previous Fiscal Year As of March 31, 2015	End of Second Quarter As of September 30, 2015
	Amount	Amount
<b>Assets</b>		
Cash and deposits	57,423	54,708
Notes and accounts receivable	194,916	187,210
Marketable securities	35,000	5,000
Inventory assets	153,835	170,882
Other	52,028	52,804
Allowance for doubtful accounts	(1,202)	(1,129)
<b>Current assets</b>	<b>492,000</b>	<b>469,475</b>
Land	108,749	108,859
Other (net)	119,553	121,601
Total tangible assets	228,302	230,460
Other	9,333	9,252
Total intangible assets	9,333	9,252
Other	58,576	55,781
Allowance for doubtful accounts	(2,184)	(3,148)
Investments and other assets	56,392	52,633
<b>Fixed assets</b>	<b>294,027</b>	<b>292,346</b>
<b>Total assets</b>	<b>786,027</b>	<b>761,821</b>

(Units: millions of yen)

	End of Previous Fiscal Year As of March 31, 2015	End of Second Quarter As of September 30, 2015
	Amount	Amount
<b>Liabilities</b>		
Notes and accounts payable	140,436	132,190
Short-term bank loans	42,110	39,360
Long-term loans due within one year	15,201	12,121
Allowance	14,351	14,240
Other	100,673	89,141
<b>Current liabilities</b>	<b>312,771</b>	<b>287,051</b>
Bonds	10,000	10,000
Long-term debt due after one year	16,333	10,571
Allowance	203	204
Defined benefit liability	46,162	45,486
Deferred income taxes on revaluation	22,293	22,196
Other	13,163	14,206
<b>Total fixed liabilities</b>	<b>108,155</b>	<b>102,663</b>
<b>Total liabilities</b>	<b>420,926</b>	<b>389,714</b>
<b>Net assets</b>		
Common stock	30,872	30,872
Capital surplus	23,789	23,789
Retained earnings	239,815	247,791
Treasury stock	(764)	(839)
<b>Total shareholders' equity</b>	<b>293,712</b>	<b>301,612</b>
Unrealized gains on securities	5,437	3,611
Profit (loss) on deferred hedge	(2,229)	(2,069)
Revaluation reserve for land	40,476	40,775
Foreign currency translation adjustments	26,641	28,131
Re-measurement of defined benefit plans	(3,957)	(4,408)
<b>Total accumulated other comprehensive income</b>	<b>66,367</b>	<b>66,040</b>
<b>Non-controlling interest</b>	<b>5,022</b>	<b>4,455</b>
<b>Total net assets</b>	<b>365,101</b>	<b>372,107</b>
<b>Total liabilities and net assets</b>	<b>786,027</b>	<b>761,821</b>

**(2) Consolidated Income Statements and Consolidated Statement of Comprehensive Income**
**Consolidated Income Statements**

(Units: millions of yen)

	Previous Second Quarter April 1, 2014, to September 30, 2014	Present Second Quarter April 1, 2015, to September 30, 2015
	Amount	Amount
Net sales	306,329	322,517
Cost of sales	236,766	249,553
Gross income	69,563	72,965
Selling, general & administrative expenses	49,616	54,593
Operating income	19,946	18,372
Non-operating income		
Interest income	212	249
Dividend income	448	381
Investment gain on equity method	963	1,002
Other	1,612	753
Total non-operating income	3,235	2,386
Non-operating expenses		
Interest expense	1,127	1,020
Other	2,054	2,922
Total non-operating expenses	3,181	3,943
Ordinary income	20,001	16,815
Extraordinary losses		
Loss on impaired assets	257	199
Total extraordinary losses	257	199
Income before income taxes	19,744	16,616
Corporate income taxes	7,117	5,827
Net income	12,627	10,789
Net income (or loss) attributable to non-controlling interests	348	(670)
Net income attributed to shareholders of the parent company	12,279	11,458

**Consolidated Statement of Comprehensive Income**

(Units: millions of yen)

	Previous Second Quarter April 1, 2014, to September 30, 2014	Present Second Quarter April 1, 2015, to September 30, 2015
	Amount	Amount
Net income	12,627	10,789
Other comprehensive income		
Unrealized gains on securities	243	(1,874)
Profit (loss) on deferred hedge	(852)	211
Revaluation reserve for land	—	55
Foreign currency translation adjustments	(5,588)	1,545
Adjustment to retirement benefits	82	(454)
Amount applied for equity method accounting of affiliates	(4)	2
Total other comprehensive income	(6,118)	(516)
Comprehensive income	6,509	10,272
(Breakdown)		
Comprehensive income relating to parent company shareholdings	6,410	10,887
Comprehensive income relating to non- controlling interests	98	(614)

**(3) Notes regarding Consolidated Quarterly Financial Statements  
(Notes on Premise of a Going Concern)**

There are no applicable items.

**(Notes regarding Significant Fluctuations to Shareholders' Equity)**

There are no applicable items.

**(Subsequent Events of Significant Importance)**

There are no applicable items.

## 4. Supplementary Information

### (1) Orders, Sales and Operational Profit, and Balance of Orders by Segment

#### Orders Received

(Units: millions of yen)

Segment	April 1, 2014, to September 30, 2014	April 1, 2015, to September 30, 2015	Y/Y Change	
	Amount	Amount	Amount	%
Machinery Components	51,360	54,033	2,673	5.2
Precision Machinery	71,917	75,013	3,096	4.3
Construction Machinery	101,557	93,746	(7,811)	(7.7)
Industrial Machinery	36,975	47,532	10,557	28.6
Ships	32,072	18,599	(13,473)	(42.0)
Environmental Facilities & Plants	66,250	63,029	(3,221)	(4.9)
Other	5,414	4,389	(1,025)	(18.9)
Total	365,545	356,341	(9,204)	(2.5)

#### Sales and Operational Profit

(Units: millions of yen)

Segment	April 1, 2014, to September 30, 2014		April 1, 2015, to September 30, 2015		Y/Y Change	
	Sales	Operational Profit	Sales	Operational Profit	Sales	Operational Profit
Machinery Components	48,408	3,439	52,332	3,567	3,924	129
Precision Machinery	70,815	6,582	75,483	9,385	4,668	2,802
Construction Machinery	97,739	7,366	98,342	2,205	603	(5,162)
Industrial Machinery	33,673	1,915	34,945	2,601	1,272	686
Ships	11,536	(1,136)	13,003	(3)	1,467	1,132
Environmental Facilities & Plants	40,327	818	42,737	(88)	2,410	(905)
Other	3,829	1,022	5,675	736	1,846	(286)
Adjustments	—	(60)	—	(31)	—	29
Total	306,329	19,946	322,517	18,372	16,189	(1,575)

**Balance of Orders Received**

(Units: millions of yen)

Segment	End of Previous Fiscal Year As of March 31, 2015	End of Second Quarter As of September 30, 2015	Change	
	Amount	Amount	Amount	%
Machinery Components	31,571	33,272	1,701	5.4
Precision Machinery	50,069	49,599	(470)	(0.9)
Construction Machinery	32,552	27,957	(4,596)	(14.1)
Industrial Machinery	94,030	106,617	12,587	13.4
Ships	64,904	70,499	5,595	8.6
Environmental Facilities & Plants	115,342	135,634	20,292	17.6
Other	3,987	2,701	(1,286)	(32.2)
<b>Total</b>	<b>392,455</b>	<b>426,279</b>	<b>33,824</b>	<b>8.6</b>

The Group's operating segments are categorized as follows:

Businesses	Main Products
Machinery Components	Power transmission and control equipment
Precision Machinery	Plastics machinery, film forming machines, semiconductor production equipment, laser processing systems, cryogenic equipment, precision positioning equipment, precision forgings, control components, defense equipment, machining tools
Construction Machinery	Hydraulic excavators, mobile cranes, road machinery
Industrial Machinery	Ion accelerators, medical machines and equipment, plasma coating systems for FPDs, forging press 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, mixing vessels, air-conditioning equipment, food processing machinery

**(2) (Summary) Consolidated Cash Flows Statement**

(Units: millions of yen)

	Previous Second Quarter April 1, 2014 to September 30, 2014	Present Second Quarter April 1, 2015, to September 30, 2015	Y/Y Change
Income before income taxes	19,744	16,616	(3,128)
Depreciation	8,012	9,556	1,544
(Increase) decrease in notes and accounts receivable	24,708	8,797	(15,911)
(Increase) decrease in inventories	(14,506)	(17,206)	(2,700)
Increase (decrease) in notes and accounts payable	6,779	(8,846)	(15,625)
Payments for income taxes	(11,279)	(10,928)	351
Other	(1,520)	(5,760)	(4,239)
Net cash provided by operating activities	31,937	(7,772)	(39,709)
Payments for purchases of property, plant, and equipment	(7,446)	(9,973)	(2,528)
Other	2,338	1,817	(521)
Net cash used in investing activities	(5,107)	(8,156)	(3,048)
Net increase (decrease) in short-term loans	(14,099)	(12,249)	1,849
Cash dividends paid	(2,466)	(4,290)	(1,824)
Other	(933)	(986)	(54)
Net cash used in financing activities	(17,497)	(17,526)	(29)
Other	(978)	802	1,780
Cash and cash equivalents at beginning of period	76,418	90,324	13,906
Cash and cash equivalents at end of period	84,772	57,672	(27,101)