Report of Earnings and Financial Statements
for the Fiscal Year Ended March 31, 2013 (Consolidated)
(Prepared pursuant to Japanese GAAP)

April 25, 2013

Listed company's name:	**Kawasaki Heavy Industries, Ltd.**
Listed on:	1st sections of the TSE, OSE, and NSE
Stock code:	7012
URL:	http://www.khi.co.jp/
Representative:	Satoshi Hasegawa, President
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Scheduled dates:

Ordinary general meeting of shareholders	June 26, 2013
Commencement date of dividend payments	June 27, 2013
Submission of financial statements:	June 26, 2013
Supplementary materials to financial results	Available
Earnings presentation:	Conducted (for institutional investors and analysts)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(Amounts in millions of yen rounded down to the nearest million yen)

(1) Operating Results

Years ended March 31 (Millions of yen) (Percentage figures indicate change compared with the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income	
		%		%		%		%
2013	1,288,881	(1.1)	42,062	(26.8)	39,328	(38.1)	30,864	32.3
2012	1,303,778	6.2	57,484	34.8	63,627	29.4	23,323	(10.1)

Note: Comprehensive income Fiscal year ended March 31, 2013: ¥ 44,039 million 79.2%
Fiscal year ended March 31, 2012: ¥ 24,569 million 34.6%

Years ended March 31

	Earnings per share	Earnings per share – diluted	Return on equity	Return on assets	Operating income to net sales
	Yen	Yen	%	%	%
2013	18.46	-	9.5	2.7	3.2
2012	13.95	13.85	7.8	4.6	4.4

For reference: Equity in income of non consolidated subsidiaries and affiliates
Fiscal year ended March 31, 2013: ¥ 8,530 million
Fiscal year ended March 31, 2012: ¥ 8,567 million

(2) Financial Condition

March 31 (Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
2013	1,466,290	349,881	23.0	202.32
2012	1,362,139	315,922	22.4	183.06

For reference: Shareholders' equity March 31, 2013: ¥ 338,240 million
March 31, 2012: ¥ 306,054 million

(3) Cash Flow Position

Years ended March 31 (Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
2013	28,101	(81,160)	57,671	36,971
2012	84,737	(65,959)	(26,831)	33,245

2. Dividends

Years ended/ending March 31

Record date or term	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends / Net assets (consolidated)
	1Q	2Q	3Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
2012	-	0.00	-	5.00	5.00	8,359	35.8	2.7
2013	-	0.00	-	5.00	5.00	8,358	27.0	2.5
2014 (forecast)	-	0.00	-	5.00	5.00		24.5	

3. Forecast of Consolidated Earnings for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Millions of yen)(Percentage figures indicate change compared with the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Earnings per share
		%		%		%		%	Yen
For six months ending September 30, 2013	610,000	6.0	20,000	92.4	17,000	(15.6)	11,000	(11.4)	6.57
Full year	1,380,000	7.0	60,000	42.6	53,000	34.7	34,000	10.1	20.33

***Other Information**

(1) Changes affecting the status of material subsidiaries (scope of consolidation): None

*This refers to additions and removals of material subsidiaries to and from the consolidated group during the period. For further details, see “Changes in basis of preparation of financial statements” on page 22 in the Accompanying Materials.

(2) Changes in accounting policies, changes in accounting estimates, and correction of errors

(ⅰ) Changes in accounting policies in accord with revisions to accounting standards: Yes

(ⅱ) Changes in accounting policies other than (ⅰ): None

(ⅲ) Changes in accounting estimates: Yes

(ⅳ) Correction of errors: None

* The above changes correspond to Article 14-7 in the “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements”. For further details, see “Changes in accounting policies, changes in accounting estimates, and correction of errors” on page 22 in the Accompanying Materials.

(3) Number of shares issued and outstanding (common stock)

(ⅰ) Number of shares issued as of period-end (including treasury stock)

March 31, 2013: 1,671,892,659 shares
March 31, 2012: 1,671,892,659 shares

(ⅱ) Number of shares held in treasury as of period-end

March 31, 2013: 100,116 shares
March 31, 2012: 77,126 shares

(ⅲ) Average number of shares during respective periods
March 31, 2013: 1,671,803,541 shares
March 31, 2012: 1,671,465,052 shares

For reference: Overview of Non-Consolidated Financial Results

(1) Operating Results

Years ended March 31 (Percentage figures indicate change compared with the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
2013	983,921	(1.9)	12,573	(49.8)	19,433	(48.8)	17,158	49.3
2012	1,003,390	22.7	25,072	-	38,029	15.8	11,491	(65.5)

	Earnings per share	Earnings per share – diluted
	Yen	Yen
2013	10.26	-
2012	6.87	6.83

(2) Financial Condition

March 31 (Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
2013	1,195,116	258,479	21.6	154.61
2012	1,144,618	255,039	22.2	152.55

Note: Shareholders' equity March 31, 2013: ¥ 258,479 million
March 31, 2012: ¥ 255,039 million

*** Review Status**

This report is exempt from the review of accounts conducted pursuant to Japan's Financial Instruments and Exchange Act. As of this report's publication, the review of the financial results had not been completed.

***Appropriate Use of Financial Forecasts and Other Important Matters**

Forward-Looking Statements

These materials contain earnings forecast and other forward-looking statements based on information available to the company at the time of disclosure and the company makes no assurances as to the actual results and/or other outcomes, which may differ from those expressed or implied herein due to various factors. For assumptions underlying earnings forecasts and other information regarding the use of such forecasts, refer to "(iii) Consolidated Earnings Outlook" on page 5 in section "(1) Consolidated Operating Results" of "1. Qualitative Information and Financial Statements" in the Accompanying Materials.

How to Obtain Supplementary Briefing Material on Financial Results and Details of the Financial Results Briefing

The Company plans to conduct a briefing for institutional investors and analysts on Thursday April 25, 2013, and to post the briefing material on financial results to be used for the briefing on TDnet and the Company's website simultaneously with the announcement of financial results.

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1. Qualitative Information and Financial Statements

(1) Consolidated operating results

(i) Overview of consolidated operating results

In the fiscal year ended March 31, 2013, global economic growth was generally subdued in the wake of an economic slowdown in China and emerging market economies that had hitherto been the global economy's chief growth drivers. Looking ahead, the KHI Group expects moderate economic growth to continue by virtue of an anticipated pickup in US manufacturing and solid infrastructure demand in emerging market economies, although the European economy remains at risk of instability amid concerns about sovereign debt problems in some European countries.

In Japan, post-earthquake reconstruction progressed but economic conditions generally remained unstable, partly due to concerns of a global economic downturn. Going forward, there are high expectations for growth in response to the recent reversal of the yen's appreciation trend and fiscal and monetary policy measures to overcome deflation and realize sustained economic growth, but such expectations could take a while to feed through to the real economy.

Amid such an economic environment, the Group achieved growth in overall orders received in the fiscal year ended March 31, 2013, as order growth in the Rolling Stock and Ship & Offshore Structure segments offset a decline in orders in the Precision Machinery and other segments. The Precision Machinery segment's sales also declined in the wake of China's economic slowdown. Although sales declined in the Ship & Offshore Structure segment also, overall sales were relatively unchanged year on year, largely by virtue of sales growth in the Aerospace segment. Segments in which sales grew, including the Motorcycle & Engine and Aerospace segments, generally achieved growth in operating income or otherwise improved their operating performance. Overall operating income, however, decreased due to profit declines in several segments, including Precision Machinery and Plant & Infrastructure.

The Group’s consolidated orders received totaled ¥1,369.5 billion, a ¥57.7 billion increase from the previous fiscal year. Consolidated net sales decreased ¥14.8 billion year on year to ¥1,288.8 billion. Consolidated operating income totaled ¥42.0 billion, down ¥15.4 billion from the previous fiscal year. Consolidated recurring profit declined ¥24.2 billion year on year to ¥39.3 billion. Consolidated net income increased ¥7.5 billion year on year to ¥30.8 billion as a result of a decrease in income tax expense and reduction in extraordinary losses.

Consolidated operating performance in the fiscal year ended March 31, 2013, is summarized by segment below.

(ii) Segment information

Segment net sales, operating income, and orders received (billions of yen)

Segment	Fiscal year ended March 31				Orders received	
	2013		2012		Fiscal year ended March 31	
	Net sales	Operating income	Net sales	Operating income	2013	2012
Ship & Offshore Structure	90.3	4.1	113.5	3.9	105.7	39.9
Rolling Stock	129.9	2.2	132.6	5.1	124.4	66.0
Aerospace	239.1	14.8	206.5	7.8	283.4	327.2
Gas Turbine & Machinery	207.0	7.0	194.6	7.7	255.5	227.2
Plant & Infrastructure	115.8	9.7	122.8	14.1	113.6	119.2
Motorcycle & Engine	251.8	2.3	235.2	(2.9)	251.8	235.2
Precision Machinery	130.4	8.4	175.0	26.6	109.7	174.5
Other	124.2	1.2	123.2	3.8	125.1	122.2
Adjustments	-	(8.0)	-	(8.8)	-	-
Total	1,288.8	42.0	1,303.7	57.4	1,369.5	1,311.8

Note: Net sales include only sales to external customers.

Ship & Offshore Structure

Consolidated orders received totaled ¥105.7 billion, a large increase of ¥65.8 billion from the previous fiscal year. They included orders for one submarine and five carriers, including LNG carriers.

Consolidated net sales decreased ¥23.1 billion year on year to ¥90.3 billion as growth in construction of liquefied gas carriers, including LNG and LPG carriers, was offset by a decline in construction of other classes of vessels, most notably Capesize bulk carriers.

Despite the sales decline, consolidated operating income was roughly unchanged year on year at ¥4.1 billion, bolstered by cost reductions and yen depreciation.

Rolling Stock

Consolidated orders received increased ¥58.3 billion to ¥124.4 billion, largely as a result of high-speed rail car orders from Taiwan and subway car orders from Singapore.

Consolidated net sales were roughly unchanged year on year at ¥129.9 billion as domestic sales growth driven by increased demand from JR companies was offset by a decline in overseas sales.

Consolidated operating income decreased ¥2.9 billion year on year to ¥2.2 billion due to a decline in profitability of overseas projects.

Aerospace

Despite growth in orders for component parts for the Boeing777 and 787, consolidated orders received decreased to ¥283.4 billion, down ¥43.7 billion from the previous fiscal year, when the segment booked large orders from Japan's Ministry of Defense.

Consolidated net sales increased ¥32.5 billion year on year to ¥239.1 billion, largely as a result of growth in sales of component parts for the Boeing777 and 787 coupled with growth in sales of the C-2 transport aircraft and other aircraft to Japan’s Ministry of Defense.

Consolidated operating income increased sharply, up ¥7.0 billion year on year to ¥14.8 billion, largely due to sales growth and cost reductions.

Gas Turbine & Machinery

Consolidated orders received increased ¥28.2 billion to ¥255.5 billion, largely as result of growth in orders for component parts for commercial aircraft jet engines.

Consolidated net sales grew ¥12.3 billion year on year to ¥207.0 billion, as increased sales of component parts for commercial aircraft jet engines and gas engines offset a decline in sales of diesel engines for ships.

Consolidated operating income decreased ¥0.7 billion year on year to ¥7.0 billion, largely due to increased amortization of R&D expenditures for new projects.

Plant & Infrastructure

Consolidated orders received decreased ¥5.6 billion yen year on year to ¥113.6 billion. Although the segment won an order for cryogenic tanks for the Ichthys LNG project, domestic orders for LNG storage tanks and conveyance equipment declined.

Consolidated net sales were down ¥6.9 billion year on year to ¥115.8 billion as continued robust sales of LNG storage tank and growth in sales of conveyance equipment and refuse incineration plants failed to offset a decrease in revenues from large overseas projects.

Consolidated operating income totaled ¥9.7 billion, a steep decline of ¥4.3 billion year on year, as a result of the sales decline and shrinkage in profit margins.

Motorcycle & Engine

Consolidated net sales grew ¥16.6 billion year on year to ¥251.8 billion. By region, motorcycle sales declined in Europe but increased in the US and emerging market economies, most notably Indonesia.

Consolidated operating income totaled ¥2.3 billion, a ¥5.3 billion year-on-year improvement largely attributable to sales growth and improved profitability.

Precision Machinery

Consolidated orders received totaled ¥109.7 billion, a steep ¥64.8 billion year-on-year decline mainly due to reduced demand for hydraulic equipment for construction machinery in emerging market economies, most notably China.

This downshift in emerging market, particularly Chinese, demand for hydraulic equipment for construction machinery resulted in a large decline in sales also. Consolidated net sales were down

¥44.6 billion year on year to ¥130.4 billion.

Consolidated operating income totaled ¥8.4 billion, a steep decline of ¥18.1 billion year on year, largely due to the sales decline and growth in fixed expenses stemming from capital investments in the previous fiscal year.

Other Operations

Consolidated net sales increased ¥1.0 billion yen year on year to ¥124.2 billion. Consolidated operating income decreased ¥2.5 billion year on year to ¥1.2 billion.

(iii) Consolidated earnings outlook

The global economy is generally on track toward a moderate growth trajectory against a backdrop of solid growth in emerging-market and resource-producing economies coupled with signs of economic recovery in the US and China. The Japanese economy is also expected to embark on a recovery driven by a pickup in post-earthquake reconstruction and expectations that the government's growth strategy will prove effective. In Europe, however, economies beset by debt problems are expected to remain sluggish for a while longer.

While the operating environment is thus generally improving, the Company will diligently conduct operations in the fiscal year ending March 2014, the first year of its *Medium-Term Business Plan 2013*, in the aim of rectifying the downturn in its operating performance in the fiscal year just ended. The Company will also pursue specific initiatives toward realization of *Kawasaki Business Vision 2020*.

For the fiscal year ending March 31, 2014, the Company forecasts consolidated net sales of ¥1,380 billion, a year-on-year increase of ¥90 billion. Although the Company anticipates a sales decline in the Ship & Offshore Structure segment, it projects sales growth in the Aerospace, Rolling Stock, and Motorcycle & Engine segments.

In terms of earnings, the Company forecasts consolidated operating income of ¥60 billion, recurring profit of ¥53 billion, and net income of ¥34 billion. The Company plans to achieve these forecasts by continuing to vigorously implement initiatives to improve earnings across all operations through such means as reducing fixed and overhead expenses and boosting productivity.

The Company’s earnings forecasts assume exchange rates of ¥95 to the US dollar and ¥120 to the euro.

The Company plans to implement the following accounting changes effective from the fiscal year ending March 31, 2014.

Change in depreciation method

The Group has hitherto mainly depreciated its domestic property, plant and equipment by the declining balance method based on useful lives prescribed in the Corporation Tax Act. Effective from the fiscal year ending March 31, 2014, the Company plans to switch to the straight line method and revise property, plant and equipment's useful lives to more appropriately reflect these assets' future usage. The effects of this change in depreciation method will extend indefinitely into the future. In the fiscal year ending March 2014, the Company estimates that the change will reduce its depreciation expense by approximately ¥16 billion.

Change in financial statement presentation of FIA

In the Gas Turbine & Machinery segment, when the Company's main partners sell jet engines to airlines, the airlines demand a concession called fleet introductory assistance (FIA), a type of discount and sales promotion expense. The Company is charged a share of this FIA in proportion to its involvement in projects. The Company has hitherto included these FIA charges in cost of sales. Effective from the fiscal year ending March 31, 2014, the Company plans to switch to reporting FIA charges as a deduction from sales to more appropriately report its operating performance in light of recent research reports and debate on revenue recognition. In the fiscal year ending March 31, 2014, the Company estimates that this change will reduce net sales by roughly ¥30 billion and orders received by ¥40 billion.

(2) Consolidated financial position

(i) Financial condition

(A) Assets

At March 31, 2013, consolidated assets totaled ¥1,466.2 billion, a 7.6% increase from March 31, 2012. Of this total, current asset accounted for ¥1,016.8 billion, a 5.1% increase from March 31, 2012. The increase in current assets was chiefly attributable to growth in trade receivables stemming from the booking of net sales and inventory growth in tandem with progress toward completion of construction work. Fixed assets totaled ¥449.4 billion at March 31, 2013, a 13.8% increase from the previous fiscal year. Their growth was largely attributable to capital investments that increased property, plant and equipment and acquisition of an equity stake in Dalian Cosco KHI Ship Engineering Company, Ltd.

(B) Liabilities

Consolidated liabilities increased 6.7% year on year to ¥1,116.4 billion at March 31, 2013. The increase was largely the net result of a 19.0% increase in interest-bearing debt, which ended the fiscal year at ¥484.6 billion, and reductions in notes and accounts payable, provision for employee retirement and severance benefits, and provision for losses on construction contracts.

(C) Net assets

Consolidated net assets at March 31, 2013, totaled ¥349.8 billion, a 10.7% increase from March 31, 2012. The increase was largely attributable to the dividend payments and the booking of net income.

(ii) Cash flows

(A) Cash flows from operating activities

Operating activities provided net cash of ¥28.1 billion, a ¥56.6 billion decrease from the previous fiscal year. Major sources of operating cash flow included depreciation and amortization of ¥48.3

billion and a ¥10.6 billion decrease in trade receivables. Major uses of operating cash flow included a ¥41.1 billion reduction in trade payables and tax payments of ¥15.7 billion.

(B) Cash flows from investing activities

Investing activities used net cash of ¥81.1 billion, a ¥15.2 billion increase from the previous fiscal year, mainly to acquire property, plant and equipment.

(C) Cash flows from financing activities

Financing activities provided net cash of ¥57.6 billion, an ¥84.5 billion increase from the previous fiscal year. This cash inflow stemmed mainly from increased borrowings.

(iii) Cash flow ratios

Fiscal year ended March 31:	2009	2010	2011	2012	2013
Equity ratio (%)	20.7	20.4	21.3	22.4	23.0
Market-value equity ratio (%)	23.3	31.8	45.1	31.0	33.6
Debt-to-cash-flow ratio (%)	-	1,421.2	523.7	480.5	1,724.6
Interest-coverage ratio (times)	-	5.5	17.2	19.0	6.7

Notes:

1. Ratios are calculated as follows.
   Ratio of shareholders' equity to total assets: Shareholders' equity / Total assets
   Market-value equity ratio: Market capitalization / Total assets
   Debt-to-cash-flow ratio: Interest-bearing debt / Cash flow from operating activities
   Interest-coverage ratio: Cash flow from operating activities / Interest paid
2. All ratios are calculated using consolidated-basis financial data.
3. Market capitalization is calculated by multiplying the closing price of the company's stock by the number of shares issued and outstanding (excluding treasury stock) at the end of the fiscal year.
4. The figure for cash flow from operating activities is taken from cash flow from operating activities on the consolidated statement of cash flows.
5. Interest-bearing debt is all interest-bearing debt listed under liabilities on the consolidated balance sheet. Interest paid is the figure for "Cash paid for interest" on the consolidated statement of cash flows.
6. The debt-to-cash-flow ratio and interest coverage ratio are omitted for the fiscal year ended March 31, 2009, because that fiscal year's operating cash flow was negative.

(3) Dividend policy and dividends for the fiscal years 2013 and 2014

The Company's basic policy is to pay shareholders stable dividends commensurate with earnings on an ongoing basis while internally retaining sufficient funds to strengthen and expand its earnings power and operating foundation in pursuit of future growth. After comprehensively considering its earnings performance, the sufficiency of its retained earnings, and other relevant factors in light of said policy, the Company intends to pay a dividend of ¥5 per share for the fiscal year ended March 31, 2013.

For the fiscal year ending March 31, 2014, the Company plans to pay a dividend of ¥5 per share.

(4) Business and other risks

No risks other than those disclosed under the heading "Business and Other Risks" in the Company's most recent full-year statutory financial report (filed June 27, 2012) have surfaced since said filing. Updated risk disclosures are therefore omitted here.

2. Status of Group

There have been no material changes in the “Chart of Operations (Nature of Operations)” and the “Status of Affiliated Companies” in the Company’s most recent full-year statutory financial report (filed June 27, 2012). Updated disclosure of them is therefore omitted here.

3. Management Strategy

(1) Basic management strategy

The Group has embraced a mission of creating new value conducive to formation of an affluent, beautiful society in harmony with the global environment through utilization of its broad array of sophisticated technological capabilities in accord with its Group Mission Statement, "Kawasaki, working as one for the good of the planet." To concretely fulfill this Group Mission, the Group formulated *Kawasaki Business Vision 2020* (*2020 Vision*) and designated "Land, Sea and Air Transport Systems," "Energy & Environmental Engineering," and "Industrial Equipment" as its principal business sectors. With its innovative, leading-edge technological capabilities, the Group aims to help customers and society realize their potential by nimbly providing products and services that meet the diverse needs of people throughout the world.

The Group invests in plant and equipment to meet future demand and conducts R&D on an ongoing basis as a provider of core societal infrastructure. At the same time, the Group has adopted a basic policy of meeting its shareholders' expectations by paying dividends commensurate with earnings on an ongoing basis while internally retaining sufficient funds to maintain and strengthen a cycle of rewarding its stakeholders with the fruits of its operations and expand its earnings power and operating foundation in pursuit of future growth.

(2) Target management metrics

In the aim of generating profits sufficient to meet investors’ expectations, the Group has adopted ROIC (return on invested capital: earnings before interest and taxes ÷ invested capital), a measure of capital efficiency, as its target metric of operating performance. While seeking to maximize ROIC, the Group will also endeavor to strengthen its financial condition through earnings growth and improvement in invested-capital efficiency.

(3) Medium- to long-term management strategy

[Review of *Medium-Term Business Plan (FY2010–2012)*]

In April 2010, the Company adopted a business plan (*Medium-Term Business Plan 2010*) for the three years through fiscal 2012 as an action plan to realize its *2020 Vision*. Earnings subsequently came under pressure from various factors, including yen appreciation in excess of the Company's exchange rate assumptions and prolonged economic stagnation in developed economies. Nonetheless, the Group surpassed its initial earnings forecasts in both fiscal 2010 and 2011 and achieved *Medium-Term Business Plan 2010*'s targets one year ahead of schedule by virtue of efforts to reliably capitalize on demand growth driven by China's rapid economic growth. However, in fiscal 2012, *Medium-Term Business Plan 2010*'s final year, the Group fell short of the plan's initial operational targets in the wake of a Chinese economic slowdown, continued yen appreciation and intensification of competition in global markets. Even amid such an environment, the Group achieved profitability across all of its business segments, including the previously unprofitable Motorcycle & Engine segment. The Group believes that it further enhanced the soundness of its business operations in fiscal 2012.

[Formulation of *Medium-Term Business Plan (FY2013–2015)*]

The Group has formulated a new medium-term business plan (*Medium-Term Business Plan 2013*) for fiscal 2013 through 2015 after partially revising *2020 Vision* in response to reflection upon the *Medium-Term Business Plan 2010*'s outcome and subsequent changes in the environment. In revising *2020 Vision*, the Group placed priority on swiftly adapting to changes in the environment and meeting increasingly diverse societal needs through system solutions businesses. The Group also identified markets and business domains with promising growth prospects and clarified the direction in which it aims to evolve. Additionally, the Group newly formulated a "Kawasaki Corporate Brand Strategy" to further upgrade its global presence.

In the newly formulated *Medium-Term Business Plan 2013*, the Group has developed an action plan to maintain sustained growth and craft a more detailed roadmap for realization of its *2020 Vision*. In particular, security of energy and resource supplies, including rare earth metals, has become a critical issue for Japan in the wake of the Great East Japan Earthquake and resource demand growth stemming from emerging market economies' growth. The Group formulated its *Medium-Term Business Plan 2013* based on a strong commitment to playing a key role in the government's current growth strategy, including such resource security issues, as a company that evolves together with society. The Group's priorities under its *Medium-Term Business Plan 2013* are discussed below.

(4) Management priorities

Although the global economy is on track toward a moderate growth trajectory, conditions now differ from the previous medium-term plan's term, when the Chinese economy was the global economy's major growth engine. The Group expects other emerging-market and resource-producing economies to achieve robust growth. Even in developed countries, certain business domains such as energy efficiency, environmental engineering, and leading-edge technologies have promising growth prospects. To unfailingly capture growing demand in these diverse growth markets and businesses, the Group has decided to expedite its global strategy across all of its business segments and in its parent company's Marketing Division.

One particularly important priority is expanding the Group's operations in the energy and environmental engineering sector amid growing awareness of global energy challenges. The Group expects dispersed power sources to benefit from demand growth as energy systems adaptable to local conditions in not only the domestic market but also emerging market economies in which energy scarcity is a concern. In the dispersed power source market, the Group must swiftly respond to diverse customer needs. Specifically, the Group intends to reorient its business model from internally-driven product development to a customer-centric approach. The Group is also promoting cross-organizational sharing of diverse knowledge cultivated in different business segments and strengthening its businesses that offer customers solutions in the form of complete energy systems.

With resource development picking up in countries such as Australia, Brazil, and the US, where a shale gas boom is underway, the Group aims to expand its operations in a wide range of domains, including not only energy utilization but also resource development, storage and transport. In the land, sea and air transport equipment and industrial equipment sectors, the Group is pursuing expansion of its operations through technologies that improve operational and energy efficiency. In the transport equipment sector, the Group is placing priority on early commercialization of new propulsion systems. In the industrial equipment sector, the Group's priorities include branching into the advanced production system and hydraulic mobile equipment markets.

Among the sectors identified in Japan's growth strategy, the Group considers "health and medical care," "next-generation infrastructure," "energy," and "marine resource development" to be particularly important. In addition to building a system to commercialize automated cell culture equipment, the Group plans to commence feasibility testing of tidal power generation systems and design a CO2-free hydrogen chain integration for a pilot chain scheduled to be commissioned into operation in 2017. The Group plans to accelerate its development of these new products and businesses.

To build an operational foundation to support the above initiatives, the Group will endeavor to strengthen its manufacturing capabilities by building an optimal global production platform revolving around "mother factories" in Japan. The Group will also systematically invest in future growth through human resource development, capital investment, and R&D. To do so, the Group will strengthen its financial foundations through such means as significantly improving free cash flow across all business segments.

Individual business segments’ priorities are as follows.

(i) Ship & Offshore Structure: Increase orders received for LNG carriers; develop technologies for a new propulsion plant for LNG carriers and technologies for LNG-fueled ships, etc.; expand Chinese operations and launch operations in Brazil; branch into the marine development sector; and strengthen the foundations of the naval shipping business

(ii) Rolling Stock: Improve competitiveness by developing leading-edge technologies and products, including new rolling stock, that meet customers' needs; strengthen project management capabilities to accommodate growth in overseas projects; and build an optimal global business model that includes overseas production, overseas supply chains, and utilization of partnerships

(iii) Aerospace: Establish a mass production system for C-2 transport and P-1 fixed-wing patrol aircraft, including repair services and parts resupply, and apply it to derivative aircraft; accommodate growth in Boeing 787 component production and apply to derivative aircraft

(iv) Gas Turbine & Machinery: Develop an energy solutions business based on high-efficiency industrial gas turbines and gas engines; meet domestic demand for dispersed power sources and cultivate overseas markets; and develop new models of jet engines for civilian aircraft and improve jet engine production efficiency

(v) Plant & Infrastructure: Improve competitiveness in the energy and environmental engineering sector by upgrading existing products; and expand overseas operations, mainly in emerging-market and resource-producing economies, by rapidly commercializing new products and technologies, cultivating human resources, and strengthening overseas partnerships

(vi) Motorcycle & Engine: Improve cost-competitiveness by optimizing production operations and expanding supply chains globally; expand sales in emerging markets in which the segment is already active (e.g., Southeast Asia, Brazil); cultivate new markets, and develop advanced technologies for environmental compliance

(vii) Precision Machinery: Maintain high share of market for hydraulic components for excavators and expand presence in global market for construction machinery other than excavators; improve cost-competitiveness in the robot sector, and expand robot sales in emerging markets

(viii) Other: Strengthen development capabilities, expand global market share and increase earnings through an alliance with Hitachi Construction Machinery Co., Ltd. in the construction machinery business

Needless to add, compliance with applicable laws is fundamental to the Group's business activities such as those described above. The Group has decided to adopt a system of outside directors, and is strengthening management oversight by selecting outside auditors who do not have a vested interest in the Group in addition to auditors who possess considerable experience in financial and accounting matters. The Group has prescribed internal corporate ethics regulations and is endeavoring to ensure that all personnel are knowledgeable about the laws with which they must comply. Toward this end, the Group conducts multi-level training programs, distributes a variety of guidebooks, and so on. The Group is also carrying out organizational initiatives to promote thorough legal compliance, such as establishing organizational units in charge of compliance within each operating division, in addition to establishing a head-office department that oversees internal controls, compliance, and CSR activities. Meanwhile, the Group is endeavoring to establish a corporate culture that always places the utmost priority on information disclosure and transparency.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

March 31	Millions of yen	
	2012	2013
Assets		
Current assets		
Cash on hand and in banks	34,316	38,525
Trade receivables	404,054	432,649
Merchandise and finished products	53,558	61,446
Work in process	300,224	311,107
Raw materials and supplies	88,113	87,551
Deferred tax assets	33,007	37,648
Other current assets	57,166	50,671
Allowance for doubtful receivables	(3,255)	(2,785)
Total current assets	967,186	1,016,813
Fixed assets		
Net property, plant and equipment		
Buildings and structures	113,632	124,206
Machinery and equipment	74,529	86,141
Land	61,942	62,318
Leased assets	323	111
Construction in progress	11,782	19,198
Other	12,540	13,815
Total property, plant and equipment	274,750	305,792
Intangible assets		
Goodwill	300	-
Other	18,485	19,446
Total intangible assets	18,786	19,446
Investments and other assets		
Investments in securities	23,249	22,729
Long-term loans	432	409
Deferred tax assets	37,614	36,428
Other	41,060	65,605
Allowance for doubtful receivables	(940)	(936)
Total investments and other assets	101,416	124,236
Total fixed assets	394,953	449,476
Total assets	1,362,139	1,466,290

Liabilities		
Current liabilities		
Trade payables	310,775	281,062
Short-term debt	137,568	213,510
Lease obligations, current	355	347
Income taxes payable	4,627	3,756
Deferred tax liabilities	1,465	1,793
Accrued bonuses	20,582	20,060
Provision for product warranties	7,128	6,148
Provision for losses on construction contracts	30,977	18,719
Advances from customers	99,050	108,213
Current portion of bonds	10,000	10,000
Commercial paper	-	6,000
Asset retirement obligations	150	133
Other	73,321	112,793
Total current liabilities	696,002	782,540
Long-term liabilities		
Bonds payable	60,000	70,000
Long-term debt	198,737	184,362
Lease obligations	506	433
Deferred tax liabilities	4,060	5,511
Provision for loss on damages suit	910	569
Provision for environmental measures	3,282	4,512
Employees' retirement and severance benefits	75,052	62,300
Asset retirement obligations	611	551
Other	7,053	5,626
Total long-term liabilities	350,214	333,868
Total liabilities	1,046,216	1,116,409
Net assets		
Shareholders' equity		
Common stock	104,484	104,484
Capital surplus	54,393	54,393
Retained earnings	176,414	198,528
Treasury stock	(22)	(27)
Total shareholders' equity	335,270	357,379
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	3,989	4,524
Deferred gains (losses) on hedges	246	(5,998)
Foreign currency translation adjustments	(33,451)	(17,665)
Total accumulated other comprehensive income	(29,215)	(19,139)
Minority interests	9,868	11,641
Total net assets	315,922	349,881
Total liabilities and net assets	1,362,139	1,466,290

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Years ended March 31	Millions of yen	
	2012	2013
Net sales	1,303,778	1,288,881
Cost of sales	1,088,918	1,085,469
Gross profit	214,860	203,412
Selling, general and administrative expenses		
Salaries and benefits	41,565	43,088
Advertising expenses	8,166	8,130
R&D expenses	39,940	41,709
Provision for doubtful accounts	796	114
Other	66,907	68,305
Total selling, general and administrative expenses	157,375	161,349
Operating income	57,484	42,062
Non-operating income		
Interest income	1,672	876
Dividend income	658	765
Gain on sales of securities	591	1,424
Equity in income of non-consolidated subsidiaries and affiliates	8,567	8,530
Foreign exchange gain, net	206	-
Other	7,449	5,980
Total non-operating income	19,146	17,576
Non-operating expenses		
Interest expense	4,282	4,151
Foreign exchange losses	-	9,919
Other	8,721	6,239
Total non-operating expenses	13,003	20,310
Recurring profit	63,627	39,328
Extraordinary income		
Gain on transfer of benefit obligation relating to employees' pension fund	-	8,624
Total extraordinary income	-	8,624
Extraordinary losses		
Loss on environmental measures	-	1,437
Loss on impairment of fixed assets	14,921	363
Total extraordinary losses	14,921	1,800
Income before income taxes and minority interests	48,706	46,152
Income taxes		
Current	9,932	10,590
Deferred	12,899	2,550
Total income taxes	22,831	13,140
Income before minority interests	25,875	33,011
Minority interests in net income of consolidated subsidiaries	2,551	2,147
Net income	23,323	30,864

Consolidated statements of comprehensive income

Years ended March 31	Millions of yen	
	2012	2013
Income before minority interests	25,875	33,011
Other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	106	541
Deferred gains (losses) on hedges	1,281	(6,381)
Foreign currency translation adjustments	(2,925)	11,712
Share of other comprehensive income of associates accounted for using equity method	231	5,155
Total other comprehensive income	(1,305)	11,027
Comprehensive Income attributable to:	24,569	44,039
Owners of the parent company	22,227	40,940
Minority interests	2,341	3,099

(3) Consolidated statements of changes in net assets

Years ended March 31	Millions of yen	
	2012	2013
Shareholders' equity		
Common stock		
Balance at end of previous year	104,340	104,484
Changes during the period		
Conversion of convertible bonds	144	-
Total changes during the period	144	-
Balance at end of year	104,484	104,484
Capital surplus		
Balance at end of previous year	54,251	54,393
Changes during the period		
Conversion of convertible bonds	142	-
Treasury stock disposed	(0)	-
Total changes during the period	142	-
Balance at end of year	54,393	54,393
Retained earnings		
Balance at end of previous year	158,615	176,414
Changes during the period		
Cash dividend	(5,011)	(8,359)
Net income	23,323	30,864
Treasury stock disposed	(3)	(0)
Increase (decrease) by change of consolidation period of subsidiaries	(509)	(204)
Other	-	(185)
Total changes during the period	17,798	22,114
Balance at end of year	176,414	198,528
Treasury stock		
Balance at end of previous year	(30)	(22)
Changes during the period		
Conversion of convertible bonds	13	-
Treasury stock purchased	(6)	(5)
Treasury stock disposed	1	0
Total changes during the period	7	(4)
Balance at end of year	(22)	(27)
Total shareholders' equity		
Balance at end of previous year	317,176	335,270
Changes during the period		
Conversion of convertible bonds	300	-
Cash dividend	(5,011)	(8,359)
Net income	23,323	30,864
Treasury stock purchased	(6)	(5)
Treasury stock disposed	(2)	0
Increase (decrease) by change of consolidation period of subsidiaries	(509)	(204)
Other	-	(185)
Total changes during the period	18,093	22,109
Balance at end of year	335,270	357,379

Comprehensive income		
Net unrealized gain (loss) on securities		
Balance at end of previous year	3,876	3,989
Changes during the period		
Net changes in items other than shareholders' equity	112	535
Total changes during the period	112	535
Balance at end of year	3,989	4,524
Deferred gains (losses) on hedges		
Balance at end of previous year	(990)	246
Changes during the period		
Net changes in items other than shareholders' equity	1,236	(6,244)
Total changes during the period	1,236	(6,244)
Balance at end of year	246	(5,998)
Foreign currency translation adjustments		
Balance at end of previous year	(31,006)	(33,451)
Changes during the period		
Net changes in items other than shareholders' equity	(2,444)	15,785
Total changes during the period	(2,444)	15,785
Balance at end of year	(33,451)	(17,665)
Total comprehensive income		
Balance at end of previous year	(28,119)	(29,215)
Changes during the period		
Net changes in items other than shareholders' equity	(1,095)	10,076
Total changes during the period	(1,095)	10,076
Balance at end of year	(29,215)	(19,139)
Minority interests		
Balance at end of previous year	8,376	9,868
Changes during the period		
Net changes in items other than shareholders' equity	1,491	1,772
Total changes during the period	1,491	1,772
Balance at end of year	9,868	11,641
Total net assets		
Balance at end of previous year	297,433	315,922
Changes during the period		
Conversion of convertible bonds	300	-
Cash dividend	(5,011)	(8,359)
Net income for the year (loss)	23,323	30,864
Treasury stock purchased	(6)	(5)
Treasury stock disposed	(2)	0
Increase (decrease) by change of consolidation period of subsidiaries	(509)	(204)
Other	-	(185)
Net changes in items other than shareholders' equity	395	11,848
Total changes during the period	18,489	33,958
Balance at end of year	315,922	349,881

(4) Consolidated statements of cash flows

Years ended March 31	Millions of yen	
	2012	2013
Cash flows from operating activities		
Income before income taxes and minority interests	48,706	46,152
Depreciation and amortization	48,901	48,385
Loss on impairment of fixed assets	14,921	363
Increase (decrease) in employees’ retirement and severance benefits	(5,257)	(10,970)
Increase (decrease) in accrued bonuses	4,885	(521)
Increase (decrease) in allowance for doubtful receivables	449	(653)
Increase (decrease) in provision for product warranties	(750)	(1,195)
Increase (decrease) in provision for losses on construction contracts	(2,016)	(12,617)
Increase (decrease) in provision for restructuring charges	(1,077)	-
Increase (decrease) in provision for losses on damages suit	(4,957)	(340)
Increase (decrease) in provision for environmental measures	(545)	1,261
Loss on disposal of inventories	(70)	1,711
(Gain) loss on sale of marketable and investment securities	(591)	(1,424)
(Gain) loss on valuation of securities	918	55
(Gain) loss on sale of property, plant, and equipment	1,177	1,032
Equity in income non-consolidated subsidiaries and affiliates	(8,567)	(8,530)
Interest and dividend income	(2,331)	(1,641)
Interest expense	4,282	4,151
(Increase) decrease in trade receivables	(942)	10,601
(Increase) decrease in inventories	(18,705)	(10,711)
(Increase) decrease in other current assets	(2,139)	8,073
Increase (decrease) in trade payables	(7,332)	(41,150)
Increase (decrease) in advances from customers	18,973	5,670
Increase (decrease) in other current liabilities	8,708	4,015
Other	4,138	(2,332)
Subtotal	100,775	39,384
Cash received for interest and dividends	6,656	8,668
Cash paid for interest	(4,455)	(4,194)
Cash paid for income taxes	(18,238)	(15,756)
Payment of levies	-	-
Net cash provided by operating activities	84,737	28,101
Cash flows from investing activities		
Decrease (increase) in time deposits with maturities over three months	1,446	(310)
Acquisition of property, plant and equipment	(61,126)	(65,517)
Proceeds from sale of property, plant and equipment	535	348
Acquisition of intangible assets	(4,921)	(4,898)
Proceeds from sale of intangible assets	16	33
Acquisition of investments in securities	(47)	(571)
Proceeds from sale of investments in securities	663	2,899
Acquisition of investments in subsidiaries of affiliate	(1,761)	(12,339)
Decrease (increase) in short-term loans receivable	(11)	(11)
Additions to long-term loans receivable	(70)	(44)
Proceeds from collection of long-term loans receivable	89	101
Payments for lease and guarantee deposits	-	(1,152)
Other	(771)	305
Net cash used for investing activities	(65,959)	(81,160)
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	(568)	42,129
Proceeds from long-term debt	19,963	44,327
Repayment of long-term debt	(29,701)	(28,837)
Proceeds from issuance of bonds	20,000	20,000
Redemption of bonds payable	(30,186)	(10,000)
Acquisition of treasury stock	(8)	(4)
Proceeds from stock issuance to minority shareholders	-	217
Cash dividends paid	(5,014)	(8,351)
Cash dividends paid to minority shareholders	(1,070)	(1,326)
Other	(243)	(482)
Net cash used for financing activities	(26,831)	57,671
Effect of exchange rate changes	(1,822)	(886)
Net increase (decrease) in cash and cash equivalents	(9,875)	3,726
Cash and cash equivalents at beginning of period	44,629	33,245
Increase (decrease) in cash and cash equivalents by change of consolidation period of subsidiaries	(1,508)	-
Cash and cash equivalents at end of period	33,245	36,971

(5) Notes on financial statements

Notes on the going-concern assumption

Not applicable

Basis of preparation of financial statements

Other than information disclosed under the heading “(7) Changes in basis of preparation of financial statements” below, no material changes have been made from the information disclosed in the Company’s most recent full-year statutory financial report (filed June 27, 2012). An updated disclosure is therefore omitted here.

Changes in basis of preparation of financial statements

1. Change in the scope of consolidation

(1) Change in the scope of consolidation

Two companies were added as consolidated subsidiaries because they were newly established by the Company.

Four companies ceased to be consolidated subsidiaries as they were dissolved through absorption or liquidated.

(2) Number of consolidated subsidiaries after change

95 companies

2. Change in application of the equity method

(1) Non-consolidated subsidiaries which are accounted for under the equity method:

None

(2) Associated companies which are accounted for under the equity method

(i) Change in associated companies which are accounted for under the equity method

Three companies were newly accounted for using the equity method: the Group acquired an equity stake in Dalian Cosco KHI Ship Engineering Co, Ltd. and Estaleiro Enseada do Paraguacu S.A., and newly established one other company.

(ii) Number of associated companies accounted for under the equity method after change

17 companies

Changes in accounting policies, changes in accounting estimates, and correction of errors

Change in depreciation method

In accordance with the revision to the Corporate Tax Law, effective the fiscal year ended March 2013, the Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 to reflect the revised Corporate Tax Code.

As a result, operating income, recurring profit and income before income taxes and minority interests for the fiscal year ended March 31, 2013 each increased by ¥1,379 million.

Change in the method of presentation

Consolidated statements of income

1. Effective the fiscal year ended March 31, 2013, “Gain on sales of securities” under non-operating expenses ceased to be included in “other” and was presented separately because of its increased importance in monetary terms. The consolidated financial statements for the fiscal year ended March 31, 2012 have been restated to reflect the change.

As a result, the ¥591 million that had been included in “other” under non-operating expenses in the consolidated statements of income for the fiscal year ended March 2012 was separately presented as “gain on sales of securities” of ¥591 million.

2. “Loss on valuation of securities” under non-operating expenses ceased to be presented separately and was included in “other” because of its decreased importance in monetary terms. The consolidated financial statements for the fiscal year ended March 31, 2012 have been restated to reflect the change.

As a result, the ¥918 million that had been separately presented as “loss on valuation of securities” under non-operating expenses in the consolidated statements of income for the fiscal year ended March 2012 was included in “other.”

Additional Information

Transfer of benefit obligation relating to employees’ pension fund

Two consolidated subsidiaries received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the benefit obligation related to future employee services under the substitutional portion of the employees’ pension fund on May 1, 2012 and for exemption from the past benefit obligation with respect to the substitutional portion of the employees’ pension fund on March 31, 2013.

As a result, "gain on transfer of benefit obligation relating to employees’ pension fund" of ¥8,624 million was recorded in extraordinary income for the fiscal year ended March 31, 2013.

Consolidated balance sheets

Fiscal year ended March 31, 2013 (As of March 31, 2013)

Information is omitted here as its disclosure in this report is not of material importance.

Consolidated Statements of Income

Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

1. Loss on impairment of fixed assets

(1) Outline asset groups in which loss on impairment of fixed assets was recognized

Purpose	Location	Type
Idle assets	Funabashi-city, Chiba	Buildings and structures, etc.
Idle assets	Higashinada-ku, Kobe-city, Hyogo	Buildings, structures and land, etc.

(2) Method for asset grouping

Asset grouping is based on line of business, and principle assets held for lease and idle assets are treated as independent asset groups.

(3) Reason for recognition of loss on impairment of fixed assets

The book values of some assets were written down to recoverable amounts due to diminished expectation of future use.

(4) Calculation of recoverable amount

Recoverable amounts are measured by net sales price or utility value. Net sales price is principally calculated based on assessment by a real estate appraiser or on fixed assets’ tax-assessment values. Utility value is calculated based on expected future cash flows.

(5) Loss on impairment of fixed assets

A write-down of 363 million yen was recorded as loss on impairment of fixed assets in extraordinary losses. Amounts by asset type are listed below.

Buildings and structures	246 million yen
Land, etc.	116 million yen
	363 million yen

Other than the notes on consolidated statements of income stated above, information is omitted here as its disclosure in this report is not of material importance.

Information Omitted

Notes on the unapplied accounting policies, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity, the consolidated cash flow statements, lease transactions, related-party transactions, tax-effect accounting, financial instruments, securities, derivative transactions, retirement benefits, stock-based compensation, business combination, asset retirement obligations, investment and rental property, and special purpose companies are omitted here, as their disclosure in this report is not of material importance.

Segment information and others

1. Segment information

(1) Overview of reportable segments

The Company's reportable segments are components of the company about which separate financial information is available. These segments are subject to periodic reviews by the Company's board of directors to decide how to allocate resources and assess performance. The Company's operations are divided into internal companies based on product categories. Certain authority is delegated to each of the internal companies, based on which they conduct businesses in Japan and overseas. The Company's operations are therefore segmented based on each internal company's product categories. The Company's eight reportable segments are the Ship & Offshore Structure segment, the Rolling Stock segment, the Aerospace segment, the Gas Turbine & Machinery segment, the Plant & Infrastructure segment, the Motorcycle & Engine segment, the Precision Machinery segment, and the Other segment.

Main segment businesses are listed below.

Industry segment	Major products
Ship & Offshore Structure	Construction and sale of ships and other vessels, etc.
Rolling Stock	Production and sale of rolling stock, snow plows, etc.
Aerospace	Production and sale of aircraft, etc.
Gas Turbines & Machinery	Production and sale of jet engines, general-purpose gas turbine generators, prime movers, etc.
Plant & Infrastructure	Production and sale of industrial equipment, boilers, environmental equipment, steel structures, crushers, etc.
Motorcycle & Engine	Production and sale of motorcycles, all-terrain vehicles (ATV), utility vehicles, personal watercraft ("JET SKI"), general-purpose gasoline engines, etc.
Precision Machinery	Production and sale of industrial hydraulic products, industrial robots, etc.
Other	Production and sale of construction machinery, commercial activities, sales/order agency and intermediary activities, administration of welfare facilities, etc.

(2) Calculation methods for sales, income (loss), assets, liabilities and other items by reportable segment

Accounting methods applied for calculation of sales, income (loss), assets, liabilities, and other items by industry segment largely correspond to information presented under "(6) Basis of preparation of financial statements". Segment income is based on operating income. Intersegment sales or transfers are based on market prices.

(3) Sales, income (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Sales			Segment income (loss)	Segment assets	Other items			
	External sales	Intersegment sales or transfer	Total			Depreciation/ amortization	Loss on impairment of fixed assets	Investment in equity-method affiliates	Increase in property, plant and equipment and intangibles
Ship & Offshore Structure	113,532	1,636	115,168	3,964	102,102	3,819	13,554	15,278	2,297
Rolling Stock	132,684	2,104	134,789	5,154	157,487	3,693	-	92	2,266
Aerospace	206,580	1,845	208,426	7,815	295,668	9,633	33	-	10,208
Gas Turbines & Machinery	194,655	20,438	215,093	7,775	223,649	6,680	-	576	7,310
Plant & Infrastructure	122,800	13,150	135,950	14,118	109,395	1,703	64	10,171	3,277
Motorcycle & Engine	235,243	1,033	236,276	(2,959)	222,515	11,151	-	967	11,770
Precision Machinery	175,077	14,245	189,322	26,622	110,578	6,647	-	-	16,221
Other Operations	123,205	35,280	158,485	3,836	183,392	2,536	1,268	2,409	3,381
Total	1,303,778	89,734	1,393,513	66,327	1,404,790	45,865	14,921	29,496	56,733
Adjustments	-	(89,734)	(89,734)	(8,843)	(42,650)	3,035	-	-	7,185
Consolidated total	1,303,778	-	1,303,778	57,484	1,362,139	48,901	14,921	29,496	63,919

Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(Millions of yen)

	Sales			Segment income (loss)	Segment assets	Other items			
	External sales	Intersegment sales or transfer	Total			Depreciation/ amortization	Loss on impairment of fixed assets	Investment in equity-method affiliates	Increase in property, plant and equipment and intangibles
Ship & Offshore Structure	90,343	1,999	92,342	4,162	112,612	1,363	-	35,434	1,780
Rolling Stock	129,973	2,887	132,861	2,215	163,527	3,536	-	98	2,807
Aerospace	239,172	2,289	241,461	14,827	311,659	10,769	-	-	17,170
Gas Turbines & Machinery	207,008	19,404	226,412	7,033	251,808	6,100	-	1,085	9,324
Plant & Infrastructure	115,813	15,114	130,928	9,772	115,470	1,861	-	11,767	4,376
Motorcycle & Engine	251,858	757	252,615	2,397	271,548	10,480	-	994	14,865
Precision Machinery	130,455	14,027	144,482	8,452	114,699	7,712	-	-	12,319
Other Operations	124,256	32,872	157,128	1,270	144,209	2,426	363	2,521	2,149
Total	1,288,881	89,352	1,378,234	50,131	1,485,535	44,250	363	51,902	64,795
Adjustments	-	(89,352)	(89,352)	(8,069)	(19,244)	4,135	-	-	13,829
Consolidated total	1,288,881	-	1,288,881	42,062	1,466,290	48,385	363	51,902	78,624

(4) Reconciliation and main components of difference between total for reportable segments and amounts on the consolidated financial statements

Fiscal year ended March 31 (Millions of yen)

Sales	2012	2013
Total for reportable segments	1,393,513	1,378,234
Intersegment transactions	(89,734)	(89,352)
Net sales reported on the consolidated financial statements	1,303,778	1,288,881

Fiscal year ended March 31 (Millions of yen)

Income	2012	2013
Total for reportable segments	66,327	50,131
Intersegment transactions	(131)	564
Corporate expenses*	(8,711)	(8,633)
Operating income (loss) on consolidated financial statements	57,484	42,062

*Note: Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

Fiscal year ended March 31 (Millions of yen)

Assets	2012	2013
Total for reportable segments	1,404,790	1,485,535
Corporate assets shared by all segments*	112,985	122,759
Intersegment transactions etc.	(155,636)	(142,004)
Total assets on consolidated financial statements	1,362,139	1,466,290

*Note: Corporate assets shared by all segments mainly comprise fixed assets not attributed to reportable segments.

Fiscal year ended March 31 (Millions of yen)

Other items	Total for reportable segments		Adjustments*		Amounts reported on the consolidated financial statements	
	2012	2013	2012	2013	2012	2013
Depreciation/amortization	45,865	44,250	3,035	4,135	48,901	48,385
Increase in property, plant and equipment and intangibles	56,733	64,795	7,185	13,829	63,919	78,624

*Note: Adjustments are mainly due to fixed assets not attributed to reportable segments.

2. Related information

Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) Information by product and service

Information by product and service is omitted here as segmentation is equivalent to that used for reportable segments.

(2) Information by geographic area

(a) Net sales

(Millions of yen)

Japan	USA	Europe	Asia	Other areas	Total
567,044	237,941	123,317	239,627	135,847	1,303,778

Note: Net sales are classified by country or region based on the location of customers.

(b) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Asia	Other areas	Total
238,733	19,450	2,104	13,610	852	274,750

(3) Information by major clients

(Millions of yen)

Clients	Net sales	Related segments
Ministry of Defense	179,786	Ship & Offshore Structure, Aerospace, Gas Turbines & Machinery

Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Information by product and service

Information by product and service is omitted here as segmentation is equivalent to that used for reportable segments.

(2) Information by geographic area

(a) Net sales

(Millions of yen)

Japan	USA	Europe	Asia	Other areas	Total
616,220	272,531	97,540	202,704	99,884	1,288,881

Note: Net sales are classified by country or region based on the location of customers.

(b) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Asia	Other areas	Total
259,212	21,298	2,618	21,638	1,023	305,792

(3) Information by major clients

(Millions of yen)

Clients	Net sales	Related segments
Ministry of Defense	193,685	Ship & Offshore Structure, Aerospace, Gas Turbines & Machinery

3. Impairment loss on fixed assets by reportable segment

Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012)
Information is omitted here as it is equivalent to that stated in “1. Segment information”.

Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)
Information is omitted here as it is equivalent to that stated in “1. Segment information”.

4. Amortization amount for and unamortized balance of goodwill

Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012)
Information is omitted here as it is not of material importance.

Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)
Information is omitted here as it is not of material importance.

5. Gain on negative goodwill by reportable segment

Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012)
Information is omitted here as it is not of material importance.

Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)
Information is omitted here as it is not of material importance.

Per share data

Years ended March 31 (Yen)

2012		2013	
Net assets per share	183.06	Net assets per share	202.32
Earnings per share - basic	13.95	Earnings per share - basic	18.46

Notes:
1. Diluted net earnings per share is not stated because there are no potential shares.
2. Net assets per share were calculated based on the following:

March31 (Millions of yen)

	2012	2013
Total net assets	315,922	349,881
Amounts excluded from total net assets	9,868	11,641
Of which: minority interest	*(9,868)*	*(11,641)*
Net assets attributable to the common shares	306,054	338,240
Number of common shares used to compute net assets per share (Thousands of shares)	1,671,815	1,671,792

3. Net income/loss per share and net income per share (diluted) were calculated based on the following:

Years ended March 31 (Millions of yen)

	2012	2013
Earnings per share - basic		
Net income	23,323	30,864
Earnings not attributable to common shareholders	-	-
Net income allocated to the common shares	23,323	30,864
Average number of common shares outstanding (thousands of shares)	1,671,465	1,671,803

Material subsequent events

Not applicable

5. Others

(1) Corporate officer changes

Refer to the Company's press release on January 31, 2013, titled "Directors and Executive Officers to Change."

(2) Consolidated orders and sales

Orders received

Years ended March 31 (Millions of yen)

	2012（A）		2013（B）		Change（B-A）	
		% of total		% of total		%
Ship & Offshore Structure	39,909	3.0	105,733	7.7	65,823	164.9
Rolling Stock	66,099	5.0	124,441	9.0	58,342	88.2
Aerospace	327,233	24.9	283,485	20.6	(43,747)	(13.3)
Gas Turbine & Machinery	227,281	17.3	255,553	18.6	28,271	12.4
Plant & Infrastructure	119,284	9.0	113,600	8.2	(5,683)	(4.7)
Motorcycle & Engine	235,243	17.9	251,858	18.3	16,615	7.0
Precision Machinery	174,587	13.3	109,725	8.0	(64,861)	(37.1)
Other	122,239	9.3	125,188	9.1	2,949	2.4
Total	1,311,878	100.0	1,369,588	100.0	57,709	4.3

Note: The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

Net sales

Years ended March 31 (Millions of yen)

	2012（A）		2013（B）		Change（B-A）	
		% of total		% of total		%
Ship & Offshore Structure	113,532	8.7	90,343	7.0	(23,189)	(20.4)
Rolling Stock	132,684	10.1	129,973	10.0	(2,711)	(2.0)
Aerospace	206,580	15.8	239,172	18.5	32,591	15.7
Gas Turbine & Machinery	194,655	14.9	207,008	16.0	12,353	6.3
Plant & Infrastructure	122,800	9.4	115,813	8.9	(6,986)	(5.6)
Motorcycle & Engine	235,243	18.0	251,858	19.5	16,615	7.0
Precision Machinery	175,077	13.4	130,455	10.1	(44,622)	(25.4)
Other	123,205	9.4	124,256	9.6	1,051	0.8
Total	1,303,778	100.0	1,288,881	100.0	(14,896)	(1.1)

Order backlog

Years ended March 31 (Millions of yen)

	2012（A）		2013（B）		Change（B-A）	
		% of total		% of total		%
Ship & Offshore Structure	102,870	6.8	120,112	7.3	17,242	16.7
Rolling Stock	345,170	23.1	359,980	22.1	14,810	4.2
Aerospace	386,376	25.8	432,729	26.5	46,352	11.9
Gas Turbine & Machinery	409,819	27.4	495,717	30.4	85,897	20.9
Plant & Infrastructure	181,698	12.1	171,486	10.5	(10,212)	(5.6)
Motorcycle & Engine	-	-	-	-	-	-
Precision Machinery	42,300	2.8	21,571	1.3	(20,729)	(49.0)
Other	25,879	1.7	26,796	1.6	916	3.5
Total	1,494,116	100.0	1,628,393	100.0	134,277	8.9

(3) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2014

1. Consolidated earnings outlook

(Billions of yen)

	Outlook for the fiscal year ending March 31, 2014 (A)	Fiscal year ended March 31, 2013(actual) (B)	Change (A – B)
Net sales	1,380.0	1,288.8	91.2
Operating income	60.0	42.0	18.0
Recurring profit	53.0	39.3	13.7
Net income	34.0	30.8	3.2

Orders received	1,450.0	1,369.5	80.5
Before-tax ROIC (%)	7.4%	6.1%	1.3%
R&D expenses	44.0	41.7	2.3
Capital expenditures	84.0	78.6	5.4
Depreciation/ amortization	43.0	48.3	(5.3)
Number of employees at end of period	34,900	34,010	890
*Number of employees outside of Japan included therein	*9,200	*8,788	*412

Notes: 1. Outlook's assumed foreign exchange rates: ¥95 = US$1, ¥120 = 1 euro
2. Before-tax ROIC = (income before income taxes + interest expense) / invested capital.
3. Capital expenditures represent the total of newly recorded property, plant and equipment and newly recorded intangible assets. Depreciation/amortization represents depreciation/amortization expenses for property, plant and equipment and intangible assets.

2. Outlook by reportable segment

(a) Net sales and operating income (loss)

(Billions of yen)

	Outlook for the fiscal year ending March 31, 2014 (A)		Fiscal year ended March 31, 2013 (actual) (B)		Change (A – B)	
	Net sales	Operating Income (loss)	Net sales	Operating Income (loss)	Net sales	Operating Income (loss)
Ship & Offshore Structure	70.0	0	90.3	4.1	(20.3)	(4.1)
Rolling Stock	155.0	6.0	129.9	2.2	25.1	3.8
Aerospace	290.0	19.0	239.1	14.8	50.9	4.2
Gas Turbine & Machinery	185.0	11.0	207.0	7.0	(22.0)	4.0
Plant & Infrastructure	115.0	7.0	115.8	9.7	(0.8)	(2.7)
Motorcycle & Engine	290.0	10.0	251.8	2.3	38.2	7.7
Precision Machinery	140.0	14.0	130.4	8.4	9.6	5.6
Other	135.0	3.0	124.2	1.2	10.8	1.8
Adjustments		(10.0)		(8.0)		(2.0)
Total	1,380.0	60.0	1,288.8	42.0	91.2	18.0

(b) Orders received

(Billions of yen)

	Outlook for the fiscal year ending March 31, 2014 (A)	Fiscal year ended March 31, 2013 (actual) (B)	Change (A – B)
Ship & Offshore Structure	120.0	105.7	14.3
Rolling Stock	160.0	124.4	35.6
Aerospace	250.0	283.4	(33.4)
Gas Turbine & Machinery	220.0	255.5	(35.5)
Plant & Infrastructure	130.0	113.6	16.4
Motorcycle & Engine	290.0	251.8	38.2
Precision Machinery	150.0	109.7	40.3
Other	130.0	125.1	4.9
Total	1,450.0	1,369.5	80.5