(Translation)

Sumitomo Heavy Industries, Ltd.

119th Ordinary General Meeting of Shareholders
Information Disclosed on the Website
Fiscal Year 2014 (April 1, 2014 through March 31, 2015)

Among the documents provided to the shareholders at the time of the notice of the 119th Ordinary General Meeting of Shareholders, the Notes to the Consolidated Financial Statements and the Notes to Financial Statements are only published on our website (http://www.shi.co.jp) in accordance with the applicable rules and regulations and Article 16 of the Articles of Incorporation.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	**Capital Surplus**	**Retained Earnings**	**Treasury Stock**	**Total Shareholders' Equity**
Balance at April 1, 2014	**30,872**	**23,789**	**221,101**	**-632**	**275,130**
Cumulative effects of changes in accounting policies			-1,475		-1,475
Restated balance	30,872	23,789	219,626	-632	273,655
Changes in the period					
Dividends from surplus			-5,519		-5,519
Net income			24,348		24,348
Acquisition of treasury stock				-135	-135
Disposal of treasury stock			0	3	3
Increase due to transfer of revaluation difference on land			72		72
Increase due to inclusion of consolidated subsidiaries from the scope of consolidation			1,287		1,287
Changes in items other than owners' equity in the period (net)					
Total changes in the period	**—**	**—**	**20,189**	**-132**	**20,057**
Balance at March 31, 2015	**30,872**	**23,789**	**239,815**	**-764**	**293,712**

	Accumulated other comprehensive income						**Minority Interests**	**Total**
	Unrealized Holding Gains/ Losses on Other Securities	Gains/ Losses on Deferred Hedge	Revaluation Difference on Land	Foreign Exchange Translation Adjustments	Re-measurement of defined benefit plans	**Sub-Total**		
Balance at April 1, 2014	**3,753**	**-379**	**38,272**	**11,993**	**-2,336**	**51,304**	**4,626**	**331,059**
Cumulative effects of changes in accounting policies								-1,475
Restated balance	3,753	-379	38,272	11,993	-2,336	51,304	4,626	329,584
Changes in the period								
Dividends from surplus								-5,519
Net income								24,348
Acquisition of treasury stock								-135
Disposal of treasury stock								3
Increase due to transfer of revaluation difference on land								72
Increase due to inclusion of consolidated subsidiaries from the scope of consolidation								1,287
Changes in items other than owners' equity in the period (net)	1,683	-1,850	2,203	14,648	-1,621	15,063	396	15,460
Total changes in the period	**1,683**	**-1,850**	**2,203**	**14,648**	**-1,621**	**15,063**	**396**	**35,516**
Balance at March 31, 2015	**5,437**	**-2,229**	**40,476**	**26,641**	**-3,957**	**66,367**	**5,022**	**365,101**

"English Translation of Financial Statements Originally Issued in the Japanese Language"

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

Notes to Consolidated Financial Statements

(Notes regarding Important Basic Matters for Preparing Consolidated Financial Statements)

1. Matters Related to Scope of Consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 114

Names of major consolidated subsidiaries:

Sumitomo (S.H.I.) Construction Machinery Co., Ltd.
Sumitomo (S.H.I.) Construction Machinery Sales Co., Ltd.
Nihon Spindle Manufacturing Co., Ltd.
Shin Nippon Machinery Co., Ltd.
Sumitomo Heavy Industries Marine & Engineering Co., Ltd.
SEISA Gear, Ltd.
Sumitomo Heavy Industries Material Handling Systems Co., Ltd.
Sumitomo Heavy Industries Environment Co., Ltd.
SEN Corporation
Sumitomo Heavy Industries Process Equipment Co., Ltd.
Sumitomo Heavy Industries PTC Sales Co., Ltd.
Sumiju Environmental Engineering, Inc.
LBX Company, LLC
Sumitomo Machinery Corporation of America
LBCE Holdings, Inc.
Hansen Industrial Transmissions NV
Sumitomo (SHI) Demag Plastics Machinery GmbH
Sumitomo (S.H.I.) Construction Machinery (Tangshan) Co., Ltd.
Sumitomo Heavy Industries (Tangshan), Ltd.

(2) Names, etc., of major non-consolidated subsidiaries:

Name of major non-consolidated subsidiary:

Sumimec Engineering Inc.

Non-consolidated subsidiaries are excluded from the scope of consolidation because the scale of each non-consolidated subsidiary is small, and their total assets, sales, net income or loss (the amount proportional to the relevant equity shares) and retained earnings (the amount proportional to the relevant equity shares) have no significant influence on the consolidated financial statements.

2. Matters Related to Application of Equity Method

(1) Number of non-consolidated subsidiaries or affiliated companies to which the equity method is applied and names of major companies

Number of affiliated companies to which the equity method is applied: 3

Names of major companies:

Sumitomo Nacco Materials Handling Co., Ltd.
Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.

(2) Names, etc., of non-consolidated subsidiaries or affiliated companies to which the equity method is not applied

Name of major company:

Chubu Sumiju Kenki Co., Ltd.

Non-consolidated subsidiaries and affiliated companies excluded from the scope to which the equity method is applied are so excluded because in light of their net income or loss (the amount proportional to the relevant equity shares) and retained earnings (the amount proportional to the relevant equity shares), their exclusion has only a slight influence on the consolidated financial statements and are insignificant as a whole.

3. Matters Related to Accounting Standards

(1) Basis and method of valuation of important assets

1) Marketable securities

Held-to-maturity debt securities:	At amortized cost
Other securities:	
Those with fair market value:	At fair market value at the end of the fiscal year (Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of the net assets. Realized gain on sale of such securities is computed using the moving-average method.)
Those without fair market value:	At cost based on the moving-average method

2) Derivatives: At fair market value

3) Inventories

Work in process:	Principally at cost based on the specific identification method (The balance sheet amount is computed by applying inventory write-downs due to decrease in profitability.)
Finished products, raw materials and supplies:	Principally at cost based on the weighted-average method (The balance sheet amount is computed by applying inventory write-downs due to decrease in profitability.)

(2) Method of depreciation of important depreciable assets

1) Property, plant and equipment (excluding leased assets)
The straight-line method is employed.
The estimated useful lives of the tangible assets are as follows:

Buildings and Structure	10—50 years
Machinery and delivery equipment	5—12 years

2) Intangible fixed assets (excluding leased assets)
The straight-line method is employed.
Software for internal use is depreciated based on its estimated useful life in the Company (5 years).

3) Lease assets
As regards to lease assets related to the finance leases other than those by which ownership is considered to pass to the lessees (“ownership non-transfer finance leases”), the lease period is used as the useful life and the straight-line method with a residual value of zero is employed.
Of the ownership non-transfer finance leases, those, which are not significant, and those, which began on or before March 31, 2008 are accounted for by a method in conformity with the method of accounting for ordinary lease transactions.

(3) Basis for determination of important allowances

1) Allowance for doubtful receivables
In order to provide for possible losses due to uncollectibility of receivables, such allowance is calculated based on historical collection losses incurred in the past. Such allowance for account receivables with default possibility or in bankruptcy or rehabilitation is booked based on an estimation of the uncollectible amount on a case-by-case basis.

2) Allowance for warranty

In order to provide for expenditures for repair work to be performed free of charge after delivery of products, this amount is stated based on the past experience of such repair work actually performed.

3) Allowance for losses on construction contracts

With regard to construction contracts that have not yet been delivered and have a high probability of generating substantial losses at the end of this fiscal year, and where it is possible to reasonably estimate the amount of such losses, the estimated amount of losses to be incurred in the future is provided as an allowance for losses on construction contracts.

4) Allowance for losses on business

Allowance for losses on business is provided at an estimated amount expected to be incurred in the future resulting from the continuation of contracts between subsidiaries and affiliates, and dealers.

5) Allowance for losses on business transfer

Allowance for losses on business transfer is provided at an estimated amount to be incurred in the future in connection with the resort development business transferred.

6) Allowance for compensation for damages

In order to provide for possible losses resulting from implementing compensation for damages, an allowance for compensation for damages is stated at an estimated amount expected to be incurred in the future.

7) Allowance for losses from product liability

Allowance for losses from product liability is provided at an estimated amount of product liabilities to be incurred related to the crane business of overseas subsidiaries.

(4) Standard for recognition of retirement benefit liability

1) Period allocation of expected retirement benefits to be incurred

In calculating the retirement benefit obligations, the straight-line attribution is used to allocate the projected retirement benefits to the years of service up to the end of the consolidated fiscal year under review.

2) Recognition method for actuarial gains/losses and prior service cost

The prior service cost is recognized by the straight-line method over a certain period within the average remaining service years of employees at the time of recognition.

Actuarial gains/losses are recognized mainly in expenses based on the straight-line method over a period within the average remaining service years of employees at the time of recognition of each fiscal year, commencing with the year following their fiscal year.

(5) Standards for recognition of income and expenses

The percentage-of-completion method has been applied for construction work for which the completion of a certain percentage of the entire work is clearly recognizable by the balance sheet date for the year under review (percentage of completion is estimated by the cost proportion method) and the completed-contract method has been applied for other contracts.

(6) Method of important hedge accounting

1) Method of hedge accounting

Deferred hedge accounting is employed.

However, with regard to interest-rate swaps that meet the requirements for exceptional accounting (“*tokurei-shori*”), exceptional accounting is employed.

With regard to forward exchange contracts that meet the requirements for deferral hedge accounting (“*furiate-shori*”), deferral hedge accounting is employed.

2) Means of hedging and hedged items

Means of hedging	Hedged items
Forward exchange contracts	Foreign currency receivables, foreign currency payables and future transactions in foreign currency
Interest-rate swaps	Loans

3) Hedging policy

The purpose of hedging activities is to reduce exchange-rate fluctuation risks and interest-rate fluctuation risks in accordance with the “Market Risks Management Rules” established by the Board of Directors, and the Company makes it a rule to observe the real demand principle and not to conduct speculative trading.

4) Method of evaluation of effectiveness of hedging

By comparing every six months the total of cash flow fluctuations or market fluctuations of the hedged items and the total of cash flow fluctuations or market fluctuations of the means of hedging, and based on the amount of fluctuations, etc., in both the hedged items and the means of hedging, the effectiveness of hedging activities is evaluated. However, the evaluation of effectiveness of hedging is omitted for interest-rate swaps for which exceptional accounting is employed.

(7) Accounting for consumption tax, etc.

Consumption tax and local consumption tax are accounted for by the tax-excluded method.

(8) Adoption of consolidated tax payment system

The Company and some of the consolidated subsidiaries adopt the consolidated tax payment system.

4. Amortization Method for Goodwill and the Amortization Period

Goodwill is equally amortized over 5 years. However, if the amount of goodwill or negative goodwill is small, such amount is fully depreciated at the time of generation.

5. Changes in Important Basic Matters for Preparation of Consolidated Financial Statements

Changes in the scope of consolidation and scope of application of equity method

	Names of Companies	Reasons for Change
Companies that Were Included in the Scope of Consolidation	Shin Nichizo Engineering Co., Ltd.	Increased in importance
	PT. SM-Cyclo Indonesia	Newly established
Companies that Were Excluded from the Scope of Consolidation	Moriyama Company Ltd.	Merged with another consolidated subsidiary
	Sumitomo Heavy Industries Environment (Shanghai) Co., Ltd.	Decreased in importance

6. Change in Manner of Presentation

Presentation method for Equity in net income of unconsolidated subsidiaries and affiliated companies (Consolidated Statement of Income)

"Equity in net income of unconsolidated subsidiaries and affiliated companies," which had been included in "Other – net" of "Other income," has been separately presented for the consolidated fiscal year under review because of the increased significance of the amount. "Equity in net income of unconsolidated subsidiaries and affiliated companies" for the previous consolidated fiscal year was ¥1,201 million.

7. Change in Accounting Policy

(Adoption of Accounting Standards for Retirement Benefits)

From the current consolidated fiscal year under review, the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Accounting Standard—ASBJ Statement No. 26 dated May 17, 2012; hereinafter the "Accounting Standards for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 announced on May 17, 2012; hereinafter the "Guidance on Retirement Benefits") have been adopted with regard to the main clause of Item 35 of the Accounting Standards for Retirement Benefits and the main clause of Item 67 of the Guidance on Retirement Benefits. Accordingly, the methods for calculating retirement benefit obligations and service costs have been revised. The method of attributing expected retirement benefit payments has been changed from the straight-line basis to the retirement benefit formula basis, and the method of determining the discount rate has been changed to a single weighted-average discount rate reflecting the expected timing and amount of the benefit payment.
The Accounting Standards for Retirement Benefits, etc. have been implemented in accordance with Item 37 of the Accounting Standards for Retirement Benefits where transitional treatment is allowed. As such, the amount affected by changes in the methods of calculation of retirement benefit obligations and service costs has been adjusted in retained earnings in the beginning of the consolidated fiscal year under review.
Consequently, defined benefit liability in the beginning of the consolidated fiscal year under review increased ¥1,861 million and retained earnings decreased ¥1,475 million. The effect on consolidated operating income, ordinary income and income before income taxes and minority interests for the consolidated fiscal year under review was minimal.

(Change in Accounting Policy that Is Difficult to Distinguish from the Change in Accounting Estimates)

The Company and its domestic consolidated subsidiaries previously used the declining-balance method for depreciation of property, plant and equipment, except for the buildings acquired on and after April 1, 1998, which were depreciated by the straight-line method. However, from the current consolidated fiscal year, the straight-line method has been adopted instead of the declining-balance method.
This change was made because the Company determined that the straight-line method is a more reasonable expense allocation method that reflects the asset utilization status more appropriately as a result of reviewing the depreciation method, as the Company predicts the stable operation of domestic manufacturing facilities going forward. The review was made with reference to the medium-term management plan with the current consolidated fiscal year as its first year, under which the Company intends to increase resources to be allocated to overseas operational bases to address overseas markets where growth is expected, whereas for domestic operational bases, the Company will shift to investments for the purpose of maintaining a stable manufacturing structure.
Due to this change, consolidated operating income, ordinary income and income before income taxes and minority interests for the consolidated fiscal year under review increased by ¥2,651 million compared with using the conventional method.

(Notes to Consolidated Balance Sheet)

1. Assets Pledged and Liabilities Subject to the Pledge

(1) Assets pledged

	(Millions of yen)
Cash and deposits	35
Buildings and structure	1,002
Land	167
Total	1,204

(2) Liabilities subject to the pledge

	(Millions of yen)
Long-term debt due within one year	22
Long-term debt	55
Guarantee obligations	255
Total	332

2. Accumulated Depreciation of Tangible Fixed Assets: ¥210,872 million

3. Guarantee Obligations, etc.

(1) Obligation to repurchase with the liquidation of notes receivable: ¥2,772 million

(2) Guarantee obligations

With regard to borrowings, etc., of non-consolidated companies from financial institutions, etc., the Company guarantees the obligations.

		(Millions of yen)
Sumitomo Mitsui Finance & Leasing Company Limited	Lease contract-related guarantee for purchase	18,819
IBJ Leasing Company, Limited	Lease contract-related guarantee for purchase	2,125
Mitsubishi UFJ Lease & Finance Company Limited	Lease contract-related guarantee for purchase	1,783
Fuyo General Lease Co., Ltd.	Lease contract-related guarantee for purchase	1,480
Bank of Lanzhou Co., Ltd.	Lease contract-related guarantee for purchase	369
Others (23 lenders)	Lease contract-related guarantee for purchase	2,264
Total		26,841

The above figures include guarantee obligations in foreign currencies of 988 million Chinese yuan (¥19,122 million).

4. Others

On August 5, 2013, the Company received a notice of contract cancellation regarding the Construction Work (specifically only for plant equipment work) for the Kyoto City Incinerated Ash Melting Facility (Provisional Name), of which the Company had received a notice from the City of Kyoto, claiming that the Company’s delivery of said facility by the prefixed delivery deadline had become impossible.
In addition, the City of Kyoto filed a damage lawsuit on March 20, 2014, with the Kyoto District Court, claiming compensation for damages of ¥18,454 million against the Company by reason of the cancellation of a contract.
The Company had petitioned for arbitration to the Central Construction Work Disputes Committee in accordance with the relevant provisions of the contract with the City of Kyoto that, in case of any disputes, a resolution would be pursued via the mediation or arbitration of a Construction Work Disputes Committee under the Construction Business Act. However, the City of Kyoto did not cooperate with us for an amicable solution, thereby ending the arbitration via the Central Construction Work Disputes Committee as of July 31, 2014.
The Company was not able to complete the intended work because the City refused to allow the second

phase trial operation, which is a necessary process as the final stage of construction of the nearly completed equipment; therefore the Company has a right to demand payment of the remaining construction costs under the contract. Therefore, the Company filed a counter lawsuit against the City of Kyoto on August 29, 2014, with the Kyoto District Court, demanding the payment of the remaining construction costs under contract (¥1,399 million unpaid).

The Company is confident that the purported cancellation at a stage before the near completion of the intended work is invalid and therefore that the City of Kyoto's claim of compensation for damages based on such cancellation is groundless. The Company intends to fully insist on the legitimacy of its position regarding this lawsuit.

(Notes to Consolidated Statement of Changes in Net Assets)

1. Class and Number of Issued Shares as of the End of This Fiscal Year

	Number of Shares as of the Beginning of this Fiscal Year	Increase in the Number of Shares from Previous Fiscal Year	Decrease in the Number of Shares from Previous Fiscal Year	Number of Shares as of the End of this Fiscal Year
Issued Shares				
Common Stock	614,527,405	—	—	614,527,405
Total	614,527,405	—	—	614,527,405
Treasury Stock				
Common Stock	1,248,184	253,518	5,708	1,495,994
Total	1,248,184	253,518	5,708	1,495,994

The breakdown of the increase in the number of shares of treasury stock was due to the buyback requests by shareholders holding odd-lot shares. The decrease in the number of shares of treasury stock was due to the top-up request for additional shares of odd-lot stock.

2. Matters Related to Dividends

(1) Amount of dividends paid

Resolution	Class of Shares	Total Dividend Amount (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 27, 2014	Common stock	2,453	4.0	March 31, 2014	June 30, 2014
Meeting of Board of Directors held on October 30, 2014	Common stock	3,065	5.0	September 30, 2014	December 1, 2014
Total		5,519	—		

(2) Among the dividends whose record date falls within this fiscal year, those whose effective date will fall within the next fiscal year, about which the following proposal is scheduled to be made at the Ordinary General Meeting of Shareholders to be held on June 26, 2015.

1) Total amount of dividend ¥4,291 million

2) Dividend per share ¥7.00

3) Record date March 31, 2015

4) Effective date June 29, 2015 (Planned)

The source for the payment of dividends is planned to be retained earnings.

(Notes Regarding Amounts Per Share)

(1) Net asset per share ¥587.37

(2) Net income per share ¥39.71

(Notes Regarding Financial Instruments)

1. Matters Related to Financial Instruments

(1) Policy for handling financial instruments

The Company Group is a comprehensive heavy machinery manufacturer that engages in the manufacture and distribution of power transmission equipment and other machines and equipment. The necessary operating funds and acquiring equipment are procured by bank loans and the issuance of bonds payable. The management of a temporary surplus fund is limited to safe and short-term financial assets. Derivatives are used to hedge risks, which are explained later. The Company Group has a principle that it does not engage in speculative trading.

(2) Components and risks of financial instruments

Trade receivables (i.e., notes and accounts receivable) and long-term loans are exposed to customers' credit risk. Trade receivables denominated in foreign currencies, brought about by the global business development, are exposed to foreign exchange rate fluctuation risk. To hedge the position of net trade receivables and trade payable in foreign currencies, forward exchange contracts and options are used to maintain the position at a constant hedge ratio. Hedge ratios and positions that are not yet hedged are regularly reported to the Board of Directors.

Marketable securities are negotiable certificates of deposit with maturities within three months, which are easily convertible into cash with a slight risk of price fluctuations. Investment securities are mostly transaction-related corporate stocks that are exposed to market price fluctuation risk.

Most trade payables (i.e., notes and accounts payable) are due within one year. Some related to the import of raw materials are denominated in foreign currencies and exposed to foreign exchange rate fluctuation risks, and are hedged using forward exchange contracts.

The main purpose of loans and bonds payable are to procure the necessary operating funds and to supplement the capital investment fund. Among these payables, derivatives (interest-rate swaps) are used to hedge individual contracts for a portion of long-term debt. With regard to the effectiveness of hedging, because the employed interest-rate swaps meet the requirements for exceptional accounting ("*tokurei-shori*"), the evaluation of effectiveness is omitted. Foreign currency denominated loan is exposed to the exchange-rate fluctuation risk.

The Company Group's derivative transactions consist of forward exchange contracts and currency options, which are aimed at hedging the exchange fluctuation risk associated with foreign currency denominated trade receivables/payables, and interest-rate swaps and currency swaps, which are aimed at hedging the interest-rate fluctuation risk associated with the interest paid on loans and the exchange-rate fluctuation risk. For the means of hedging, the hedged items, the hedging policy and the method of evaluation of effectiveness of hedging, please see "Method of important hedge accounting" stated in the aforementioned "Matters Related to Accounting Standards."

(3) Financial instrument-related risk management structure

1) Management of credit risk (risk related to customers' default of contracts)

With regard to domestic contracts and export-related contracts beyond a certain amount, the Company Group conducts a credit check before receiving orders, thereby alleviating concern about the collection of trade receivables. Each business segment conforms to the credit management regulations and manages the due dates of trade receivables and the balance for each counterparty, thereby quickly identifying a collectivity risk.

When using derivatives, the Company Group conducts transactions only with highly rated financial institutions to reduce counterparty risk.

The time deposit–related credit risk is low because the Company Group has time deposits only at highly rated financial institutions with which it has loan transactions in order to reduce redemption risk.

2) Management of market risk (exchange- and interest-rate fluctuation risk)

In compliance with the market risk management regulations that stipulate hedging ratios and the exchange-rate amounts yet to be hedged, etc., the Company hedges exchange-rate fluctuations with respect to its position of net trade receivables and trade payables denominated in foreign currencies. The hedging status is reported to the Board of Directors each month. At those major consolidated subsidiaries that also hold trade receivables and payables in foreign currencies, in conformity with the exchange-rate hedging regulations that stipulate hedging ratios or exchange-rate amounts that are not hedged, etc., exchange-rate hedging is adopted to control foreign exchange rate fluctuation risk.

In addition, the Company monitors loan-related interest payable, which is reported to the Board of Directors regularly. To reduce interest-rate fluctuation risk, interest-rate swaps are used.

With regard to marketable securities and investment securities, their current fair market value and the financial position of the issuers are checked regularly. Taking the relationship with the counterparty into consideration, the appropriateness of holding such securities is continually reviewed.
Derivative transactions conducted by the Company and its major consolidated subsidiaries are solely for the purpose of hedging exchange- and interest-rate fluctuation risk as explained above. We verify the balance with the counterparty each month.

3) Management of fund procurement-related liquidity risk (risk of being unable to pay on the due date)
The Company Group introduced the cash management system to its major consolidated subsidiaries to comprehensively manage the Group's funds. Based on reports from business segments and major subsidiaries, the Company timely formulates and updates the fund management plan and controls liquidity risk.

2. Matters Related to the Fair Market Value of Financial Instruments

Amounts recorded on the consolidated balance sheet, their fair market value and the difference between them as of March 31, 2015 (balance sheet date of the consolidated fiscal year under review) are as shown below. Financial instruments for which the fair market values are considered difficult to calculate are not included in the table. (See Note 2.)

(Millions of yen)

	Amount on the Consolidated Balance Sheets*	Fair Market Value*	Difference
1. Cash and Deposits	57,423	57,423	—
2. Trade Receivables	194,916	194,012	-904
3. Marketable Securities and Investment Securities	49,923	49,923	—
4. Long-term Loans	8,340	8,560	220
5. Trade Payables	(140,436)	(140,436)	—
6. Short-Term Bank Loans	(42,110)	(42,110)	—
7. Bonds Payable	(10,000)	(10,051)	-51
8. Long-term Debt	(31,534)	(31,937)	-404
9. Derivatives	(2,100)	(2,249)	-148

*Liabilities are indicated in parentheses.

(Notes)

1. Matters related to the calculation method for the fair market value of financial instruments, marketable securities and derivatives

(1) Cash and deposits
Because these are settled in the short term, the fair market value is almost equal to the amount indicated on the Balance Sheets. Therefore, the Balance Sheet values have been adopted.

(2) Trade receivables
The fair market value of trade receivables is calculated based on their present value by discounting the amount of each trade receivable divided for each period using an interest rate that reflects the period until the due date and the credit risk.

(3) Marketable securities and Investment securities
Because marketable securities are negotiable deposits settled in the short term, their fair market value is almost equal to the amounts indicated on the Balance Sheets. Therefore, the Balance Sheet values have been adopted. Investment securities are stocks and their fair market value is based on their respective prices on the Stock Exchange.

(4) Long-term loans
The fair market value of long-term loans is calculated based on their present value by discounting the future cash flow using an interest rate at which a credit spread is added to an appropriate index such as the government bond yield.

(5) Trade payables and (6) Short-term bank loans
Because these items are settled in the short term, their fair market value is almost equal to the amount indicated on the Balance Sheets. Therefore, the Balance Sheet values have been adopted.

(7) Bonds payable

The fair market value of bonds payable issued by the Company is based on the current value that is calculated by discounting the total of principal and interest using an interest rate that reflects the bonds payable's remaining period and the credit risk.

(8) Long-term debt
The fair market value of long-term debt is the present value calculated by discounting the total of principal and interest using an interest rate that is reasonably estimated should a similar new loan be made.

(9) Derivatives
The fair market value of forward exchange contracts is based on forward exchange rates. The fair market values of options, interest rate swaps and currency swaps are based on the amounts presented by the relevant financial institutions.

2. The stock of non-consolidated subsidiaries and affiliates (¥12,220 million on the Consolidated Balance Sheets), unlisted stocks (¥2,360 million) and securities invested in non-consolidated subsidiaries and affiliates (¥5 million) do not have a market value because it is hard to estimate future cash flows, and it is difficult to obtain their fair market value. Therefore, these are not included in "(3) Marketable securities and Investment securities".

(Notes to Important Subsequent Events)

None applicable

(Other Notes)

1. Revaluation on Land

On March 31, 2002, the Company revalued its land used for business operations in accordance with the Law Concerning Land Revaluation (Law No. 34 promulgated on March 31, 1998) and the Law to Amend the Law Concerning Land Revaluation (Law No. 19 promulgated on March 31, 2001).

With respect to the revaluation difference, in accordance with the Law to Amend the Law Concerning Land Revaluation (Law No. 24 promulgated on March 31, 1999), the amount of tax relevant to such revaluation difference was stated in the section of liabilities as "Deferred tax liabilities on land revaluation" and the amount of revaluation difference less the amount of such deferred tax liabilities is stated in the section of net assets as "Revaluation difference on land."

Method of revaluation:

While the land value was obtained by making a reasonable adjustment to the appraised amount for purposes of property tax as provided in Article 2, Item 3 of the Enforcement Order for the Law Concerning Land Revaluation (Cabinet Order No. 119 promulgated on March 31, 1998), the value of some of the land was obtained based on the licensed real estate appraiser's appraised value as set forth in Article 2, Item 5 of the Enforcement Order.

Date of revaluation:	March 31, 2002
Difference between the current value of the land as at the end of this consolidated fiscal year and its book value after revaluation:	-¥19,225 million

2. Impairment Losses

(1) The Company booked the following impairment losses by asset group in the business year under review.

Application	Location	Type	Amount (Millions of yen)
Business property	Brazil and other locations	Buildings, etc.	3,158
Idle	Yokosuka-shi, Kanagawa and other locations	Buildings, etc.	305

(2) Reason for recognizing the impairment losses

Mainly due to the decline in profitability, the Company can no longer expect to collect invested amounts. Accordingly, we decided to apply impairment loss to these assets.

(3) Asset grouping method

The asset grouping for the Group was made based on business segments. However, idle assets with no expected future use were categorized individually.

(4) Method to calculate collectible amounts

The collectible amounts are calculated based on net sale value or use value. The net sale value is calculated by deducting the asset disposal cost from the asset disposal value. The use value is calculated by discounting the future cash flow at the rate of 13%.

3. Treatment of Fractional Amounts

Stated amounts are rounded off for fractions less than units.

STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' Equity							
		Capital Surplus		Retained Earnings				
					Other Retained Earnings			
	Common Stock	Capital Reserve	**Total Capital Surplus**	Legal Reserve of Retained Earnings	Retained Earnings Brought Forward	**Total Retained Earnings**	**Treasury Stock**	**Total Share-holders' Equity**
Balance at April 1, 2014	**30,872**	**27,073**	**27,073**	**6,295**	**37,682**	**43,977**	**-632**	**101,290**
Cumulative effects of changes in accounting policies					-1,917	-1,917		-1,917
Restated balance	30,872	27,073	27,073	6,295	35,765	42,060	-632	99,373
Changes in the Period								
Dividends from surplus					-5,519	-5,519		-5,519
Net income					10,909	10,909		10,909
Acquisition of treasury stock							-135	-135
Disposal of treasury stock					0	0	3	3
Increase due to transfer of revaluation difference on land					72	72		72
Changes in items other than owners' equity in the period (net)								—
Total changes in the period	**—**	**—**	**—**	**—**	**5,462**	**5,462**	**-132**	**5,330**
Balance at March 31, 2015	**30,872**	**27,073**	**27,073**	**6,295**	**41,227**	**47,522**	**-764**	**104,703**

	Valuation and Translation Adjustments				**Total**
	Unrealized Holding Gains on Other Securities	Gains/ Losses on Deferred Hedge	Revaluation Difference on Land	**Sub-Total**	
Balance at April 1, 2014	**3,176**	**-224**	**38,272**	**41,225**	**142,515**
Cumulative effects of changes in accounting policies					-1,917
Restated balance	3,176	-224	38,272	41,225	140,598
Changes in the Period					
Dividends from surplus					-5,519
Net income					10,909
Acquisition of treasury stock					-135
Disposal of treasury stock					3
Increase due to transfer of revaluation difference on land					72
Changes in items other than owners' equity in the period (net)	1,406	-1,827	2,203	1,782	1,782
Total changes in the period	**1,406**	**-1,827**	**2,203**	**1,782**	**7,112**
Balance at March 31, 2015	**4,582**	**-2,051**	**40,476**	**43,007**	**147,710**

"English Translation of Financial Statements Originally Issued in the Japanese Language"

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

Notes to Financial Statements

(Notes Regarding Matters Related to Significant Accounting Policies)

1. Basis and Method of Asset Valuation

(1) Marketable securities

Equity securities issued by subsidiaries and affiliated companies: At moving-average cost
Other securities:

Those with fair market value:	At fair market value on the last day of the fiscal year (Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of the net assets. Realized gain on sale of such securities is computed using the moving-average method.)
Those with no fair market value:	At cost based on the moving-average method

(2) Derivatives: At fair market value

(3) Inventories

Work in process:	At cost based on the specific identification method (The balance sheet amount is computed by applying inventory write-downs due to decrease in profitability.)
Finished products, raw materials and supplies:	Principally at cost based on the weighted-average method (The balance sheet amount is computed by applying inventory write-downs due to decrease in profitability.)

2. Method of Depreciation of Fixed Assets

(1) Property, plant and equipment (excluding leased assets)

The straight-line method is employed.
The estimated useful lives of the tangible assets are as follows:

Buildings and Structure	10—50 years
Machinery and vehicles delivery equipment	5—12 years

(2) Intangible fixed assets (excluding leased assets)

The straight-line method is employed.

Software for internal use is depreciated by the straight-line method based on its estimated useful life in the Company (5 years).

(3) Leased assets

As regards leased assets related to the finance leases other than those by which ownership is considered to pass to the lessees (“ownership non-transfer finance leases”), the lease period is used as the useful life and the straight-line method with a residual value of zero is employed.
Of the ownership non-transfer finance leases, those which are not significant or those which began on or before March 31, 2008 are accounted for by the method in conformity with the method of accounting for ordinary lease transactions.

3. Basis for Determination of Allowances

(1) Allowance for doubtful receivables

In order to provide for possible losses due to uncollectibility of receivables, such allowance is calculated based on historical collection losses incurred in the past. Such allowance for account receivables with default possibility or in bankruptcy or rehabilitation is booked based on an estimation of the uncollectible amount on a case-by-case basis.

(2) Allowance for warranty

In order to provide for expenditures for repair work to be performed free of charge after delivery of products, this amount is stated based on the past experience of such repair work actually performed.

(3) Allowance for losses on construction contract

Of the construction projects yet to be delivered, when the project is highly likely to incur significant losses at the end of the current fiscal year, and where it is possible to reasonably estimate the amount of such losses, such losses will be posted for the following fiscal year or thereafter.

(4) Allowance for losses on business transfer

Allowance for losses on business transfer is provided at an estimated amount to be incurred in the future in connection with the resort development business transferred.

(5) Allowance for compensation for damages

In order to provide for possible losses resulting from implementing compensation for damages, an allowance for compensation for damages is stated at an estimated amount expected to be incurred in the future.

(6) Allowance for retirement benefits

In order to provide for retirement benefits to be paid to employees, the amount considered to have accrued as at the end of this fiscal year is stated based on the estimated amount of retirement benefit obligations and pension plan assets as at the end of this fiscal year.
The prior service costs are recognized as expenses in the fiscal year in which they arose.
The actuarial gains (losses) are recognized as expenses based on the straight-line method over a period within the average remaining service years of the employees (12 years) commencing with the year following their accrual.

4. Accounting Procedures Regarding Retirement Benefits

The accounting procedures for unrecognized actuarial gains or losses are different from the accounting procedures for the consolidated financial statements.

5. Standards for Recognition of Income and Expenses

The percentage-of-completion method has been applied for construction work for which the completion of a certain percentage of the entire work is clearly recognizable by the end of this fiscal year (percentage of completion is estimated by the cost proportion method), and the completed-contract method has been applied for other contracts.

6. Method of Hedge Accounting

(1) Method of hedge accounting

Deferred hedge accounting is employed.
However, with regard to interest-rate swaps that meet the requirements for exceptional accounting ("*tokurei-shori*"), exceptional accounting is employed.

With regard to forward exchange contracts and currency swaps that meet the requirements for deferral hedge accounting ("*furiate-shori*"), deferral hedge accounting is employed.

(2) Means of hedging and hedged items

Means of hedging	Hedged items
Forward exchange contracts	Foreign currency receivables, foreign currency payables, and future transactions in foreign currency
Interest-rate swaps	Loans
Currency swaps	Loans receivable denominated in foreign currencies

(3) Hedging policy

The purpose of hedging activities is to reduce exchange-rate fluctuation risks and interest-rate fluctuation risks in accordance with the "Market Risks Management Rules" made by the Board of Directors, and the Company makes it a rule to observe the real demand principle and not to conduct speculative trading.

(4) Method of evaluation of effectiveness of hedging

By comparing every six months the total of cash flow fluctuations or market fluctuations of the hedged items and the total of cash flow fluctuations or market fluctuations of the means of hedging and based on the amount of fluctuations in both the hedged items and the means of hedging, the effectiveness of hedging activities is evaluated. However, the evaluation of effectiveness of hedging is omitted for interest-rate swaps for which exceptional accounting is employed.

7. Accounting for Consumption Tax, etc.

Consumption tax and local consumption tax are accounted for by the tax excluded method.

8. Adoption of Consolidated Tax Payment System

The consolidated tax payment system is adopted.

9. Changes in Accounting Policy

(Adoption of the Accounting Standards for Retirement Benefits)

From the current fiscal year under review, the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Accounting Standard—ASBJ Statement No. 26 dated May 17, 2012; hereinafter the "Accounting Standards for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 announced on May 17, 2012) have been adopted. Accordingly, the methods for calculating retirement benefit obligations and service costs have been revised. The method of attributing expected retirement benefit payments has been changed from the straight-line basis to the retirement benefit formula basis, and the method of determining the discount rate has been changed to a single weighted-average discount rate reflecting the expected timing and amount of the benefit payment.
The Accounting Standards for Retirement Benefits, etc. have been implemented in accordance with Item 37 of the Accounting Standards for Retirement Benefits where transitional treatment is allowed. As such, the amount affected by changes in the methods of calculation of retirement benefit obligations and service costs has been adjusted in retained earnings brought forward in the beginning balance of the fiscal year under review.
Consequently, the allowance for retirement benefits in the beginning of the fiscal year under review increased by ¥2,548 million and retained earnings brought forward decreased by ¥1,917 million. The effect on operating income, ordinary income and income before income taxes and minority interests for the fiscal year under review was minimal.

(Change in Accounting Policy that Is Difficult to Distinguish from the Change in Accounting Estimates)

The Company previously used the declining-balance method for depreciation of property, plant and equipment, except for the buildings acquired on and after April 1, 1998, which were depreciated by the straight-line method. However, from the current fiscal year, the straight-line method has been adopted instead of the declining-balance method.
This change was made because the Company determined that the straight-line method is a more reasonable expense allocation method that reflects the asset utilization status more appropriately as a result of reviewing the depreciation method, as the Company predicts the stable operation of domestic manufacturing facilities going forward. The review was made with reference to the medium-term management plan with the current fiscal year as its first year, under which the Company intends to increase resources to be allocated to overseas operational bases to address overseas markets where growth is expected, whereas for domestic operational bases, the Company will shift to investments for the purpose of maintaining a stable manufacturing structure.
Due to this change, operating income, ordinary income and income before income taxes and minority interests for the fiscal year under review increased by ¥917 million compared with using the conventional method.

(Notes to Balance Sheet)

1. Accumulated Depreciation of Property, Plant and Equipment: ¥88,896 million

2. Guarantee Obligations, etc.

(1) Obligation to repurchase with the liquidation of notes receivable: ¥705 million

(2) Guarantee obligations

With regard to borrowings, etc., of other companies from financial institutions, etc., the Company guarantees the obligations.

	(Millions of yen)
Sumitomo (S.H.I.) Construction Machinery Co., Ltd.	10,546
Sumitomo Heavy Industries (China) Financial Leasing, Ltd.	6,443
Sumitomo Heavy Industries Material Handling Systems Co., Ltd.	3,237
Sumitomo (SHI) Demag Plastics Machinery GmbH	1,767
Sumitomo Heavy Industries Environment Co., Ltd.	1,621
Sumitomo (SHI) Cyclo Drive China, Ltd.	1,598
Sumitomo Heavy Industries Marine & Engineering Co., Ltd.	1,319
SEISA Gear, Ltd.	1,261
Others (10 lenders)	4,673
Total	32,465

The above figures include guarantee obligations in foreign currencies of 376 million Chinese yuan (¥7,276 million), 27 million U.S. dollars (¥3,224 million), 14 million Euro (¥1,668 million), and 20 million Brazilian real (¥729 million) and 9 million New Taiwan dollars (¥34 million).

3. Money Claims against and Debt Owed to Affiliated Companies

Short-term receivables due from affiliated companies	¥42,224 million
Long-term receivables due from affiliated companies	¥50 million
Short-term payable due to affiliated companies	¥77,739 million
Long-term payable due to affiliated companies	¥55,486 million

4. Others

On August 5, 2013, the Company received a notice of contract cancellation regarding the Construction Work (specifically only for plant equipment work) for the Kyoto City Incinerated Ash Melting Facility (Provisional Name), of which the Company had received a notice from the City of Kyoto, claiming that the Company's delivery of said facility by the prefixed delivery deadline had become impossible.

In addition, the City of Kyoto filed a damage lawsuit on March 20, 2014, with the Kyoto District Court, claiming compensation for damages of ¥18,454 million against the Company by reason of the cancellation of a contract.

The Company had petitioned for arbitration to the Central Construction Work Disputes Committee in accordance with the relevant provisions of the contract with the City of Kyoto that, in case of any disputes, a resolution would be pursued via the mediation or arbitration of a Construction Work Disputes Committee under the Construction Business Act. However, the City of Kyoto did not cooperate with us for an amicable solution, thereby ending the arbitration via the Central Construction Work Disputes Committee as of July 31, 2014.

The Company was not able to complete the intended work because the City refused to allow the second phase trial operation, which is a necessary process as the final stage of construction of the nearly completed equipment; therefore the Company has a right to demand payment of the remaining construction costs under the contract. Therefore, the Company filed a counter lawsuit against the City of Kyoto on August 29, 2014, with the Kyoto District Court, demanding the payment of the remaining construction costs under contract (¥1,399 million unpaid).

The Company is confident that the purported cancellation at a stage before the near completion of the intended work is invalid and therefore that the City of Kyoto's claim of compensation for damages based on such cancellation is groundless. The Company intends to fully insist on the legitimacy of its position regarding this lawsuit.

(Notes to Income Statement)

Sales to affiliated companies	¥66,415 million
Purchases from affiliated companies	¥43,919 million
Non-operating transactions with affiliated companies	¥12,014 million

(Notes to Statement of Changes in Net Assets)

Class and number of treasury stock held as of the end of this fiscal year:

Common stock	1,495,994 shares

(Notes Regarding Tax Effect Accounting)

The principal reasons for the accrual of deferred tax assets are the disallowance of an allowance for retirement benefits, impairment loss, and an allowance for warranty, etc. The principal reason for the accrual of deferred tax liabilities is land revaluation.

(Notes Regarding Transactions with Related Parties)

Attribution	Name of Company, etc.	Percentage of Voting Rights Held	Relationship with the Related Party	Content of Transactions	Transaction Amount (Millions of yen)	Account Item	Balance at the End of Fiscal Year (Millions of yen)
Subsidiary	Sumitomo (S.H.I.) Construction Machinery Co., Ltd.	100% directly held	Interlocking officers, lease of land and buildings	Guarantee obligation	10,546	—	—
Subsidiary	Sumitomo Heavy Industries (China) Financial Leasing, Ltd.	100% directly held	Interlocking officers	Guarantee obligation	6,443	—	—

(Notes)
The above transaction amounts do not include consumption tax, etc.

(Notes Regarding Amounts Per Share)

(1) Net asset per share ¥240.95

(2) Net income per share ¥17.79

(Other Notes)

1. Land Revaluation

On March 31, 2002, the Company revalued land used for business operations in accordance with the Law Concerning Land Revaluation (Law No. 34 promulgated on March 31, 1998) and the Law to Amend the Law Concerning Land Revaluation (Law No. 19 promulgated on March 31, 2001).

With respect to the revaluation difference, in accordance with the Law to Amend the Law Concerning Land Revaluation (Law No. 24 promulgated on March 31, 1999), the amount of tax relevant to such revaluation difference was stated in the section of liabilities as “Deferred tax liabilities on land revaluation” and the amount of revaluation difference less the amount of such deferred tax liabilities is stated in the section of net assets as “Revaluation difference on land.”

Method of revaluation:

While the land value was obtained by making a reasonable adjustment to the appraised amount of property tax as provided in Article 2, Item 3 of the Enforcement Order for the Law Concerning Land Revaluation (Cabinet Order No. 119 promulgated on March 31, 1998), the value of some of the land was obtained based on the licensed real estate appraiser’s appraised value as set forth in Article 2, Item 5 of the Enforcement Order.

Date of revaluation: March 31, 2002

Difference between the current value of the land at the end of this fiscal year and its book value after revaluation: -¥19,225 million

Appropriation of the land revaluation difference to payment of dividends is restricted in accordance with the provisions of Article 158, Item 3 of the Business Accounting Rules.

2. Impairment Losses

(1) The Company booked the following impairment losses by asset group in the business year under review.

Application	Location	Type	Amount (Millions of yen)
Business property	Nishitokyo-shi, Tokyo and other locations	Buildings, etc.	230
Idle	Yokosuka-shi, Kanagawa and other locations	Buildings, etc.	286

(2) Reason for recognizing the impairment losses

Mainly due to the decline in profitability, the Company can no longer expect to collect invested amounts. Accordingly, we decided to apply impairment loss to these assets.

(3) Asset grouping method

The asset grouping for the Company was made based on business segments. However, idle assets with no expected future use were categorized individually.

(4) Method to calculate collectible amounts

The collectible amounts are calculated mainly based on net sale value, deducting the asset disposal cost from the asset disposal value.

3. Treatment of Fractional Amounts

Stated amounts are rounded off for fractions less than units.