Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Full Year Ended March 31, 2012

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

Summary of Consolidated Financial Results

For the Full Year Ended March 31, 2012

Presented May 8, 2012

Sumitomo Heavy Industries, Ltd.

Listed exchanges	Tokyo Stock Exchange, Osaka Securities Exchange
Stock code	6302
Head office	Tokyo
President	Yoshinobu Nakamura
URL	www.shi.co.jp
Inquiries	Hideo Oshima General Manager, Corporate Communications Dept.
Telephone	+81 3 6737 2333
Scheduled date of ordinary shareholders' meeting	June 28, 2012
Scheduled date of payment of cash dividends	June 29, 2012
Scheduled date of securities report filing	June 28, 2012
Availability of supplementary explanatory materials for financial statement	Yes
Holding of meeting to explain financial statement	Yes

1. FY 2011 Consolidated Results *(April 1, 2011 to March 31, 2012)*

(1) Business Results

(Units: millions of yen)

	Current Full Term April 1, 2011 to March 31, 2012		Previous Full Term April 1, 2010 to March 31, 2011	
		% change		% change
Net sales	624,100	13.9	548,015	6.2
Operating income	47,135	2.9	45,803	62.1
Ordinary income	44,619	0.8	44,253	68.1
Net income	19,492	(30.2)	27,926	110.3
Net income per share (yen)	31.75		45.87	
Fully diluted net income per share	—		—	
Return on equity (ROE, %)	7.1		10.9	
Return on assets (%)	6.8		7.2	
Ordinary income to net sales (%)	7.6		8.4	

Note: Comprehensive income:
 Fiscal year ended March 31, 2012: 19,472 million yen (-9.8%)
 Fiscal year ended March 31, 2011: 21,601 million yen (—%)

Reference: Equity method investment profit and loss:
 Fiscal year ended March 31, 2012: (456 million yen loss)
 Fiscal year ended March 31, 2011: (447 million yen loss)

(2) Financial Position

(Units: millions of yen)

	End of Current Full Year (March 31, 2012)	End of Previous Full Year (March 31, 2011)
Total assets	691,841	626,829
Net assets	282,145	269,380
Equity ratio (%)	40.3	42.6
Net assets per share (yen)	454.43	435.10

Reference: Equity:
Fiscal year ended March 31, 2012: 278,891 million yen
Fiscal year ended March 31, 2011: 267,326 million yen

(3) Cash Flows

(Units: millions of yen)

	Current Full Year (April 1, 2011 to March 31, 2012)	Previous Full Year (April 1, 2010 to March 31, 2011)
Cash flows from operating activities	23,309	36,521
Cash flows from investing activities	(22,671)	(23,513)
Cash flows from financing activities	19,879	(22,020)
Cash and cash equivalents at end of period	72,376	51,700

2. Dividends

(Units: yen)

	Year Ended March 31, 2011	Year Ended March 31, 2012	Year Ending March 31, 2013 (forecast)
Annual dividends per share			
First quarter	—	—	—
Second quarter	0.00	4.00	4.00
Third quarter	—	—	—
End of term	8.00	6.00	6.00
Annual dividends	8.00	10.00	10.00
Total dividends (millions of yen)	4,915	6,137	
Payout ratio (consolidated, %)	17.4	31.5	26.1
Net assets dividend yield (consolidated, %)	1.9	2.2	

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

(Units: millions of yen)

	Second Quarter (Cumulative) April 1, 2012 to September 30, 2012		Full Year April 1, 2012 to March 31, 2013	
		% change		% change
Net sales	300,000	2.0	630,000	0.9
Operating income	17,000	(21.2)	45,000	(4.5)
Ordinary income	15,000	(25.6)	41,000	(8.1)
Net income	8,000	(13.4)	23,500	20.6
Projected net income per share (yen)	13.03		38.29	

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: None

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

(iii) Changes to accounting estimates: None

(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, 2012 614,527,405 shares
As of March 31, 2011 614,527,405 shares

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

As of March 31, 2012 811,946 shares
As of March 31, 2011 122,181 shares

(iii) Average number of shares during fiscal period:

As of March 31, 2012 613,952,563 shares
As of March 31, 2011 608,820,423 shares

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, tough overall conditions in the Japanese economy continued as the Great East Japan Earthquake significantly impacted manufacturing activity and the unprecedented strength of the yen hampered exports. At the same time, the overall global economy remained unstable as the implementation of inflationary controls in China, a country that drove global economic growth, increased uncertainty. Furthermore, the floods in Thailand affected growth, and the disruption to public-sector finance and financial markets in Europe impacted the real economy in the region.

Set against this economic backdrop, the Sumitomo Heavy Industries Group (hereinafter referred to as the "Group") made the earthquake recovery efforts of clients a top priority and worked hard to normalize production activities that were disrupted. Moreover, keeping in mind the keywords of "Globalization" and "Innovation" that form the basis of the Group's Innovation 21 Medium-Term Management Plan, efforts were made to implement strategies that looked to improve market competitiveness. As a result, although net income fell as compared to the previous year, the consolidated fiscal year under review saw the Group post improvements to prior-year figures for orders, sales, operating income and ordinary income.

After careful consideration of the conditions in various overseas markets, the Group looked to strengthen both the manufacturing and sales platforms in specific areas. Several of the major strategies in this initiative that were introduced during the consolidated fiscal year under review are outlined below:

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

Several efforts to strengthen and enhance the Group's manufacturing platform were made during the consolidated fiscal year under review. Firstly, construction was completed and commercial operations began at a new hydraulic excavator plant in Indonesia and a new gear box plant in Brazil. Moreover, production capacity was increased at existing plants in China and Vietnam. In terms of the sales structure, the Group decided to establish a leasing company for hydraulic excavators in China to capture the expanding demand in the country for those products.

The Group also strengthened its links with overseas subsidiaries in various business lines, including Sumitomo (SHI) Demag Plastics Machinery GmbH in Germany for the plastics machinery business, Hansen Industrial Transmissions N.V. in Belgium for the power transmission business, and LBX Company, LLC in the United States for the hydraulic excavator business. By doing so, the Group was able to more appropriately meet the needs of its global client base.

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

With the backdrop of tightening domestic demand for electricity and the cost of energy rising globally, the Group looked to accelerate the development of "Green Products" that focused on the concepts of achieving energy savings and using sustainable energy.

For example, first-class products such as the SE-EV Series plastics machine that achieves a 20% reduction in electricity consumption as compared to previous models was launched by the plastics machinery business. In addition, a compact circulating fluidized bed boiler that is suited to wood-based biomass electricity generators was brought to market by the boiler business.

In terms of the product development infrastructure, the Group reorganized the Corporate Technology Operations Group into three distinct areas to strengthen functional capabilities. Today, the Corporate Technology Operations Group is split into the Product Development Group, which oversees the development of products; the Intellectual Property Group, which oversees intellectual property; and the Technology Research Center, which is responsible for the development of medium- to long-term basic and elemental technologies.

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

In the Innovation 21 Medium-Term Management Plan, the Group is not only aiming to bring innovative new products to market, it is also aiming to strengthen the internal business processes associated with development, design, manufacturing and sales. In the area of development and design, the Group focused on introducing innovation into the design process. By making efforts to significantly reduce the traditionally long lead-time required in the design phase, development and design efficiency increased, and the time it now takes to bring a new, first-class product to market has been compressed.

Further, to improve the efficiency and sophistication of the Group's head office functions, support services such as Human Resources, Administration, Accounting, and Information Systems were put under the management of a shared services company for subsidiaries. From there, various support services were provided to Group companies. During the consolidated fiscal year under review, the scope of Group companies to receive these services was further expanded.

(iv) Thorough Implementation of Compliance Measures

In line with the Group's guiding principle of "Prioritizing Compliance Above All Else", various efforts to ensure that the importance of compliance is understood across the entire Group have been made repeatedly. Further, to strengthen the compliance framework for the expanding overseas business units, various training is carried out for both local and dispatched personnel. For example, seminars on antitrust laws as well as corruption prevention have been carried out on a global basis.

Through the efforts outlined above, the fiscal year under review saw orders increase 7% from the previous fiscal year to finish at JPY571.3 billion and sales increase by 14% from the previous fiscal year to finish at JPY624.1 billion on a consolidated basis.

From the standpoint of profit and loss, the fiscal year under review saw operating income increase by 3% from the previous fiscal year to finish at JPY47.1 billion on a consolidated basis, primarily through benefits gained from an increase in sales as well as the implementation of tough cost-cutting measures. Ordinary income also increased by 1% from the previous fiscal year to finish at JPY44.6 billion on a consolidated basis while net income decreased by 30% from the previous fiscal year to finish at JPY19.5 billion on a consolidated basis. Finally, after-tax ROIC* was 7.4%.

On a non-consolidated basis, the fiscal year under review saw orders finish at JPY155.6 billion and sales finish at JPY208.5 billion. Further, the Group posted a non-consolidated operating loss of JPY2.9 billion, a non-consolidated ordinary income of JPY5.4 billion and a non-consolidated net loss of JPY200 million for the fiscal year under review.

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

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

(2) Group Results by Segment

(i) Machinery Components

Expansion in emerging markets, as well as the positive contribution made by the newly acquired Hansen Industrial Transmissions N.V. in the previous fiscal year, resulted in improvements across almost all product models in the segment. Consequently, the segment as a whole posted better figures than those in the previous fiscal year for both orders and sales.

In actual figures, the segment as a whole saw orders increase by 25% from the previous fiscal year to finish at JPY95.1 billion and sales increase by 25% from the previous fiscal year to finish at JPY93.2 billion. In addition, the segment posted an operating income of JPY4.2 billion, a 13% decline from the previous fiscal year.

(ii) Precision Machinery

With respect to the plastics machinery business, market recovery in Europe, among other factors, resulted in an increase in both orders and sales as compared to the previous fiscal year. Unfortunately, in other product areas, demand for medical devices and electronic equipment remained relatively sluggish. As a result, order figures for the segment as a whole decreased as compared to the previous fiscal year. On the other hand, sales figures improved from the previous fiscal year mainly due to the abundance of orders that were carried forward to the current fiscal year.

In actual figures, the segment as a whole saw orders decrease by 4% from the previous fiscal year to finish at JPY143.9 billion, and sales increase by 9% from the previous fiscal year to finish at JPY144.1 billion. In addition, the segment posted an operating income of JPY12.5 billion, a 50% improvement from the previous fiscal year.

(iii) Construction Machinery

The hydraulic excavator business saw an increase in both orders and sales, despite the fact that the supply chain for the product line was severely disrupted due to the Great East Japan Earthquake. The construction crane business also posted improved orders and sales figures as the North American market showed signs of recovery.

As a result, the segment as a whole saw orders increase by 15% from the previous fiscal year to finish at JPY162.4 billion, and sales increase by 22% from the previous fiscal year to finish at JPY158.9 billion. In addition, the segment posted an operating income of JPY8.3 billion, a 57% improvement from the previous fiscal year.

(iv) Industrial Machinery

In the turbine and pump business, orders fell as compared to the previous fiscal year as customers reassessed their capital expenditure plans. However, sales increased as compared to the previous fiscal year in this area mainly due to the carrying forward of orders outstanding from previous periods. The materials handling equipment business saw both orders and sales increase from the previous fiscal year as the segment prioritized the needs of those customers that were responding to earthquake recovery efforts.

As a result, the segment as a whole saw orders decrease by 5% from the previous fiscal year to finish at JPY69.6 billion, and sales increase by 21% from the previous fiscal year to finish at JPY80.7 billion. In addition, the segment posted an operating income of JPY9.5 billion, a 7% decline from the previous fiscal year.

(v) Ships

Market conditions in the ship segment continued to remain stagnant. This is reflected in the fact that no new ship orders were received during the consolidated fiscal year as compared to two orders received in the previous fiscal year. Further, in terms of sales, seven vessels were handed over during the consolidated fiscal year under review, which is one vessel less than the previous fiscal year.

As a result, the segment as a whole saw orders decrease by 54% from the previous fiscal year to finish at JPY6.7 billion, and sales decrease by 2% from the previous fiscal year to finish at JPY58.1 billion. In addition, the segment posted an operating income of JPY10.9 billion, a 10% improvement from the previous fiscal year.

(vi) Environmental Facilities & Plants

Despite positive activity from certain overseas markets with respect to its industrial power generation boilers, overall conditions in the energy plant business remained sluggish. This was reflected in the fact that the business was only able to generate approximately the same level of orders as compared to the previous fiscal year while sales figures decreased. Moreover, factors including defective work discovered in the construction of an incinerated ash melting facility for the city of Kyoto contributed to a fall in profitability. On a positive note, the water treatment plant business saw an increase in both orders and sales as compared to the previous fiscal year as market conditions improved and efforts to recover from the earthquake continued.

As a result, the segment as a whole saw orders increase by 20% from the previous fiscal year to finish at JPY85 billion, and sales increased by 5% from the previous fiscal year to finish at JPY80.1 billion. In addition, the segment posted an operating income of JPY0 billion..

(3) Outlook for the Upcoming Fiscal Year (Ending March 31, 2013)

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 seen in developed economies such as those in Europe, 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 the key goal of "Innovation of Half and Double" while implementing the following principal strategies set forth in the 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 date this document is published, the outlook for the upcoming fiscal year ending March 31, 2013 is as follows:

Consolidated Results	Amount	As Compared to FY 2011
Sales	JPY630.0 billion	+0.9%
Operating income	JPY45.0 billion	-4.5%
Ordinary income	JPY39.0 billion	-12.6%
Net income	JPY23.5 billion	+20.6%

(The above figures are calculated at an exchange rate of JPY80 and JPY105 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 JPY691.8 billion, an increase of JPY65.0 billion from the end of the previous fiscal year. Although there was a JPY3.8 billion decrease in inventory and other assets, this was offset by increases of JPY20.9 billion in cash and deposits, JPY26.0 billion in accounts and notes receivable, JPY12.9 billion in inventory assets, and JPY5.7 billion in tangible fixed assets.

Total liabilities at the end of the consolidated fiscal year under review stood at JPY409.7 billion, an increase of JPY52.2 billion from the end of the previous fiscal year. Although there was a decrease of JPY4.2 billion in deferred tax liability as a result of a revaluation of the figure based on a lower normal effective tax rate, this was outweighed by increases of JPY28.7 billion in interest-bearing liabilities as the Group took on new long-term debt, and JPY21.9 billion in notes and accounts payable. Further, the ratio of outstanding interest-bearing debt to total assets deteriorated by 3.1% to close at 14.0% for the consolidated fiscal year.

Net assets at the end of the consolidated fiscal year under review stood at JPY282.1 billion, an increase of JPY12.8 billion from the end of the previous fiscal year. Although there were decreases of JPY4.0 billion in the foreign currency translation adjustment, and JPY1.6 billion in overseas subsidiary pension liability adjustment, these were offset by a JPY13.4 billion increase in retained earnings.

As a result, the shareholders' equity ratio for the consolidated fiscal year under review deteriorated by 2.3 points from the end of the previous fiscal year to finish at 40.3%.

(2) Cash Flow Conditions

The cash and cash equivalent balance at the end of the consolidated fiscal year under review stood at JPY72.4 billion, an increase of JPY20.7 billion as compared to the previous 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 JPY23.3 billion for the consolidated fiscal year under review, a decrease of JPY13.2 billion from the previous fiscal year. The main factors behind this were the increases to the balance of trade receivables as well as inventory assets, and the amount paid for corporate and other taxes, exceeding the decrease in the balance of accounts payable.

(Cash Flow from Investing Activities)

Cash flow used for investing activities totaled JPY22.7 billion for the consolidated fiscal year under review, an increase of JPY800 million as compared to the previous fiscal year. There was an increase in the cash flow used to acquire fixed assets.

(Cash Flow from Financing Activities)

Cash flow used for financing activities was JPY19.9 billion for the consolidated fiscal year under review. The main purpose of the funds was for the borrowing of interest-bearing debt.

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

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Shareholders' equity ratio (%)	34.9	34.8	40.0	42.6	40.3
Shareholders' equity ratio on a market price basis (%)	57.3	29.8	55.7	53.2	40.8
Redemption period (years)	3.1	3.2	1.5	1.9	4.2
Interest coverage ratio (multiples)	22.3	21.5	30.8	24.2	13.7

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, 2013

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 JPY10 per share (inclusive of the JPY4 per share interim dividend), an increase of JPY2 per share from the previous year.

For the fiscal year ending March 2013, the Group is forecasting a dividend of JPY10 per share.

II. Status of the Business Group

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

Due to the establishment of new companies or the increased importance of existing companies, a total of seven companies, including Sumitomo Heavy Industries Gearmotors Co., Ltd., have been included within the scope of consolidation during the fiscal year under review. In addition, one company has been excluded from the scope of consolidation during the fiscal year under review due to the decline in its relative importance.

1. Machinery Components

In the area of transmission power equipment, both Sumitomo Heavy Industries and Seisa Gear, Ltd. are responsible for the overall manufacturing and distribution of such products. On a global basis, the responsibility for manufacturing and distribution of these products falls to Sumitomo Machinery Corporation of America in North America; Sumitomo (SHI) Cyclo Drive Germany GmbH 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. Distribution of the products 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 functions in the areas 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 such products to overseas markets, Sumitomo (S.H.I.) Construction Machinery (Tangshan) Co., Ltd. is responsible for the manufacturing of such products in China, PT. Sumitomo S.H.I. Construction Machinery Indonesia is responsible for the manufacturing of such products in Indonesia, and Sumitomo (S.H.I.) Construction Machinery Sales Co., Ltd. is responsible for the distribution of such 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 such products for the Japanese market, while Link-Belt Construction Equipment Company, L.P., LLLP mainly oversees the overall manufacturing and sales functions of such 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. Further, the same company is also responsible for after-sales service of material handling systems along with logistics and 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.

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.

In order 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 disclosure 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 home page)

http://www.shi.co.jp

(Tokyo Stock Exchange home page – 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 remains uncertain. On one hand, the economy is seen to be gradually recovering from the effects of such natural disasters as the Great East Japan Earthquake and the unprecedented floods in Thailand that caused an untold amount of damage. On the other hand, structural problems found in the global economy, including the European debt crisis, the slowdown of the Chinese economy, rising crude oil prices, and the long-term strength of the Japanese yen, are adding another layer of confusion to the future economic outlook.

In this type of environment, the Group has focused on increasing competitiveness amid intensifying global market competition, by focusing on the key strategies of 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 in any type of external environment.

(1) The Innovation 21 Medium-Term Management Plan

The financial objectives set forth in the Innovation 21 Medium-Term Management Plan which was launched in April 2011, call 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.

In order 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 by half), the Group plans to rebuild its competitive structure and establish itself as a dominant player in the global marketplace.

(2) Key Areas of Focus for the Fiscal Year Ending March 31, 2013

The Group will be focusing on implementing the following measures during FY 2012 in order to achieve the goals set forth in the plan.

(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 field of power transmissions, the Group will work to achieve full production as soon as possible at the Tangshan Plant in China, where production capacity for gearboxes was increased, as well as the newly opened gearbox plant in Brazil. At the same time, SHI will work to improve cooperation between the newly acquired, Belgium-based Hansen Industrial Transmissions N.V. and the Group's Okayama Works. By doing so, the Group will look to increase its global market share in this field. For compact gearmotors, the Group will look to harness the cost-competitiveness of its Vietnam Plant where production was concentrated, and develop the emerging markets in Asia.

In the field of hydraulic excavators, the Group will look to increase production capacity at the Indonesia Plant that opened during the previous fiscal year, and at the same time maximize production capacity at the Tangshan Plant in China and the Chiba Works. By doing so, the Group will target market share expansion in the growing markets of Southeast Asia and North and South America.

In the field of plastics machinery, the Group will work to further increase co-operation between Sumitomo (SHI) Demag Plastics Machinery GmbH of Germany and the Chiba Works, and maximize synergy to ensure that any market share opportunities in growing markets are being captured.

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 adopt premium efficiency motors compliant with IE3 (the international efficiency standard for motors) in its small- to medium-scale gear reducers, and subsequently promote energy efficiency in the industrial and social infrastructure sectors globally.

In the field of hydraulic excavators, the Group will aim to expand sales by pushing to further increase the efficiency of its industry-leading products while improving functions to better meet the needs of emerging markets.

In the field of plastics machinery, following the introduction of its new line of compact equipment in the previous fiscal year, the Group will begin selling its medium-scale plastic injection molding machine that boasts significant improvements to yield and energy efficiency.

In addition to the above, the Group will accelerate the development of various other “Green Products” that emphasize the concepts of energy efficiency and the use of sustainable energy.

Finally, as a result of reorganization efforts, the roles and responsibilities of the Corporate Technology Operations Group are now better defined. The integration of this group with the various business units will further drive the production innovation efforts outlined above.

(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 on a global scale. This is anticipated to result in significant cost savings and increased market share in emerging economies.

(iv) Future Development of the Ship Business

While market conditions worsen in the ship business, the supply capacity of Chinese shipbuilders and the competitiveness of Korean shipbuilders are improving. This has made the operating environment even more challenging than it already was.

Amid these conditions, and the subsequent anticipated fall in order figures, the Group’s goal is to survive this tough era and minimize the downward pressure that the segment has on overall results, while maintaining a minimum production presence to sustain business continuity.

(v) Thorough Implementation of Compliance Measures

The Group firmly believes that ensuring compliance across all of its business activities is one of, it not the most, important responsibilities that it holds. 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.

In the future, supplemental training and awareness programs for directors and employees will continue, to ensure that the importance of compliance permeates the entire Group.

IV. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Units: millions of yen)

	End of Full Year As of March 31, 2011	End of Full Year As of March 31, 2012
	Amount	Amount
Assets		
Cash and deposits	52,486	73,373
Notes and accounts receivable	155,267	181,248
Products	41,827	51,326
Works in progress	70,802	71,562
Raw materials and stock	18,406	21,034
Deferred income taxes	9,648	12,196
Other	17,898	19,161
Allowance for doubtful accounts	(991)	(855)
Current assets	**365,342**	**429,046**
Buildings and structures (net)	50,799	49,927
Machinery and transportation tools (net)	37,003	37,032
Land	117,157	116,306
Construction in progress	1,938	9,448
Other (net)	7,259	7,099
Tangible assets	214,156	219,812
Intangible assets	6,936	6,374
Investment securities	26,281	23,921
Long-term loans	67	63
Deferred income taxes	8,319	7,419
Other	7,199	6,620
Allowance for doubtful accounts	(1,472)	(1,414)
Investments and other assets	40,395	36,609
Fixed assets	**261,487**	**262,795**
Total assets	**626,829**	**691,841**

(Units: millions of yen)

	End of Full Year As of March 31, 2011	End of Full Year As of March 31, 2012
	Amount	Amount
Liabilities		
Notes and accounts payable	131,951	153,843
Short-term bank loans	21,504	27,383
Long-term loans due within one year	4,411	19,796
Income tax payable	11,574	11,329
Advance payments received on contracts	33,295	27,770
Allowance for guaranteed construction	5,196	5,106
Other allowances	1,804	5,351
Other	32,773	37,883
Current liabilities	**242,507**	**288,461**
Bonds	10,000	10,000
Long-term debt due after one year	31,918	39,343
Employees' severance and retirement benefits	31,380	35,884
Other allowances	208	54
Deferred income taxes on revaluation	31,836	27,651
Other	9,600	8,303
Long-term liabilities	**114,943**	**121,235**
Total liabilities	**357,450**	**409,696**
Net assets		
Common stock	30,872	30,872
Capital surplus	23,789	23,789
Retained earnings	188,047	201,433
Treasury stock	(67)	(445)
Stockholders' equity	**242,641**	**255,649**
Unrealized gains on securities	981	2,267
Loss on deferred hedge	960	277
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(1,978)	(3,573)
Revaluation reserve for land	39,851	43,381
Foreign currency translation adjustments	(15,129)	(19,113)

	End of Full Year As of March 31, 2011	End of Full Year As of March 31, 2012
	Amount	Amount
Total accumulated other comprehensive income	**24,686**	**23,239**
Minority interests	**2,053**	**3,258**
Total net assets	**269,380**	**282,145**
Liabilities and net assets	**626,829**	**691,841**

2. Consolidated Income Statements and Consolidated Statement of Comprehensive Income

Consolidated Income Statements

(Units: millions of yen)

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
	Amount	Amount
Net sales	548,015	624,100
Cost of sales	426,479	490,878
Gross income	121,537	133,222
Selling, general & administrative expenses	75,733	86,087
Operating income	45,803	47,135
Non-operating income		
Interest income	136	480
Dividend income	1,380	473
Other	2,474	2,777
Total non-operating income	3,989	3,730
Non-operating expenses		
Interest expenses	1,489	1,652
Other	4,050	4,594
Total non-operating expenses	5,539	6,246
Ordinary income	44,253	44,619
Extraordinary gains		
Gain from negative goodwill	3,437	—
Total extraordinary gains	3,437	—
Extraordinary losses		
Loss on contracts	220	2,863

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
	Amount	Amount
Loss on devaluation of marketable securities	—	2,166
Amount amortized for prior service cost	—	706
Loss on impaired assets	1,396	688
Loss arising from revisions to retirement benefits scheme	503	—
Financial impact due to the application of the accounting standard for asset retirement obligations	480	—
Total extraordinary losses	2,598	6,423
Income before income taxes	45,091	38,195
Corporate income tax current	16,555	19,077
Corporate income tax deferred	(468)	(1,395)
Total corporate income taxes	16,087	17,682
Net income before adjusting for profit (loss) from minority interests	29,004	20,513
Minority interests	1,078	1,021
Net income	27,926	19,492

Consolidated Statement of Comprehensive Income

(Units: millions of yen)

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
	Amount	Amount
Net income before adjusting for profit (loss) from minority interests	29,004	20,513
Other comprehensive income		
Unrealized gains on securities	(1,046)	1,287
Profit (loss) on deferred hedge	(120)	(680)
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(224)	(1,596)
Revaluation reserve for land	—	3,918
Foreign currency translation adjustments	(5,970)	(3,966)
Amount applied for equity method accounting of affiliates	(43)	(3)
Total other comprehensive income	(7,403)	(1,041)
Comprehensive income	21,601	19,472
(Breakdown)		
Comprehensive income relating to parent company shareholdings	20,756	18,434
Comprehensive income relating to minority interests	845	1,039

3. Consolidated Statements of Changes to Stockholders' Equity

(Units: millions of yen)

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
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	20,503	23,789
Fluctuation in the period		
Disposal of treasury stock	5	—
Changes as a result of a stock swap	3,281	—
Total fluctuation in the period	3,286	—
Balance at end of period	23,789	23,789
Earned surplus		
Balance at beginning of period	161,951	188,047
Fluctuation in the period		
Dividends	(2,414)	(7,370)
Net income	27,926	19,492
Disposal of treasury stock	(1)	(1)
Difference from transfer of revaluation reserve for land	535	388
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	50	877
Increase from reduction of consolidated subsidiaries accompanying changes in scope of consolidation	—	0
Total fluctuation in the period	26,097	13,386
Balance at end of period	188,047	201,433

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
Treasury stock		
Balance at beginning of period	(1,494)	(67)
Fluctuation in the period		
Acquisition of treasury stock	(164)	(383)
Disposal of treasury stock	8	5
Changes as a result of a stock swap	1,583	—
Total fluctuation in the period	1,427	(378)
Balance at end of period	(67)	(445)
Stockholders' equity		
Balance at beginning of period	211,831	242,641
Fluctuation in the period		
Dividends	(2,414)	(7,370)
Net income	27,926	19,492
Acquisition of treasury stock	(164)	(383)
Disposal of treasury stock	12	5
Difference from transfer of revaluation reserve for land	535	388
Changes as a result of a stock swap	4,864	—
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	50	877
Increase from reduction of consolidated subsidiaries accompanying changes in scope of consolidation	—	0
Total fluctuation in the period	30,810	13,008
Balance at end of period	242,641	255,649
Accumulated other comprehensive income		
Unrealized holding gains on other securities		
Balance at beginning of period	2,003	981
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(1,022)	1,289
Total fluctuation in the period	(1,022)	1,289
Balance at end of period	981	2,267

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
Loss on deferred hedge		
Balance at beginning of period	1,125	960
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(165)	(683)
Total fluctuation in the period	(165)	(683)
Balance at end of period	960	277
Adjustment regarding pension obligations of consolidated overseas subsidiaries		
Balance at beginning of period	(1,753)	(1,978)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(224)	(1,596)
Total fluctuation in the period	(224)	(1,596)
Balance at end of period	(1,978)	(3,573)
Difference from transfer of revaluation reserve for land		
Balance at beginning of period	40,386	39,851
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(535)	3,530
Total fluctuation in the period	(535)	3,530
Balance at end of period	39,851	43,381
Foreign exchange translation adjustments		
Balance at beginning of period	(9,370)	(15,129)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(5,759)	(3,983)
Total fluctuation in the period	(5,759)	(3,983)
Balance at end of period	(15,129)	(19,113)
Total accumulated other comprehensive income		
Balance at beginning of period	32,390	24,686
Fluctuation in the period		

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
Fluctuations other than stockholders' equity in the period (net)	(7,705)	(1,446)
Total fluctuation in the period	(7,705)	(1,446)
Balance at end of period	24,686	23,239
Minority interests		
Balance at beginning of period	9,931	2,053
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(7,878)	1,204
Total fluctuation in the period	(7,878)	1,204
Balance at end of period	2,053	3,258
Total net assets		
Balance at beginning of period	254,153	269,380
Fluctuation in the period		
Dividends	(2,414)	(7,370)
Net income	27,926	19,492
Acquisition of treasury stock	(164)	(383)
Disposal of treasury stock	12	5
Difference from transfer of revaluation reserve for land	535	388
Changes as a result of a stock swap	4,864	—
Increase from addition of consolidated subsidiaries accompanying changes in scope of consolidation	50	877
Increase from reduction of consolidated subsidiaries accompanying changes in scope of consolidation	—	0
Fluctuations other than stockholders' equity in the period (net)	(15,583)	(242)
Total fluctuation in the period	15,227	12,766
Balance at end of period	269,380	282,145

4. Consolidated Cash Flows Statement

(Units: millions of yen)

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
Cash flows from operating activities		
Income before income taxes	45,091	38,195
Depreciation	17,941	17,820
Loss on contracts	220	2,863
Loss on devaluation of marketable securities	—	2,166
Amount amortized for prior service cost	—	706
Loss on impaired assets	1,396	688
Gain from negative goodwill	(3,437)	—
Interest and dividend income	(1,515)	(953)
Interest expenses	1,489	1,652
(Increase) decrease in notes and accounts receivable	(30,224)	(30,305)
(Increase) decrease in inventories	(6,280)	(14,485)
Increase (decrease) in notes and accounts payable	26,420	21,159
Other	(1,807)	3,538
Subtotal	**49,295**	**43,045**
Interest and dividend received	1,014	1,438
Interest expenses	(1,508)	(1,660)
Payments for income taxes	(12,280)	(19,514)
Net cash provided by operating activities	**36,521**	**23,309**
Cash flows from investing activities		
Acquisition costs associated with fixed assets	(14,393)	(24,227)
Payments for acquisition of subsidiaries' stock accompanying changes in scope of consolidation	(10,607)	—
Proceeds from sale of securities	457	768
Other	1,030	788
Net cash used in investing activities	**(23,513)**	**(22,671)**

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(7,260)	6,246
Proceeds from long-term debt	—	27,213
Repayments for long-term debt	(10,697)	(4,416)
Cash dividends paid	(2,423)	(7,354)
Payment of dividends to minority stockholders	(347)	(49)
Other	(1,294)	(1,763)
Net cash used in financing activities	**(22,020)**	**19,879**
Effect of exchange rate changes on cash and cash equivalents	(977)	649
Net increase (decrease) in cash and cash equivalents	(9,989)	19,867
Cash and cash equivalents at beginning of year	**61,452**	**51,700**
Increase due to new consolidated companies	236	809
Decrease due to exclusion of previously consolidated entities	—	(0)
Cash and cash equivalents at end of year	**51,700**	**72,376**

5. Significant Events or Conditions that Question the Premise of a Going Concern

No events or conditions are noted.

6. Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

With regard to any accounting changes or corrections to previous errors that are made after the beginning of the current fiscal year under review, the “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standard – ASBJ Statement No. 24 dated December 4, 2009) and the “Guidance on the Accounting Standard for Accounting Changes and Error Corrections” (Implementation Guidance – ASBJ Statement No. 24 dated December 4, 2009) have been applied.

7. Items of Special Note Concerning the Consolidated Financial Statements

(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 matters such as the distribution of management resources and the financial performance of such segments.

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

Businesses	Main Products
Machinery Components	Power transmission and control
Precision Machinery	Plastic injection molding machines, film forming machines, semiconductor production equipment, laser processing systems, 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, 2010, to March 31, 2011)*

(Units: millions of yen)

Item \ Segment	A	B	C	D	E	F	Subtotal	Other[1]	Total	G[2]	H
Net sales											
(1) Sales to external customers	74,591	131,944	130,811	66,544	59,496	76,070	539,458	8,558	548,015	—	548,015
(2) Internal sales between segments or exchanges	1,810	1,158	9	137	74	794	3,983	2,190	6,173	(6,173)	—
Total	76,401	133,103	130,821	66,681	59,570	76,864	543,440	10,748	554,188	(6,173)	548,015
Segment profit	4,874	8,340	5,290	10,252	9,897	5,566	44,219	1,518	45,737	66	45,803
Segment assets	105,947	138,405	121,339	49,921	80,230	52,246	548,087	39,466	587,553	39,276	626,829
Other categories											
Depreciation expense	3,298	5,304	3,720	1,706	2,422	1,037	17,488	453	17,941	—	17,941
Increase in tangible and intangible assets	3,848	2,976	4,442	869	1,106	712	13,953	339	14,292	—	14,292

Segments:

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

Notes:

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

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

(Per Share Information)

	Previous Full Year April 1, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
Net assets per share	435.10 yen	454.43 yen
Net income per share	45.87 yen	31.75 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, 2010 to March 31, 2011	Current Full Year April 1, 2011 to March 31, 2012
Net income for the period	27,926 million yen	19,492 million yen
Value not attributable to common stockholders	—	—
Net income for common stock	27,926 million yen	19,492 million yen
Average number of outstanding shares for the term	608,820,000 shares	613,953,000 shares

(Subsequent Events of Significant Importance)

No events are noted.

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

Orders Received

(Units: millions of yen)

Segment	April 1, 2010 to March 31, 2011		April 1, 2011 to March 31, 2012		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Machinery Components	75,839	14.2	95,082	16.6	19,243	25.4
Precision Machinery	150,547	28.1	143,918	25.2	(6,629)	(4.4)
Construction Machinery	141,250	26.4	162,359	28.4	21,109	14.9
Industrial Machinery	73,228	13.7	69,607	12.2	(3,621)	(4.9)
Ships	14,581	2.7	6,721	1.2	(7,860)	(53.9)
Environmental Facilities & Plants	70,572	13.2	85,006	14.9	14,434	20.5
Others	8,881	1.7	8,594	1.5	(286)	(3.2)
Total	534,897	100.0	571,285	100.0	36,389	6.8

Sales

(Units: millions of yen)

Segment	April 1, 2010 to March 31, 2011		April 1, 2011 to March 31, 2012		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Machinery Components	74,591	13.6	93,206	15.0	18,615	25.0
Precision Machinery	131,944	24.1	144,145	23.0	12,200	9.2
Construction Machinery	130,811	23.9	158.942	25.5	28,130	21.5
Industrial Machinery	66,544	12.1	80,683	12.9	14,139	21.2
Ships	59,496	10.8	58,111	9.3	(1,386)	(2.3)
Environmental Facilities & Plants	76,070	13.9	80,116	12.9	4,046	5.3
Others	8,558	1.6	8,898	1.4	340	4.0
Total	548,015	100.0	624,100	100.0	76,085	13.9

Balance of Orders Received

(Units: millions of yen)

Segment	End of Full Year As of March 31, 2011		End of Full Year As of March 31, 2012		Y/Y Change	
	Amount	%	Amount	%	Amount	%
Machinery Components	25,048	6.9	26,923	8.7	1,875	7.5
Precision Machinery	64,822	17.8	64,594	20.8	(227)	(0.4)
Construction Machinery	22,694	6.3	26,111	8.4	3,417	15.1
Industrial Machinery	82,977	22.9	71,901	23.2	(11,076)	(13.3)
Ships	96,022	26.4	44,632	14.4	(51,390)	(53.5)
Environmental Facilities & Plants	69,552	19.2	74,442	24.0	4,890	7.0
Others	1,942	0.5	1,638	0.5	(304)	(15.6)
Total	363,057	100.0	310,242	100.0	(52,815)	(14.5)