

Sumitomo Heavy Industries, Ltd.

FIRST QUARTER CONSOLIDATED FINANCIAL REPORT

For the Three-Month Period from April 1 to June 30, 2017

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 First Quarter Ended June 30, 2017
 Presented July 31, 2017

Sumitomo Heavy Industries, Ltd.

| | |
|--|--|
| Listed exchanges | Tokyo Stock Exchange |
| Stock code | 6302 |
| Head office | Tokyo |
| President | Shunsuke Betsukawa |
| URL | www.shi.co.jp |
| Inquiries | Tsuneyoshi Sato General Manager, Corporate Communications Dept. |
| Telephone | +81 3 6737 2331 |
| Scheduled reporting date for quarterly report | August 8, 2017 |
| Scheduled date of payment of cash dividends | — |
| Availability of supplementary explanations for quarterly financial statement | None |
| Holding of meeting to explain quarterly financial statement | None |

1. FY 2017 First Quarter Consolidated Results (April 1, 2017, to June 30, 2017)

(1) Business Results

(Units: millions of yen)

| | First Quarter April 1 to June 30, 2017 | | Previous First Quarter April 1 to June 30, 2016 | |
|---|---|----------|--|----------|
| | | % change | | % change |
| Net sales | 167,299 | 9.8 | 152,298 | (0.3) |
| Operating income | 11,850 | 52.2 | 7,786 | 0.4 |
| Ordinary income | 12,310 | 72.4 | 7,139 | 2.1 |
| Net income attributed to shareholders of the parent company | 8,606 | 68.7 | 5,102 | 15.5 |
| Net income per share (yen) | 14.04 | | 8.33 | |
| Fully diluted net income per share (yen) | — | | — | |

Note: Comprehensive income

Fiscal quarter ended June 30, 2017: 5,882 million yen, —%

Fiscal quarter ended June 30, 2016: (1,793 million yen), (175.8%)

(2) Financial Position

(Units: millions of yen)

| | End of First Quarter As of June 30, 2017 | End of Previous Full Year As of March 31, 2017 |
|------------------|---|---|
| Total assets | 813,743 | 796,484 |
| Total net assets | 409,100 | 409,171 |
| Equity ratio (%) | 48.9 | 50.0 |

Reference: Equity

Fiscal quarter ended June 30, 2017: 397,802 million yen

Fiscal year ended March 31, 2017: 398,601 million yen

2. Dividends

(Units: yen)

| | Year Ended March 31, 2017 | Year Ending March 31, 2018 | Year Ending March 31, 2018 (forecast) |
|----------------------------|------------------------------|-------------------------------|--|
| Annual dividends per share | | | |
| First quarter | — | — | |
| Second quarter | 7.00 | | 8.00 |
| Third quarter | — | | — |
| End of term | 9.00 | | 40.00 |
| Annual dividends | 16.00 | | — |

Note 1: Changes from the most recent dividend forecast: None

Note 2: The Company plans to carry out a 5-to-1 reverse stock split for its common shares with an effective date of October 1, 2017. The projected year-end dividend amount for the period ending March 2018 specified above takes into account the proposed reverse stock split. If the reverse stock split is not taken into account, the projected year-end dividend for the period ending March 2018 would be JPY8.00, and the full-year dividend per share would total JPY16.00. For further details, please refer to the summarized information provided in the section entitled, "Explanations and Other Specific Items for the Proper Review of the Financial Projections".

3. FY 2017 Consolidated Forecasts (April 1, 2017, to March 31, 2018)

(Units: millions of yen)

| | Second Quarter (Cumulative) April 1, 2017, to September 30, 2017 | | Full Year April 1, 2017, to March 31, 2018 | |
|---|--|----------|---|----------|
| | | % change | | % change |
| Net sales | 347,000 | 9.2 | 710,000 | 5.3 |
| Operating income | 23,000 | 23.5 | 51,000 | 5.3 |
| Ordinary income | 22,000 | 20.6 | 49,000 | 1.5 |
| Net income attributed to shareholders of the parent company | 14,000 | 6.9 | 32,000 | (4.8) |
| Projected net income per share (yen) | | 22.85 | | 261.11 |

Note 1: Changes from the most recent consolidated forecast: None

Note 2: Please note that the reverse stock split has already been taken into account for the FY2017 net income per share amount specified above in the consolidated financial forecast for the period ending March 2018. If the reverse stock split is not taken into account, the FY2017 net income per share forecast for the period ending March 2018 would be JPY52.22. For further details, please refer to the summarized information provided in the section entitled, "Explanations and Other Specific Items for the Proper Review of the Financial Projections".

Additional Notes

- (1) Transfers of important subsidiaries during the fiscal period (moves of specific subsidiaries due to change in scope of consolidation): None
- Newly consolidated: None
- Excluded from consolidation: None
- (2) Special accounting measures applied in the quarterly consolidated financial report: None
- (3) Changes to accounting policies, changes to accounting estimates, and restatements
- (i) Changes to accounting policies resulting from revisions to accounting standards, etc.: None
- (ii) Changes other than (i): None
- (iii) Changes to accounting estimates: None
- (iv) Restatements: None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at end of fiscal period (including treasury stock):
- | | |
|----------------------|--------------------|
| As of June 30, 2017 | 614,527,405 shares |
| As of March 31, 2017 | 614,527,405 shares |
- (ii) Amount of treasury stock at end of fiscal period
- | | |
|----------------------|------------------|
| As of June 30, 2017 | 1,753,897 shares |
| As of March 31, 2017 | 1,741,792 shares |
- (iii) Average number of shares during fiscal period (cumulative quarterly period)
- | | |
|---------------------|--------------------|
| As of June 30, 2017 | 612,777,154 shares |
| As of June 30, 2016 | 612,873,634 shares |

* The Quarterly Summary of Financial Results is not subject to the Quarterly Review

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

(Notes Regarding Forward Looking Statements)

Earnings forecasts and outlooks concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook because of a variety of factors. For information on the assumptions that form the basis of the earnings forecast and items to note concerning the use of earnings forecasts, please see the *Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates* in the *Supplementary Materials* on page 8.

(Implementation of the Reverse Stock Split)

At a Board of Directors meeting held on May 26, 2017, the board members of SHI agreed to propose a resolution at the 121st Ordinary General Shareholders Meeting that was held on June 29, 2017 to carry out a reverse stock split of the Company's shares. At this Ordinary General Shareholders Meeting, the resolution passed and now the Company is planning to effect a 5-to-1 reverse stock split of its common shares on October 1, 2017. Without the reverse stock split, the dividend forecast and the consolidated financial forecast for the period ending March 2018 would be as follows:

(i) Dividend Forecast for the Period Ending March 2018

Dividend per share

End of Second Quarter JPY8.00

End of Fiscal Year JPY8.00

(ii) Consolidated Financial Forecast for the Period Ending March 2018

Net income per share

Full Year JPY52.22

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1. Qualitative Information regarding Current Quarterly Consolidated Business Performance

(1) Explanation of Business Performance

During the first quarter of the current consolidated fiscal year under review, the domestic economy showed continued signs of recovery as corporate manufacturing activity trended positively against a backdrop of increased export levels, and a slight increase in personal consumption levels. In overseas markets, the recovery of the US economy continued to progress as personal consumption levels remained steady, and capital investment levels show signs of recovery; an indicator of improving corporate performance. Europe also continued to show signs of a gentle economic recovery with increasing exports and the bottoming out of personal consumption levels. In China, the continuing strategy to prop up the economy with public-sector investment coupled with the recovery in private-sector demand and export levels resulted in stable growth. Finally, emerging markets also showed steady levels of recovery as domestic demand bounced back and exports to developing countries increased. In overall terms, the global economy is in a state of gentle recovery, but lacking clarity in its future direction mainly due to the risk of political and regulatory uncertainty in the US and Europe, the risk of a slowdown of the Chinese economy, and rising geopolitical risks in the Middle East as well as East Asia.

Under these conditions, orders increased across all segments of the Group with the exception of the Ships, and Environmental Facilities and Plant segment. On a consolidated basis, the Group posted an order figure of JPY184.5 billion, a 9% increase as compared to the same period last year (hereinafter referred to as the “previous term”). Sales also increased across all segments with the exception of the Industrial Machinery, and Others segments. In total, the Group posted a sales figure of JPY167.3 billion, a 10% increase as compared to the previous term.

Turning to income, the drop in profits from the Industrial Machinery and Environmental Facilities and Plant segments was offset by increases from other segments. As a result, operating income was JPY11.9 billion, a 52% increase as compared to the previous term, and ordinary income was JPY12.3 billion, a 72% increase as compared to the previous term. Quarterly net income attributable to the shareholders of the parent company also increased by 69% as compared to the previous term to finish at JPY8.6 billion.

As published on June 26, 2017, the energy plant business of the Environmental Facilities and Plant segment made a move to acquire Amec Foster Wheeler plc’s (Head Office: United Kingdom; hereinafter referred to as “AFW”) circulating fluidized bed (CFB) boiler business. In line with the acquisition, the share purchase of FW Energy B.V. (Head Office: The Netherlands; hereinafter referred to as “FW”) was completed on June 23, 2017 (local time in the Netherlands), and subsequently FW became a wholly-owned subsidiary of the Company. By acquiring the technology and know-how behind AFW’s CFB boiler business, it will enable the Company to supply customers with more advanced technology, and expand the business on a global scale.

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

1. Machinery Components

The market for small-to-medium scale gear reducers from the domestic, US, Europe and China markets showed positivity, along with the market for precision gear reducers for use in robots. As a result, orders and sales increased as compared to the previous term. In actual figures, the segment received orders worth JPY27.8 billion, a rise of 10% as compared to the previous term, and posted sales of JPY24.7 billion, a rise of 4% as compared to the previous term. Further, the segment posted operating income of JPY2.4 billion.

2. Precision Machinery

With respect to plastics machinery, strong market conditions in Europe along with an increase in demand from the electric and electronic sector in China resulted in an overall increase in orders and sales as compared to the previous term. In other product areas, both orders and sales increased mainly due to the recovery in demand for cryogenic equipment and semiconductor-related equipment. In actual figures, the segment received orders worth JPY43.4 billion, a rise of 25% as compared to the previous term, and posted sales of JPY37.1 billion, a rise of 11% as compared to the previous term. Further, the segment posted operating income of JPY3.6 billion.

3. Construction Machinery

With regard to the hydraulic excavator business, both orders and sales increased as compared to the previous term mainly due to a rise in demand from the domestic and China markets. As for the mobile crane business, although the long-term stagnation of the North American market remained in place, both orders and sales increased as compared to the previous term due to the subsidiarization of Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd. In actual figures, the segment received orders worth JPY64.4 billion, a rise of 47% as compared to the previous term, and posted sales of JPY56.5 billion, a rise of 20% as compared to the previous term. Further, the segment posted operating income of JPY2.8 billion.

4. Industrial Machinery

Orders increased as compared to the previous term as the demand for forging presses in the industrial machinery business increased, and the market trended positively in the material handling business. Sales, however, decreased as compared to the previous term despite an increase in forging press sales in the industrial machinery business. The drop is primarily attributed to the decrease in large-scale orders in the material handling business as compared to the previous term. In actual figures, the segment received orders worth JPY21.0 billion, a rise of 5% as compared to the previous term, and posted sales of JPY20.3 billion, a fall of 2% as compared to the previous term. Further, the segment posted operating income of JPY1.5 billion.

5. Ships

The slowdown in market conditions continues in the Ships segment which meant that no orders for new vessels were secured during the current quarter under review, equaling the total from the previous term. On the other hand, two vessels were delivered during the current quarter under review as compared to only one vessel handed over in the previous term. In actual figures, the segment received orders worth JPY3.3 billion, a fall of 25% as compared to the previous term, and posted sales of JPY8.8 billion, a rise of 17% as compared to the previous term. Further, the segment posted operating income of JPY1.1 billion.

6. Environmental Facilities & Plants

Orders in the energy plant business dropped as compared to the previous term mainly due to the fact that an order for Japan's largest biomass-fueled power generation plant was secured during the previous term. On the other hand, orders increased in the water treatment plant business mainly because of strong demand for the construction of new facilities as well as refurbishment projects. In actual figures, the segment received orders worth JPY22.9 billion, a fall of 42% as compared to the previous term, and posted sales of JPY18.2 billion, which was flat as compared to the previous term. Further, the segment posted an operating loss of JPY0.0 billion.

7. Other

The Other segment received orders worth JPY1.9 billion, a rise of 5% as compared to the previous term, and posted sales of JPY1.7 billion, a fall of 2% as compared to the previous term. Further, the segment posted operating income of JPY0.5 billion.

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

1. Condition of Assets, Liabilities, and Net Assets

Total assets at the end of the first quarter of the current consolidated fiscal year under review (ended June 30, 2017) amounted to JPY813.7 billion, an increase of JPY17.3 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to increases of JPY9.8 billion in inventory assets and JPY25.5 billion in intangible assets offsetting a decrease of JPY13.9 billion in trade notes and accounts receivable.

Total liabilities rose to JPY404.6 billion, an increase of JPY17.3 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to increases of JPY18.9 billion in notes and accounts payable and JPY6.0 billion in advance payments received on contracts offsetting the decrease of JPY9.1 billion in the balance of interest-bearing liabilities.

Net assets to JPY409.1 billion, a decrease of JPY0.1 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to decrease of JPY4.4 billion in the foreign currency translation adjustment account.

As a result of the above, the shareholders' equity ratio fell by 1.1 points from the end of the previous consolidated fiscal year to finish at 48.9%.

2. Cash Flow Condition

The increase in cash flow from operating activities was JPY29.6 billion (as compared to a increase in cash flow of JPY8.0 billion in the previous term). When broken down, the main components of the proceeds were JPY12.2 billion in quarterly net income before tax and other adjustments, and the JPY28.4 billion reduction in trade receivables. The main sources of the outflow of cash were the JPY11.4 billion increase in inventory assets and the JPY7.5 billion payment of corporate and other taxes.

The decrease in cash flow as a result of investing activities was JPY18.7 billion (as compared to a decrease in cash flow of JPY5.1 billion in the previous term). The main reason for the cash outflow was the JPY13.6 billion used to acquire the shares of affiliated companies.

The decrease in cash flow as a result of financing activities was JPY14.7 billion (as compared to a decrease in cash flow of JPY8.9 billion in the previous term). The main reasons for the cash outflow were the JPY8.2 billion (net amount with cash inflow of loans) used to repay loans and the JPY5.3 billion used to pay dividends.

As a result of the foregoing, the balance of cash and cash equivalents at the end of the first quarter of the current consolidated fiscal year under review totaled JPY57.1 billion, a decrease of JPY3.9 billion as compared to the end of the previous consolidated fiscal year.

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

No revisions have been made to the consolidated earnings forecast for the fiscal year ending March 31, 2018, which was published along with the earnings summary on May 9, 2017.

Please note that from the second quarter of the current consolidated fiscal year, the main exchange rates are assumed to be USD1 = JPY110 and EUR1 = JPY125.

2. Notes regarding Summarized Information (Explanatory Notes)

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

There are no applicable items.

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

There are no applicable items.

3. Quarterly Consolidated Financial Statements and Key Explanatory Notes
(1) Quarterly Consolidated Balance Sheets

(Units: millions of yen)

| | End of Previous Fiscal Year As of March 31, 2017 | End of First Quarter As of June 30, 2017 |
|---------------------------------|---|---|
| | Amount | Amount |
| Assets | | |
| Cash and deposits | 63,820 | 59,528 |
| Notes and accounts receivable | 242,459 | 228,585 |
| Inventory assets | 162,737 | 172,537 |
| Other | 42,366 | 41,648 |
| Allowance for doubtful accounts | (3,735) | (3,906) |
| Current assets | 507,648 | 498,393 |
| Land | 107,762 | 107,913 |
| Other (net) | 119,979 | 120,001 |
| Total tangible assets | 227,741 | 227,915 |
| Other | 15,243 | 40,711 |
| Total intangible assets | 15,243 | 40,711 |
| Other | 51,017 | 52,055 |
| Allowance for doubtful accounts | (5,164) | (5,331) |
| Investments and other assets | 45,853 | 46,724 |
| Fixed assets | 288,837 | 315,350 |
| Total assets | 796,484 | 813,743 |

(Units: millions of yen)

| | End of Previous Fiscal Year As of March 31, 2017 | End of First Quarter As of June 30, 2017 |
|---|---|---|
| | Amount | Amount |
| Liabilities | | |
| Notes and accounts payable | 147,318 | 166,256 |
| Short-term bank loans | 36,711 | 32,920 |
| Long-term loans due within one year | 1,481 | 1,287 |
| Commercial Paper | 5,000 | — |
| Allowance for guaranteed construction | 9,609 | 13,019 |
| Other allowance amount | 3,711 | 3,323 |
| Other | 86,755 | 91,662 |
| Current liabilities | 290,585 | 308,467 |
| Bonds | 10,000 | 10,000 |
| Long-term debt due after one year | 7,268 | 7,104 |
| Allowance | 159 | 157 |
| Defined benefit liability | 44,853 | 43,647 |
| Deferred income taxes on revaluation | 20,942 | 20,869 |
| Other | 13,505 | 14,399 |
| Total fixed liabilities | 96,728 | 96,176 |
| Total liabilities | 387,313 | 404,643 |
| Net assets | | |
| Common stock | 30,872 | 30,872 |
| Capital surplus | 25,267 | 25,267 |
| Retained earnings | 289,587 | 292,828 |
| Treasury stock | (915) | (924) |
| Total shareholders' equity | 344,810 | 348,042 |
| Unrealized gains on securities | 4,128 | 4,565 |
| Profit (loss) on deferred hedge | 320 | 305 |
| Revaluation reserve for land | 41,289 | 41,146 |
| Foreign currency translation adjustments | 13,824 | 9,419 |
| Re-measurement of defined benefit plans | (5,770) | (5,674) |
| Total accumulated other comprehensive income | 53,791 | 49,760 |
| Non-controlling interest | 10,570 | 11,298 |
| Total net assets | 409,171 | 409,100 |
| Total liabilities and net assets | 796,484 | 813,743 |

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

(Units: millions of yen)

| | Previous First Quarter April 1, 2016, to June 30, 2016 | Present First Quarter April 1, 2017, to June 30, 2017 |
|--|--|---|
| | Amount | Amount |
| Net sales | 152,298 | 167,299 |
| Cost of sales | 117,532 | 126,522 |
| Gross income | 34,767 | 40,777 |
| Selling, general & administrative expenses | 26,980 | 28,927 |
| Operating income | 7,786 | 11,850 |
| Non-operating income | | |
| Interest income | 89 | 136 |
| Dividend income | 466 | 423 |
| Other | 585 | 1,034 |
| Total non-operating income | 1,139 | 1,593 |
| Non-operating expenses | | |
| Interest expense | 380 | 288 |
| Loss on foreign currency exchange | 462 | 79 |
| Other | 945 | 765 |
| Total non-operating expenses | 1,787 | 1,133 |
| Ordinary income | 7,139 | 12,310 |
| Extraordinary losses | | |
| Loss on impaired assets | 10 | 72 |
| Total extraordinary losses | 10 | 72 |
| Income before income taxes | 7,129 | 12,238 |
| Corporate income taxes | 2,047 | 3,344 |
| Net income | 5,082 | 8,894 |
| Net income (or loss) attributable to non-controlling interests | (20) | 288 |
| Net income attributed to shareholders of the parent company | 5,102 | 8,606 |

Consolidated Statement of Comprehensive Income

(Units: millions of yen)

| | Previous First Quarter April 1, 2016, to June 30, 2016 | Present First Quarter April 1, 2017, to June 30, 2017 |
|---|---|--|
| | Amount | Amount |
| Net income | 5,082 | 8,894 |
| Other comprehensive income | | |
| Unrealized gains on securities | (628) | 419 |
| Profit (loss) on deferred hedge | 1,750 | 22 |
| Revaluation reserve for land | — | 7 |
| Foreign currency translation adjustments | (8,413) | (3,536) |
| Adjustment to retirement benefits | 413 | 92 |
| Amount applied for equity method accounting of affiliates | 3 | (16) |
| Total other comprehensive income | (6,875) | (3,012) |
| Comprehensive income | (1,793) | 5,882 |
| (Breakdown) | | |
| Comprehensive income relating to parent company shareholdings | (1,686) | 4,725 |
| Quarterly comprehensive income relating to non-controlling interests | (108) | 1,157 |

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

There are no applicable items.

(Notes regarding Significant Fluctuations to Shareholders' Equity)

There are no applicable items.

(Subsequent Events of Significant Importance)

There are no applicable items.

4. Supplementary Information

(1) Orders, Sales and Operating Income, and Balance of Orders by Segment

Orders

(Units: millions of yen)

| Segment | April 1, 2016, to June 30, 2016 | April 1, 2017, to June 30, 2017 | Y/Y Change | |
|-----------------------------------|------------------------------------|------------------------------------|------------|--------|
| | Amount | Amount | Amount | % |
| Machinery Components | 25,303 | 27,756 | 2,453 | 9.7 |
| Precision Machinery | 34,758 | 43,412 | 8,655 | 24.9 |
| Construction Machinery | 43,690 | 64,415 | 20,726 | 47.4 |
| Industrial Machinery | 20,005 | 20,959 | 954 | 4.8 |
| Ships | 4,334 | 3,263 | (1,071) | (24.7) |
| Environmental Facilities & Plants | 39,301 | 22,883 | (16,419) | (41.8) |
| Other | 1,764 | 1,852 | 88 | 5.0 |
| Total | 169,154 | 184,540 | 15,386 | 9.1 |

Sales and Operating Income

(Units: millions of yen)

| Segment | April 1, 2016, to June 30, 2016 | | April 1, 2017, to June 30, 2017 | | Y/Y Change | |
|-----------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|------------|---------------------|
| | Sales | Operating Income | Sales | Operating Income | Sales | Operating Income |
| Machinery Components | 23,706 | 1,810 | 24,712 | 2,362 | 1,006 | 551 |
| Precision Machinery | 33,396 | 3,092 | 37,101 | 3,643 | 3,704 | 551 |
| Construction Machinery | 47,120 | 420 | 56,495 | 2,828 | 9,375 | 2,409 |
| Industrial Machinery | 20,704 | 1,927 | 20,312 | 1,464 | (391) | (463) |
| Ships | 7,521 | 114 | 8,778 | 1,075 | 1,257 | 961 |
| Environmental Facilities & Plants | 18,106 | 37 | 18,196 | (31) | 90 | (68) |
| Other | 1,746 | 411 | 1,704 | 500 | (41) | 89 |
| Adjustments | — | (25) | — | 9 | — | 34 |
| Total | 152,298 | 7,786 | 167,299 | 11,850 | 15,001 | 4,064 |

Balance of Orders Received

(Units: millions of yen)

| Segment | End of Previous Fiscal Year As of March 31, 2017 | End of First Quarter As of June 30, 2017 | Change | |
|-----------------------------------|---|---|---------------|------------|
| | Amount | Amount | Amount | % |
| Machinery Components | 25,893 | 28,937 | 3,044 | 11.8 |
| Precision Machinery | 54,118 | 60,429 | 6,312 | 11.7 |
| Construction Machinery | 53,286 | 61,207 | 7,921 | 14.9 |
| Industrial Machinery | 95,063 | 95,710 | 647 | 0.7 |
| Ships | 53,908 | 48,393 | (5,516) | (10.2) |
| Environmental Facilities & Plants | 140,257 | 144,944 | 4,687 | 3.3 |
| Other | 1,589 | 1,737 | 148 | 9.3 |
| Total | 424,114 | 441,356 | 17,242 | 4.1 |

The Group's operating segments are categorized as follows:

| Businesses | Main Products |
|-----------------------------------|--|
| Machinery Components | Power transmission and control equipment |
| Precision Machinery | Plastics machinery, film forming machines, semiconductor production equipment, laser processing systems, cryogenic equipment, precision positioning equipment, precision forgings, control components, defense equipment, machining tools |
| Construction Machinery | Hydraulic excavators, mobile cranes, road machinery |
| Industrial Machinery | Ion accelerators, medical machines and equipment, forging press machines, material handling systems, logistics systems, automated parking systems, turbines, pumps |
| Ships | Ships |
| Environmental Facilities & Plants | Private power generation facilities, boilers, industrial waste treatment facilities, air pollution control equipment, water and sewage treatment systems, process equipment, pressure vessels, mixing vessels, air-conditioning equipment, food processing machinery |

(2) (Summary) Consolidated Cash Flows Statement

(Units: millions of yen)

| | Previous First Quarter April 1, 2016, to June 30, 2016 | Present First Quarter April 1, 2017, to June 30, 2017 | Y/Y Change |
|---|--|---|-----------------|
| Income before income taxes | 7,129 | 12,238 | 5,109 |
| Depreciation | 5,019 | 5,320 | 301 |
| (Increase) decrease in notes and accounts receivable | 23,467 | 28,361 | 4,894 |
| (Increase) decrease in inventories | (9,785) | (11,420) | (1,635) |
| Increase (decrease) in notes and accounts payable | (4,671) | 2,965 | 7,636 |
| Payments for income taxes | (4,674) | (7,503) | (2,829) |
| Other | (8,508) | (342) | 8,166 |
| Net cash provided by operating activities | 7,977 | 29,618 | 21,641 |
| Payments for purchases of property, plant, and equipment | (4,799) | (5,860) | (1,061) |
| Other | (328) | (12,795) | (12,467) |
| Net cash used in investing activities | (5,127) | (18,654) | (13,527) |
| Net increase (decrease) in short-term loans | (3,017) | (8,155) | (5,138) |
| Cash dividends paid | (5,278) | (5,328) | (50) |
| Other | (622) | (1,184) | (563) |
| Net cash used in financing activities | (8,916) | (14,667) | (5,751) |
| Other | (1,541) | (168) | 1,373 |
| Cash and cash equivalents at beginning of period | 68,625 | 61,017 | (7,608) |
| Cash and cash equivalents at end of period | 61,017 | 57,146 | (3,871) |