ANNUAL REPORT 2013

Years ended March 31, 2013 and 2012
with Report of Independent Auditors

ShinMaywa

Brighten Your Future

ShinMaywa Industries, Ltd.

Grant Thornton

Report of Independent Auditors

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The Board of Directors of
ShinMaywa Industries, Ltd.

We have audited the accompanying consolidated balance sheets of ShinMaywa Industries, Ltd. and consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in yen.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ShinMaywa Industries, Ltd. and consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation
The U.S. dollar amounts in the accompanying consolidated financial statements are presented solely for convenience. Our audits also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translations have been made on the basis described in Note 3 to the consolidated financial statements.

Grant Thornton Taiyo ASG LLC

Osaka, Japan
June 25, 2013

CONTENTS

01 Report of Independent Auditors
02 Consolidated Balance Sheets
04 Consolidated Statements of Income
05 Consolidated Statements of Comprehensive Income
06 Consolidated Statements of Changes in Net Assets
08 Consolidated Statements of Cash Flows
09 Notes to Consolidated Financial Statements
40 Company Overview

Consolidated Balance Sheets

ShinMaywa Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2013	2012	2013	2012
Assets				
Current assets:				
Cash and deposits (Notes 4 and 19)	¥ 14,811	¥ 19,855	$ 157,564	$ 211,223
Trade notes and accounts receivable (Note 19)	58,916	50,325	626,766	535,372
Allowance for doubtful receivables	(59)	(82)	(628)	(872)
Inventories (Note 5)	35,560	30,195	378,298	321,223
Deferred income taxes (Note 10)	4,702	3,419	50,021	36,372
Prepaid expenses and other current assets	1,290	966	13,723	10,277
Total current assets	115,222	104,679	1,225,766	1,113,606
Property, plant and equipment (Note 6):				
Land (Note 11)	6,664	4,634	70,894	49,298
Buildings and structures	41,714	35,695	443,766	379,734
Machinery, equipment and vehicles	41,673	35,500	443,330	377,660
Construction in progress	742	784	7,894	8,340
	90,795	76,615	965,904	815,053
Less accumulated depreciation and impairment loss	(64,519)	(55,825)	(686,372)	(593,883)
Property, plant and equipment, net	26,275	20,789	279,521	221,160
Investments and long-term loans receivable:				
Investments in an unconsolidated subsidiary and affiliates	1,456	625	15,489	6,649
Investment securities (Notes 7 and 19)	3,500	2,947	37,234	31,351
Long-term loans receivable	286	283	3,043	3,011
Total investments and long-term loans receivable	5,243	3,856	55,777	41,021
Deferred income taxes (Note 10)	2,458	2,136	26,149	22,723
Other assets	6,048	4,675	64,340	49,734
Total assets	¥155,248	¥136,138	$1,651,574	$1,448,277

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2013	2012	2013	2012
Liabilities and net assets				
Current liabilities:				
Trade notes and accounts payable (Note 19)	¥ 25,900	¥ 19,824	$ 275,532	$ 210,894
Current portion of long-term debt (Notes 8 and 19)	2,000	2,000	21,277	21,277
Accrued expenses	8,198	5,827	87,213	61,989
Accrued income taxes (Note 10)	1,402	770	14,915	8,191
Accrued bonuses for directors	132	27	1,404	287
Provision for product warranty	18	10	191	106
Provision for losses on construction contracts (Note 14)	1,718	1,910	18,277	20,319
Other current liabilities	6,542	5,803	69,596	61,734
Total current liabilities	45,914	36,174	488,447	384,830
Long-term liabilities:				
Long-term debt (Notes 8 and 19)	6,650	8,690	70,745	92,447
Accrued retirement benefits for employees (Note 9)	9,676	8,072	102,936	85,872
Accrued retirement benefits for directors and corporate auditors	–	477	–	5,074
Deferred income taxes (Note 10)	232	9	2,468	96
Deferred income taxes on land revaluation reserve (Note 11)	54	54	574	574
Negative goodwill	–	93	–	989
Other long-term liabilities	3,684	3,240	39,191	34,468
Total long-term liabilities	20,299	20,639	215,947	219,564
Total liabilities	66,213	56,813	704,394	604,394
Contingent liabilities				
Net assets:				
Shareholders' equity (Note 12):				
Common stock				
Authorized – 300,000,000 shares				
Issued – 100,000,000 shares at March 31, 2013 and 119,727,565 shares at March 31, 2012 (Note 12)	15,981	15,981	170,011	170,011
Capital surplus	15,737	15,737	167,415	167,415
Retained earnings (Note 23)	56,901	54,632	605,330	581,191
Less treasury common stock, at cost; 291,549 shares at March 31, 2013 and 19,964,250 shares at March 31, 2012 (Note 12)	(120)	(8,203)	(1,277)	(87,266)
Total shareholders' equity	88,500	78,148	941,489	831,362
Accumulated other comprehensive income (loss):				
Unrealized gain on securities (Note 7)	876	624	9,319	6,638
Land revaluation reserve (Note 11)	(383)	(383)	(4,074)	(4,074)
Translation adjustments	(52)	(365)	(553)	(3,883)
Total accumulated other comprehensive income (loss)	440	(124)	4,681	(1,319)
Minority interests	93	1,301	989	13,840
Total net assets	89,035	79,324	947,181	843,872
Total liabilities and net assets	¥155,248	¥136,138	$1,651,574	$1,448,277

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

ShinMaywa Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2013	2012	2013	2012
Net sales	¥150,918	¥108,974	$1,605,511	$1,159,298
Cost of sales (Notes 5, 14 and 15)	125,216	91,872	1,332,085	977,362
Gross profit	25,701	17,102	273,415	181,936
Selling, general and administrative expenses (Notes 13 and 15)	19,861	14,832	211,287	157,787
Operating income	5,840	2,269	62,128	24,138
Other income (expenses):				
Interest and dividend income	78	74	830	787
Interest expense	(62)	(65)	(660)	(691)
Amortization of negative goodwill	93	146	989	1,553
Equity in earnings of an unconsolidated subsidiary and affiliates	172	149	1,830	1,585
Foreign exchange gains (losses), net	123	(543)	1,309	(5,777)
Gain on negative goodwill (Note 17)	5,343	–	56,840	–
Loss on disaster	–	(151)	–	(1,606)
Loss on litigation	–	(794)	–	(8,447)
Other, net	(66)	(18)	(702)	(191)
	5,682	(1,204)	60,447	(12,809)
Income before income taxes and minority interests	11,523	1,065	122,585	11,330
Income taxes (Note 10):				
Current	1,898	1,192	20,191	12,681
Deferred	(1,718)	491	(18,277)	5,223
Income (loss) before minority interests	11,342	(618)	120,660	(6,574)
Minority interests in loss	(29)	(351)	(309)	(3,734)
Net income (loss)	¥ 11,372	¥ (266)	$ 120,979	$ (2,830)

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

ShinMaywa Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2013	2012	2013	2012
Income (loss) before minority interests	¥11,342	¥(618)	$120,660	$(6,574)
Other comprehensive income (loss):				
Unrealized gain on securities	252	173	2,681	1,840
Land revaluation reserve	–	7	–	74
Translation adjustments	264	(48)	2,809	(511)
Share of other comprehensive income (loss) of associates accounted for using equity method	73	(0)	777	(0)
Total other comprehensive income (Note 18)	590	131	6,277	1,394
Comprehensive income (loss)	¥11,933	¥(487)	$126,947	$(5,181)
Comprehensive income (loss) attributable to:				
Owners of the parent company	11,942	(129)	127,043	(1,372)
Minority interests	(8)	(357)	(85)	(3,798)

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

ShinMaywa Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

Millions of yen

		Shareholders' Equity				Accumulated other comprehensive income (loss)				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury common stock, at cost	Unrealized gain on securities	Land revaluation reserve	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2011	119,727,565	¥15,981	¥15,737	¥55,897	¥(8,202)	¥451	¥(389)	¥(324)	¥ 1,680	¥80,833
Acquisition of treasury stock	–	–	–	–	(1)	–	–	–	–	(1)
Dividends paid	–	–	–	(997)	–	–	–	–	–	(997)
Net loss for the year	–	–	–	(266)	–	–	–	–	–	(266)
Net changes in items other than those in shareholders' equity	–	–	–	–	–	172	5	(41)	(379)	(242)
Balance at March 31, 2012	119,727,565	¥15,981	¥15,737	¥54,632	¥(8,203)	¥624	¥(383)	¥(365)	¥ 1,301	¥79,324
Acquisition of treasury stock	–	–	–	–	(20)	–	–	–	–	(20)
Dividends paid	–	–	–	(997)	–	–	–	–	–	(997)
Net income for the year	–	–	–	11,372	–	–	–	–	–	11,372
Cancellation of treasury stock	(19,727,565)	–	–	(8,104)	8,104	–	–	–	–	–
Change of scope of equity method	–	–	–	(2)	–	–	–	–	–	(2)
Net changes in items other than those in shareholders' equity	–	–	–	–	–	252	–	313	(1,207)	(642)
Balance at March 31, 2013	100,000,000	¥15,981	¥15,737	¥56,901	¥ (120)	¥876	¥(383)	¥ (52)	¥ 93	¥89,035

Thousands of U.S. dollars (Note 3)

	Shareholders' Equity				Accumulated other comprehensive income (loss)				
	Common stock	Capital surplus	Retained earnings	Treasury common stock, at cost	Unrealized gain on securities	Land revaluation reserve	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2011	$170,011	$167,415	$594,649	$(87,255)	$4,798	$(4,138)	$(3,447)	$ 17,872	$859,926
Acquisition of treasury stock	–	–	–	(11)	–	–	–	–	(11)
Dividends paid	–	–	(10,606)	–	–	–	–	–	(10,606)
Net loss for the year	–	–	(2,830)	–	–	–	–	–	(2,830)
Net changes in items other than those in shareholders' equity	–	–	–	–	1,830	53	(436)	(4,032)	(2,574)
Balance at March 31, 2012	$170,011	$167,415	$581,191	$(87,266)	$6,638	$(4,074)	$(3,883)	$ 13,840	$843,872
Acquisition of treasury stock	–	–	–	(213)	–	–	–	–	(213)
Dividends paid	–	–	(10,606)	–	–	–	–	–	(10,606)
Net income for the year	–	–	120,979	–	–	–	–	–	120,979
Cancellation of treasury stock	–	–	(86,213)	86,213	–	–	–	–	–
Change of scope of equity method	–	–	(21)	–	–	–	–	–	(21)
Net changes in items other than those in shareholders' equity	–	–	–	–	2,681	–	3,330	(12,840)	(6,830)
Balance at March 31, 2013	$170,011	$167,415	$605,330	$ (1,277)	$9,319	$(4,074)	$ (553)	$ 989	$947,181

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

ShinMaywa Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2013	2012	2013	2012
Operating activities				
Income before income taxes and minority interests	¥ 11,523	¥ 1,065	$ 122,585	$ 11,330
Depreciation and amortization	3,609	3,135	38,394	33,351
Gain on negative goodwill	(5,343)	–	(56,840)	–
Equity in earnings of an unconsolidated subsidiary and affiliates	(172)	(149)	(1,830)	(1,585)
(Decrease) increase in accrued retirement benefits for employees, directors and corporate auditors	(318)	95	(3,383)	1,011
Interest and dividend income	(78)	(74)	(830)	(787)
Interest expense	62	65	660	691
Decrease (increase) in trade notes and accounts receivable	1,567	(3,981)	16,670	(42,351)
(Increase) decrease in inventories	(667)	1,089	(7,096)	11,585
Increase in trade notes and accounts payable	2,590	2,992	27,553	31,830
Other, net	360	718	3,830	7,638
	13,134	4,955	139,723	52,713
Interest and dividends received	150	80	1,596	851
Interest paid	(64)	(65)	(681)	(691)
Income taxes paid	(1,462)	(839)	(15,553)	(8,926)
Net cash provided by operating activities	11,758	4,131	125,085	43,947
Investing activities				
Purchases of property, plant and equipment	(4,359)	(1,734)	(46,372)	(18,447)
Purchases of intangible assets	(504)	(245)	(5,362)	(2,606)
Purchases of consolidated subsidiary's stock accompanied by changes in scope of consolidation (Note 4)	(107)	–	(1,138)	–
Purchases of stock from minority shareholders	(632)	(15)	(6,723)	(160)
Payments for transfer of business (Note 4)	(932)	–	(9,915)	–
Proceeds from sales of property, plant and equipment	443	101	4,713	1,074
Other, net	(408)	(238)	(4,340)	(2,532)
Net cash used in investing activities	(6,502)	(2,130)	(69,170)	(22,660)
Financing activities				
Decrease in short-term loans payable	(7,050)	(6,000)	(75,000)	(63,830)
Proceeds from long-term loans payable	19	10,000	202	106,383
Repayment of long-term loans payable	(2,000)	(2,000)	(21,277)	(21,277)
Acquisition of treasury stock, net	(20)	(1)	(213)	(11)
Dividends paid	(997)	(997)	(10,606)	(10,606)
Dividends paid to minority shareholders	(10)	(21)	(106)	(223)
Repayments of finance lease obligations	(342)	(196)	(3,638)	(2,085)
Other, net	37	–	394	–
Net cash (used in) provided by financing activities	(10,364)	782	(110,255)	8,319
Effect of exchange rate changes on cash and cash equivalents	187	(78)	1,989	(830)
Net (decrease) increase in cash and cash equivalents	(4,921)	2,705	(52,351)	28,777
Cash and cash equivalents at beginning of the year	19,855	17,150	211,223	182,447
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(143)	–	(1,521)	–
Cash and cash equivalents at end of the year (Note 4)	¥ 14,790	¥19,855	$ 157,340	$211,223

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

ShinMaywa Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

1. Summary of Significant Accounting Policies

(a) Basis of presentation

ShinMaywa Industries, Ltd. (the “Company”) and its domestic consolidated subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its overseas consolidated subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Act of Japan and, therefore, have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Scope of Consolidation

The consolidated financial statements as of March 31, 2013 include the accounts of the Company and its 20 (19 in 2012) subsidiaries (together, the “Group”). Investments in 4 (1 in 2012) subsidiaries and 1 (2 in 2012) affiliate are accounted for by the equity method.

(c) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The balance sheet date of certain consolidated subsidiaries is December 31. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from January 1 through March 31 have been adjusted, if necessary.

(d) Foreign currency translation

All monetary assets and liabilities, regardless of whether they are short-term or long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing as of the fiscal year end, and the resulting gain and loss are included in income.

Balance sheet accounts and revenue and expense accounts of the overseas consolidated subsidiaries are translated into yen at the exchange rates prevailing as of the fiscal year end, except for the components of net assets excluding minority interests which are translated at their historical exchange rates. Translation adjustments are presented as a component of valuation and translation adjustments and minority interests.

(e) Cash equivalents

For the purpose of the consolidated statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(f) Securities

Securities are generally classified into three categories: trading, held-to-maturity or available-for-sale securities. Securities held by the Company and its consolidated subsidiaries are all classified as available-for-sale securities. Marketable securities classified as available-for-sale securities are carried at fair value with any changes in unrealized gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as available-for-sale securities are carried at cost. Cost of securities sold is determined by the moving average method.

(g) Inventories

Inventories are stated principally at the lower of cost, cost being determined by the moving average method, or net selling value.

(h) Property, plant and equipment

Depreciation of property, plant and equipment is computed by the declining-balance method, except that certain subsidiaries apply the straight-line method. The Company and its principal domestic consolidated subsidiaries apply useful lives and residual value of the respective assets as prescribed by the Corporation Tax Law for accounting purposes.

Leased assets under lease transactions that do not transfer ownership of the leased assets to the lessee are depreciated over the respective lease periods by the straight-line method to a nil residual value. Finance leases commencing prior to April 1, 2008 that do not transfer ownership of the leased assets to the lessee are accounted for as operating lease transactions as permitted by the revised accounting standard.

Property, plant and equipment and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset and is measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs, and (2) the present value of future cash flows arising from ongoing utilization of the asset and from disposal of the asset after use.

Business assets of the Company and its consolidated subsidiaries are grouped at its management accounting units for impairment testing. However, the Company and its consolidated subsidiaries determine whether an asset is impaired on an individual asset basis for leased assets and when a business asset is deemed to be idle or it is scheduled to be disposed of.

(i) Allowance for doubtful receivables

An allowance for doubtful receivables is provided at an amount calculated based on historical experience, while specific allowances for doubtful receivables are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility.

(j) Accrued bonuses for directors

Accrued bonuses for directors are provided for payments of bonuses to directors based on estimated amounts.

(k) Provision for product warranty

For payments of the after-sales service expense of the product and the repair cost of the completed work, provision for product warranty is provided based on past experience.

(l) Provision for losses on construction contracts

With regard to construction contracts that have not yet been delivered and are with high probability of generating losses at the end of the fiscal year, and where it is possible to reasonably estimate the amount of such losses, the estimated amount of losses to be incurred is provided as provision for losses on construction contracts.

(m) Retirement benefits

Accrued retirement benefits for employees are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period of 13 years which falls within the average remaining years of service of the eligible employees.

Prior service cost is amortized as incurred by the straight-line method over a period of 13 years which falls within the average remaining years of service of the eligible employees.

Certain domestic consolidated subsidiaries have adopted a simplified method for calculating their retirement benefit obligation which is permitted under the accounting standard for retirement benefits.

(Additional Information)
In order to prepare for the payment of retirement benefits to directors and corporate auditors, the Company and certain consolidated subsidiaries had provided for “Accrued retirement benefits for directors and corporate auditors” in the amount expected to be required payment at the balance sheet date under internal rules. However, as the Board of Directors of each company has resolved to abolish the retirement benefit plan for directors and corporate auditors, and as the annual general meeting of shareholders of each company has resolved to make a final payment of retirement benefits to the directors and corporate auditors in consideration of their services during their terms of office, the Company, in the year ended March 31, 2013, has reversed the entire amount of “Accrued retirement benefits for directors and corporate auditors” and included the ¥372 million ($3,957 thousand) in accrued final payment in “Other long-term liabilities” under “Long-term liabilities.”

(n) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(o) Significant revenue recognition

The Company applies the percentage-of-completion method to the construction contracts (estimated percentage of completion is calculated using the cost-to-cost method) for which the outcome of their activities at the end of the fiscal year is deemed certain, and the completed contract method to other construction contracts.

(p) Research and development costs

Research and development costs are charged to income as incurred and are included in cost of sales and selling, general and administrative expenses.

(q) Amounts per share

Net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Amounts per share of net assets are computed based on net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

(r) Derivative financial instruments

Derivatives are stated at fair value.

(s) Goodwill and negative goodwill

Goodwill and negative goodwill generated on and prior to March 31, 2010 are amortized on a straight-line method over the period of 5 years. Negative goodwill generated on and after April 1, 2010 is treated as income in the year in which it arose, in accordance with “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on December 26, 2008).

(t) Consumption taxes

All amounts in the accompanying financial statements are stated exclusive of consumption tax.

2. Accounting standards issued but not yet effective

By the date of approval of the consolidated financial statements, new accounting standards and interpretations that have been issued, but not yet effective are as follows.

“Accounting Standard for Retirement Benefits” (ASBJ Statement No.26 issued on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25 issued on May 17, 2012)

These accounting standards have been revised, in light of improving financial reporting and international accounting trends, mainly in terms of accounting methods for unrecognized actuarial gain or loss and unrecognized prior service cost, calculation methods for retirement benefit obligation and service cost, and enhancement of disclosure items.

The Company intends to adopt these accounting standards from the end of the year ending March 31, 2014 and the revised calculation methods for retirement benefit obligation and service cost from the beginning of the year ending March 31, 2015. The impact of adopting these accounting standards is currently being examined.

3. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made for both 2013 and 2012, as a matter of arithmetic computation only, at the rate of ¥94 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2013. The translations should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Supplementary Cash Flow Information

Information related to cash and cash equivalents as of March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Cash and deposits	¥14,811	¥19,855	$157,564	$211,223
Time deposits with deposit terms of more than three months	(20)	–	(213)	–
Cash and cash equivalents at end of the year	¥14,790	¥19,855	$157,340	$211,223

The following shows a breakdown of assets and liabilities at the initial consolidation of the subsidiaries initially consolidated in the year ended March 31, 2013 through stock acquisition and the relationship between net expenditure and cost for the acquisition of the subsidiaries.

	Millions of yen	Thousands of U.S. dollars
	2013	
Current assets	¥ 15,584	$ 165,787
Fixed assets	5,099	54,245
Current liabilities	(12,457)	(132,521)
Long-term liabilities	(2,157)	(22,947)
Gain on negative goodwill	(4,494)	(47,809)
Acquisition cost of shares	1,574	16,745
Cash and cash equivalents of the acquired companies	(1,466)	(15,596)
Net expenditure for consolidated subsidiary stock	¥ 107	$ 1,138

The following shows a breakdown of assets and liabilities increased due to receipt of assigned businesses in the year ended March 31, 2013, and the relationship between net expenditure and the consideration for the business acquisition.

	Millions of yen	Thousands of U.S. dollars
	2013	
Current assets	¥1,503	$15,989
Fixed assets	1,090	11,596
Current liabilities	(905)	(9,628)
Long-term liabilities	(258)	(2,745)
Gain on negative goodwill	(276)	(2,936)
Consideration for business acquisition	1,154	12,277
Cash and cash equivalents of the acquired company	(222)	(2,362)
Net expenditure for business acquisition	¥ 932	$ 9,915

5. Inventories

Inventories at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Finished goods	¥ 2,559	¥ 2,067	$ 27,223	$ 21,989
Work in process	20,635	19,025	219,521	202,394
Raw materials and supplies	12,365	9,102	131,543	96,830
	¥35,560	¥30,195	$378,298	$321,223

Reversal of loss on devaluation of inventories in the amount of ¥35 million ($372 thousand) is recorded under cost of sales for the year ended March 31, 2013. A loss on devaluation of inventories in the amount of ¥548 million ($5,830 thousand) is recorded under cost of sales for the year ended March 31, 2012.

Inventories and provision for contract losses are not offset. The amount of provision for contract losses against the inventories (work in process) is ¥14 million ($149 thousand) and ¥570 million ($6,064 thousand) for the years ended March 31, 2013 and 2012, respectively.

6. Fair Value of Investment and Rental Properties

The Company and part of its consolidated subsidiaries own rental apartments in Hyogo and other areas. The net of rent income and operating expenses from such rental properties were ¥154 million ($1,638 thousand) for the years ended March 31, 2013 and 2012.

The carrying amount and fair value of investment and rental properties at the end of the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Carrying amount	¥1,810	¥1,694	$19,255	$18,021
Fair Value	3,605	3,458	38,351	36,787

Increase for the year ended March 31, 2013 was due mainly to increase in rental property due to conversion of ¥181 million ($1,926 thousand)

7. Securities

a) Information with respect to marketable securities classified as available-for-sale securities as of March 31, 2013 and 2012 are as follows:

	Millions of yen			Thousands of U.S. dollars		
	March 31, 2013					
	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)
Securities whose fair value exceeds their acquisition cost:						
Equity securities	¥ 796	¥2,258	¥1,461	$ 8,468	$24,021	$15,543
Bonds and debentures	–	–	–	–	–	–
Other	–	–	–	–	–	–
	¥ 796	¥2,258	¥1,461	$ 8,468	$24,021	$15,543
Securities whose acquisition cost exceeds their fair value:						
Equity securities	¥ 703	¥ 547	¥ (155)	$ 7,479	$ 5,819	$(1,649)
Bonds and debentures	–	–	–	–	–	–
Other	–	–	–	–	–	–
	¥ 703	¥ 547	¥ (155)	$ 7,479	$ 5,819	$(1,649)
	¥1,499	¥2,805	¥1,305	$15,947	$29,840	$13,883

	Millions of yen			Thousands of U.S. dollars		
	March 31, 2012					
	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)
Securities whose fair value exceeds their acquisition cost:						
Equity securities	¥ 650	¥1,689	¥1,038	$ 6,915	$17,968	$11,043
Bonds and debentures	–	–	–	–	–	–
Other	–	–	–	–	–	–
	¥ 650	¥1,689	¥1,038	$ 6,915	$17,968	$11,043
Securities whose acquisition cost exceeds their fair value:						
Equity securities	¥ 754	¥ 637	¥ (116)	$ 8,021	$ 6,777	$(1,234)
Bonds and debentures	–	–	–	–	–	–
Other	–	–	–	–	–	–
	¥ 754	¥ 637	¥ (116)	$ 8,021	$ 6,777	$(1,234)
	¥1,405	¥2,326	¥ 921	$14,947	$24,745	$ 9,798

The impairment losses associated with the fair market value determination of marketable securities classified as available-for-sale securities was ¥4 million ($43 thousand) for the year ended March 31, 2013.

Impairment losses are recorded for securities whose fair value has declined by 50% or more or for those which have declined within a range of 30% or more, but less than 50% if the decline is deemed to be irrecoverable.

b) The aggregate book value of securities with no available fair value as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Unlisted stocks	¥694	¥620	$7,383	$6,596

8. Long-Term Debt

Long-term debt at March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Unsecured loans due through 2017 with weighted-average interest rates of 0.45% at March 31, 2013 and 0.54% at March 31, 2012	¥ 8,000	¥10,012	$ 85,106	$106,511
Lease obligations due through 2019	650	678	6,915	7,213
	8,650	10,690	92,021	113,723
Less current portion	(2,000)	(2,000)	(21,277)	(21,277)
	¥ 6,650	¥ 8,690	$ 70,745	$ 92,447

The aggregate annual maturities of long-term debt subsequent to March 31, 2013 are as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31,		
2014	¥2,230	$23,723
2015	2,178	23,170
2016	2,139	22,755
2017	2,085	22,181
2018 and thereafter	16	170
Total	¥8,650	$92,021

Lease obligations of ¥230 million ($2,447 thousand) as of March 31, 2013 whose maturity dates are in the year ending March 31, 2014 are included in the long-term debt of ¥6,650 million ($70,745 thousand) presented in the consolidated balance sheet as of March 31, 2013.

9. Retirement Benefit Plans for Employees

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., corporate pension plans and lump-sum payment plans, covering substantially all their employees. Eligible employees, upon termination of employment, are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. The certain consolidated subsidiaries participate in the multi-employer welfare pension fund plan. They also have defined contribution pension plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2013 and 2012 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Retirement benefit obligation	¥(27,711)	¥(23,792)	$(294,798)	$(253,106)
Plan assets at fair value	17,219	15,115	183,181	160,798
Unfunded retirement benefit obligation	(10,491)	(8,676)	(111,606)	(92,298)
Unrecognized actuarial loss	3,525	2,736	37,500	29,106
Unrecognized prior service cost	(202)	(203)	(2,149)	(2,160)
Net retirement benefit obligation	(7,168)	(6,143)	(76,255)	(65,351)
Prepaid pension cost	2,508	1,928	26,681	20,511
Accrued retirement benefits	¥ (9,676)	¥ (8,072)	$(102,936)	$ (85,872)

Certain domestic consolidated subsidiaries have adopted a simplified method for calculating their retirement benefit obligation which is permitted under the accounting standard for retirement benefits.

The components of retirement benefit expenses for the years ended March 31, 2013 and 2012 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Service cost	¥1,081	¥1,099	$11,500	$11,691
Interest cost	480	456	5,106	4,851
Expected return on plan assets	(102)	(82)	(1,085)	(872)
Amortization of actuarial loss	548	556	5,830	5,915
Amortization of prior service cost	(0)	(0)	(0)	(0)
Contribution to a defined contribution plan	74	–	787	–
Total	¥2,080	¥2,028	$22,128	$21,574

Retirement benefit expenses of certain domestic consolidated subsidiaries, which have been calculated by a simplified method, are included in service cost in the above table.

The assumptions used in the accounting for the above plans were as follows:

	2013	2012
Discount rate	Primarily 1.4%	2.0%
Expected rates of return on plan assets	0.7%	0.6%

Certain subsidiaries contributed ¥43 million ($457 thousand) and ¥41 million ($436 thousand) to the multi-employer welfare pension fund plan for the years ended March 31, 2013 and 2012, which was not included in the table of retirement benefit expenses above. The funded status of the multi-employer welfare pension fund plan as of March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Plan assets	¥ 62,064	¥ 67,497	$ 660,255	$ 718,053
Projected benefit obligation recorded by pension fund	(94,134)	(94,726)	(1,001,426)	(1,007,723)
Unfunded status	¥(32,070)	¥(27,229)	$ (341,170)	$ (289,670)

The Company's contribution percentage for the multi-employer welfare pension fund plan was 1.0% for the years March 31, 2013 and 2012. This percentage does not agree with the actual share percentage of the consolidated subsidiaries to the pension plan.

The unfunded status of the multi-employer welfare plan mainly represented past service liabilities of ¥14,733 million ($156,734 thousand), and unfunded amounts of ¥17,337 million ($184,436 thousand) as of March 31, 2013. The unfunded status of the multi-employer welfare plan mainly represented past service liabilities of ¥15,339 million ($163,181 thousand), added amount of asset valuation adjustments of ¥4,759 million ($50,628 thousand) and unfunded amounts of ¥7,131 million ($75,862 thousand) as of March 31, 2012. Past service liabilities are amortized with interest by the straight-line method over a period of 20 years. Special retirement benefit expenses of ¥14 million ($149 thousand) and 13 million ($138 thousand) were charged to consolidated income for the years ended March 31, 2013 and 2012.

10. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in a statutory tax rate of approximately 38.0 % and 40.6% for 2013 and 2012, respectively. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The tax effects of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Deferred tax assets:				
Net operating loss carryforwards	¥ 625	¥ 1,322	$ 6,649	$ 14,064
Accrued retirement benefits for employees	2,466	2,145	26,234	22,819
Accrued bonuses	1,373	823	14,606	8,755
Loss on valuation of inventories	561	392	5,968	4,170
Depreciation and amortization	267	252	2,840	2,681
Impairment loss	1,376	89	14,638	947
Provision for losses on construction contracts	657	718	6,989	7,638
Other	2,046	2,517	21,766	26,777
	9,375	8,261	99,734	87,883
Valuation allowance	(1,672)	(2,372)	(17,787)	(25,234)
	7,702	5,889	81,936	62,649
Deferred tax liabilities:				
Unrealized gain on securities	431	295	4,585	3,138
Negative goodwill	316	41	3,362	436
Other	26	4	277	43
	774	342	8,234	3,638
Net deferred tax assets	¥ 6,928	¥ 5,546	$ 73,702	$ 59,000

The effective tax rate reflected in the consolidated statements of income for the years ended March 31, 2013 and 2012 differs from the statutory tax rate for the following reasons:

	2013	2012
Statutory tax rate	38.0 %	40.6 %
Expenses not deductible for tax purposes	1.6	14.5
Revenues not taxable for tax purposes	(0.2)	(0.8)
Per capital portion of inhabitants' taxes	1.3	11.2
Changes in valuation allowance	(21.8)	28.0
Amortization of negative goodwill	(0.3)	(5.0)
Gain on negative goodwill	(16.7)	–
Tax credit	(0.6)	(2.0)
Deferred income taxes on unrealized intercompany profits	(0.4)	3.3
Decrease in deferred tax assets at fiscal year end due to changes in the statutory tax rate	–	58.3
Other	0.7	10.0
Effective tax rate	1.6 %	158.1 %

11. Land Revaluation

Pursuant to the "Law Concerning the Revaluation of Land," land used for a consolidated subsidiary's business operations was revalued on March 31, 2000. The income tax effect of the difference between the book value and the revalued amounts have been presented under liabilities as "Deferred income taxes on land revaluation reserve" and the remaining balances have been presented under valuation and translation adjustments as "Land revaluation reserve" in the accompanying consolidated balance sheets.

Revaluation of the land was determined based on the property tax assessment values in accordance with Paragraph 3, Article 2 of the "Enforcement Ordinance Concerning Land Revaluation."

The carrying value of the land after revaluation exceeded its fair value by ¥203 million ($2,160 thousand) and ¥202 million ($2,149 thousand) at March 31, 2013 and 2012, respectively.

12. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

Movements in treasury stock during the years ended March 31, 2013 and 2012 are summarized as follows:

	Number of shares			
	2013			
	March 31, 2012	Increase	Decrease	March 31, 2013
Treasury stock	19,964,250	54,864	19,727,565	291,549

	2012			
	March 31, 2011	Increase	Decrease	March 31, 2012
Treasury stock	19,958,438	5,812	–	19,964,250

Increase in the number of treasury stock during the year ended March 31, 2013 is due to the increase of 47,290 shares through the purchase of shares from shareholders with unknown addresses pursuant to the resolution of the Board of Directors and the increase of 7,574 shares through the purchase of fractional shares. Decrease in the number of treasury stock is due to the decrease of 19,727,565 shares through the cancellation of treasury stock pursuant to the resolution of the Board of Directors.

Increase in the number of treasury stock during the year ended March 31, 2012 is due to the increase of 5,812 shares through the purchase of fractional shares.

Dividends paid in the years ended March 31, 2013 and 2012 are as follows:

	Resolution			
	2013		2012	
	Annual general meeting of shareholders June 26, 2012	Board of directors meeting October 31, 2012	Annual general meeting of shareholders June 28, 2011	Board of directors meeting October 27, 2011
Class of shares	Common stock	Common stock	Common stock	Common stock
Total cash dividends				
(Millions of yen)	¥ 498	¥ 498	¥ 498	¥ 498
(Thousands of U.S. dollars)	$5,298	$5,298	$5,298	$5,298
Cash dividends per share				
(Yen)	¥ 5	¥ 5	¥ 5	¥ 5
(U.S. dollars)	$ 0.05	$ 0.05	$ 0.05	$ 0.05
Record date	March 31, 2012	September 30, 2012	March 31, 2011	September 30, 2011
Effective date	June 27, 2012	December 3, 2012	June 29, 2011	December 1, 2011

Dividends whose record date falls in the years ended March 31, 2013 or 2012, but whose effective date falls in the following year are as follows:

	Resolution	
	2013	2012
	Annual general meeting of shareholders June 25, 2013	Annual general meeting of shareholders June 26, 2012
Class of shares	Common stock	Common stock
Total cash dividends		
(Millions of yen)	¥ 498	¥ 498
(Thousands of U.S. dollars)	$5,298	$5,298
Cash dividends per share		
(Yen)	¥ 5	¥ 5
(U.S. dollars)	$ 0.05	$ 0.05
Record date	March 31, 2013	March 31, 2012
Effective date	June 26, 2013	June 27, 2012

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of the following for the years ended March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	2012
Employees salaries and allowances	¥7,851	¥5,651	$83,521	$60,117
Provision of allowance for doubtful receivable	16	35	170	372
Accrued bonuses for directors	132	27	1,404	287
Retirement benefit expenses	576	556	6,128	5,915
Provision for directors' and corporate auditors' retirement benefits	41	114	436	1,213

14. Provision for Losses on Construction Contracts

Provision for losses on construction contracts included in cost of sales for the years ended March 31, 2013 and 2012 amounted to ¥1,718 million ($18,277 thousand) and ¥1,910 million ($20,319 thousand), respectively.

15. Research and Development Expenses

Research and development expenses included in manufacturing cost and selling, general and administrative expenses for the years ended March 31, 2013 and 2012 amounted to ¥2,117 million ($22,521 thousand) and ¥2,019 million ($21,479 thousand), respectively.

16. Gain on negative goodwill

Gain on negative goodwill reported for the year ended March 31, 2013 was recognized in connection with the acquisition of shares of new subsidiaries in the Special Purpose Truck and Parking Systems Businesses, the business relating to refuse compactors assigned from Fuji Heavy Industries Ltd. and the additional acquisition of shares of a consolidated subsidiary.

17. Amounts per Share

Amounts per share are summarized as follows:

	Yen		U.S. dollars	
Years ended March 31,	2013	2012	2013	2012
Net income (loss)	¥114.04	¥ (2.68)	$1.21	$(0.03)
Net assets:				
Basic	892.01	782.09	9.49	8.32
Diluted	–	–	–	–

Diluted net income per share has not been presented because there were no potentially dilutive shares at March 31, 2013 and 2012, and the Company recorded net loss for the year ended March 31, 2012.

18. Other Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars	
Years ended March 31,	2013	2012	2013	2012
Unrealized gain on securities:				
Amount arising during the year	¥ 375	¥223	$ 3,989	$2,372
Reclassification adjustments	10	–	106	–
Before tax effect	385	223	4,096	2,372
Tax effect	(132)	(50)	(1,404)	(532)
Total unrealized gain on securities	252	173	2,681	1,840
Land revaluation reserve:				
Amount arising during the year	–	–	–	–
Reclassification adjustments	–	–	–	–
Before tax effect	–	–	–	–
Tax effect	–	7	–	74
Total land revaluation reserve	–	7	–	74
Translation adjustments:				
Amount arising during the year	267	(48)	2,840	(511)
Reclassification adjustments	(3)	–	(32)	–
Before tax effect	264	(48)	2,809	(511)
Tax effect	–	–	–	–
Total Translation adjustments	264	(48)	2,809	(511)
Share of other comprehensive income (loss) of associates accounted for using equity method:				
Amount arising during the year	73	(0)	777	(0)
Total other comprehensive income	¥ 590	¥131	$ 6,277	$1,394

19. Financial Instruments

(a) Policy for financial instruments

The Group raises its necessary funds mainly through bank loans, according to its capital expenditure plan especially for the manufacture and sales of special purpose trucks and aircraft. Temporary idle funds are invested in low risk financial assets and the Group finances its short-term operating funds mainly through bank loans. Derivatives contracts are used for the purpose of avoiding risks as described later, not for speculative purposes, limited to transactions associated with commercial needs.

(b) Nature and extent of risks arising from financial instruments

Receivables such as trade notes and accounts receivable are exposed to customer credit risk. Trade receivables denominated in foreign currencies are exposed to foreign currency exchange fluctuation risk.

Investment securities are shares in the companies with which the Group has business relationships. These shares are exposed to the risk associated with fluctuation in market prices.

The payment terms of trade notes and accounts payable, which are trade liabilities, are mostly within one year. Also, part of these liabilities are related to imported raw materials, denominated in foreign currencies; therefore they are exposed to foreign currency exchange fluctuation risk but their amounts are constantly less than those of accounts receivable balances quoted in the same currencies.

Long-term debt is financing mainly for operating transactions and property investment. The debt carry floating interest rates, thus they are exposed to the risk of interest rate fluctuations.

Derivative transactions mainly include forward foreign currency contracts, for the purpose of hedging the foreign currency exchange fluctuation risk to the Company's operating receivables denominated in foreign currencies. Forward foreign currency transactions are exposed to market price risk associated with the future fluctuation in exchange rates. They also pose risk arising from the possibility of counterparty financial institutions' default on their contracts.

(c) Risk management for financial instruments

1) Credit risk management (customers' default risk)

With regard to trade notes and accounts receivable, which are operating receivables, the sales and accounting departments of the Company aim to identify and mitigate the default risk of customers due to deterioration of their financial conditions or other factors in the early stage, by regularly monitoring customers' financial conditions and managing the payment dates and outstanding balances of each customer's liabilities in accordance with internally defined procedures. The Company's consolidated subsidiaries conduct the same procedures according the Company's rules.

The Group enters into derivative contracts only with high credit rated financial institutions, in order to reduce the risk of counterparty default on these contracts.

2) Market risk management (foreign currency exchange and interest rate fluctuation risks)

In principle, the Company uses forward foreign exchange contracts to hedge against the monthly recognized foreign currency exchange fluctuation risk of each currency, associated with operating receivables denominated in foreign currencies. In addition, the amount of operating receivables denominated in foreign currencies that is certainly expected to be generated from projected export transactions, after deduction of the amount of foreign currency denominated payments which regularly occur monthly, is hedged by forward foreign exchange contracts under the limited maximum contract term of one year.

With respect to investment securities, the Company periodically monitors the movement of their fair values and financial condition of related issuers (trading counterparties), continuously reviewing its holdings.

Each derivative transaction needs to be approved by authorized persons and conducted by the finance department, in accordance with internal control regulations. The department books transactions and checks balances with counterparties. Monthly transaction results are reported to the director of the finance department. Meanwhile, the Company's consolidated subsidiaries do not conduct derivative transactions.

3) Liquidity risk management on fund raising (risk for delinquency)

The Company manages its liquidity risk through its finance department's compilation and upgrading of cash flow projections, based on the reports submitted by each business unit.

4) Supplementary explanations concerning fair values of financial instruments

Fair values of financial instruments comprise values determined based on market prices and values determined reasonably when there is no market price. Since variable factors are incorporated in computing the relevant fair values, such fair values may vary depending on the different assumptions. The notional amounts and other information described in Note 20 do not indicate the amounts of market risk exposed to derivative transactions.

The carrying amount on the consolidated balance sheets and fair value of financial instruments as of March 31, 2013 and 2012 are as follows:

	Millions of yen			Thousands of U.S. dollars		
	2013					
	Carrying amount	Fair value	Unrealized loss	Carrying amount	Fair value	Unrealized loss
Cash and deposits	¥14,811	¥14,811	¥ –	$157,564	$157,564	$ –
Trade notes and accounts receivable	58,916			626,766		
Allowance for doubtful receivables	(47)			(500)		
Subtotal	58,869	58,869	(0)	626,266	626,266	(0)
Investment securities:						
Available-for-sale securities	2,805	2,805	–	29,840	29,840	–
Total	¥76,486	¥76,486	¥(0)	$813,681	$813,681	$(0)
Trade notes and accounts payable	25,900	25,900	–	275,532	275,532	–
Long-term debt	8,000	8,000	–	85,106	85,106	–
Total	¥33,900	¥33,900	¥ –	$360,638	$360,638	$ –
Derivative transactions	(576)	(576)	–	(6,128)	(6,128)	–

	Millions of yen			Thousands of U.S. dollars		
	2012					
	Carrying amount	Fair value	Unrealized loss	Carrying amount	Fair value	Unrealized loss
Cash and deposits	¥19,855	¥19,855	¥ –	$211,223	$211,223	$ –
Trade notes and accounts receivable	50,325			535,372		
Allowance for doubtful receivables	(47)			(500)		
Subtotal	50,278	50,274	(3)	534,872	534,830	(32)
Investment securities:						
Available-for-sale securities	2,326	2,326	–	24,745	24,745	–
Total	¥72,460	¥72,457	¥(3)	$770,851	$770,819	$(32)
Trade notes and accounts payable	19,824	19,824	–	210,894	210,894	–
Long-term debt	10,012	10,012	–	106,511	106,511	–
Total	¥29,836	¥29,836	¥ –	$317,404	$317,404	$ –
Derivative transactions	(450)	(450)	–	(4,787)	(4,787)	–

Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in parenthesis.

i) Methods used to calculate the fair value of financial instruments and details of securities and derivative instruments

Cash and deposits

Deposits are stated at book value, because their fair values approximate their book values due to the short maturity of these instruments.

Trade notes and accounts receivable

The fair value of these installments is stated at present value. Present value is computed by discounting periodically sectioned receivables, using a rate applied to the period to maturity adjusted by the claim's credit risk.

Investment securities

The fair value of investment securities is determined using the quoted price at the stock exchange. For the notes to each classified securities by holding purpose, see Note 7.

Trade notes and accounts payable and Short-term bank loans

These assets are recorded using book values because fair values approximate book values because of their short-term maturities.

Long-term debt

The fair value of long-term debt is stated at its book value. Its fair value approximates its book value because the debt carries variable interest rates that reflect the market rate of interest in the short term and the Company's credit standing has not changed significantly since it implemented the debt.

Derivatives

The information of the fair value for derivatives is described in Note 20.

ii) The redemption schedule at March 31, 2013 and 2012 for monetary assets after the balance sheet date is summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2013			
	Due in one year or less	Due after one year	Due in one year or less	Due after one year
Cash and deposits	¥14,811	¥–	$157,564	$ –
Trade notes and accounts receivable	58,915	1	626,755	11
Total	¥73,726	¥1	$784,319	$11

	Millions of yen		Thousands of U.S. dollars	
	March 31, 2012			
	Due in one year or less	Due after one year	Due in one year or less	Due after one year
Cash and deposits	¥19,855	¥ –	$211,223	$ –
Trade notes and accounts receivable	48,661	1,663	517,670	17,691
Total	¥68,517	¥1,663	$728,904	$17,691

iii) The redemption schedule for long-term debt after the balance sheet date is described in Note 8.

20. Derivatives

The contract or notional amounts of the derivative financial instruments held at March 31, 2013 and 2012 are summarized as follows:

	March 31, 2013			
	Contracts due			
	Within one year	After one year	Fair value	(Loss)
	Millions of yen			
Forward foreign exchange contracts:				
To sell foreign currencies U.S. dollars	¥ 9,053	¥ –	¥ 9,629	¥ (576)
	Thousands of U.S. dollars			
Forward foreign exchange contracts:				
To sell foreign currencies U.S. dollars	$96,309	$ –	$102,436	$(6,128)

	March 31, 2012			
	Contracts due			
	Within one year	After one year	Fair value	(Loss)
	Millions of yen			
Forward foreign exchange contracts:				
To sell foreign currencies U.S. dollars	¥ 8,542	¥ –	¥ 8,993	¥ (450)
	Thousands of U.S. dollars			
Forward foreign exchange contracts:				
To sell foreign currencies U.S. dollars	$ 90,872	$ –	$ 95,670	$(4,787)

21. Business Combinations

(a) Business combination through acquisition

The Company acquired from TOKYU CORPORATION and TOKYU CAR CORPORATION shares of companies engaged in the Special Purpose Truck and Parking Systems Businesses, which were held directly or indirectly by the said companies.

1) Outline of the business combination
i) Names of the acquired companies and their businesses

(Special Purpose Truck Business)
Names: TOHO CAR CORPORATION
TOHO CAR SERVICE CORPORATION
(Wholly-owned subsidiary of TOHO CAR CORPORATION)
Business: Manufacturing, sales, maintenance, and repair of special purpose trucks

(Parking System Business)
Names: TOKYO ENGINEERING SYSTEMS CORPORATION
TOKYO PARKING SYSTEMS CORPORATION
(Wholly-owned subsidiary of TOKYO ENGINEERING SYSTEMS CORPORATION)
Business: Design, manufacturing, sales, lease, installation, maintenance, and repair of parking equipment

ii) Main reason for business combination

The Group's Special Purpose Truck and Parking Systems Businesses are core businesses that are significant from both the perspective of scale and contribution to profits. Currently, both businesses are pursuing initiatives to expand their markets by establishing overseas subsidiaries in the Asian region, where future growth is expected. The Company also thinks that the stability of the Group's operating base would be achieved by expanding and enhancing their domestic products and services and developing a framework that would enable flexible responses to customer demands concurrently with these initiatives. With the recent acquisition of shares, the Company believes that in the Special Purpose Truck Business, it will be able to expand its business scale through the acquisition of the trailer business, which is a new business for the Company; and in the Parking Systems business, it will be able to operate a stable maintenance service through the acquisition of delivered facilities with over 200,000 pallets; and thus solidify its position in both markets.

iii) Date of business combination

April 2, 2012

iv) Legal form of business combination

Acquisition of shares

v) Name of company after business combination

TOHO CAR CORPORATION, TOHO CAR SERVICE CORPORATION, TOKYO ENGINEERING SYSTEMS CORPORATION, and TOKYO PARKING SYSTEMS CORPORATION

vi) Basis for determination of acquirer

The Company acquired the shares by cash and held 100% of voting rights of the acquirers.

2) Period of the acquired companies' financial results included in the consolidated financial statements of the Company

From April 2, 2012 to March 31, 2013

3) Acquisition cost of the acquired companies and the breakdown thereof

Consideration of acquisition	Cash	¥1,540 million	($16,383 thousand)
Expenses directly required for acquisition	Advisory fees and others	¥ 34 million	($ 362 thousand)
Acquisition cost		¥1,574 million	($16,745 thousand)

4) Amount of gain on negative goodwill and reason for occurrence of negative goodwill

Amount of gain on negative goodwill recorded: ¥4,494 million ($47,809 thousand)
Reason for occurrence: The market value of net assets at the time of the business combination exceeded the acquisition cost and the Company recognized the difference as negative goodwill.

5) Amount of assets and liabilities acquired on the day of the business combination and the breakdown thereof

Current assets	¥15,584 million ($ 165,787 thousand)
Fixed assets	¥ 5,099 million ($ 54,245 thousand)
Total assets	¥20,684 million ($ 220,043 thousand)
Current liabilities	¥12,457 million ($ 132,521 thousand)
Long-term liabilities	¥ 2,157 million ($ 22,947 thousand)
Total liabilities	¥14,615 million ($ 155,479 thousand)

(b) Business combination through acquisition

The Company received from Fuji Heavy Industries Ltd. ("Fuji Heavy Industries") the assets of the refuse compactor business operated by Fuji Heavy Industries' Eco Technologies Company and was assigned the shares of the subsidiary related to the said business.

1) Outline of the business combination
i) Name of the counterparty and the acquired business

Name: Fuji Heavy Industries Ltd.
Business: Business relating to refuse compactors

ii) Name of the acquired companies, their businesses and percentage of voting rights acquired

Names: DAIWA SHOKO CO., LTD.
Fujitokusha, Ltd.
Business: Sales, maintenance, repair and others of refuse compactors
Percentage of voting rights acquired:
100%

iii) Main reason for business combination

In 2003, the Company and Fuji Heavy Industries reached an agreement to jointly develop new types of refuse compactors and to jointly procure a portion of the parts, and since then the two companies have been engaged in the refuse compactor business under a partner relationship, as they jointly developed the "G-PX," a press-type refuse compactor in 2005; and the "G-RX," a rotary blade-type refuse compactor in 2007. Meanwhile, the domestic refuse compactor market is expected to become increasingly harsh, as garbage output decreases year by year due to increased ecological awareness and garbage separation, in addition to the long-term effects of depopulation and other factors. In light of these circumstances, the Company decided to strengthen the foundations of its refuse compactor business by receiving the transfer of the said business from Fuji Heavy Industries, which had been concentrating its management resources in its core businesses including automobiles.

iv) Date of business combination

January 1, 2013

v) Legal form of business combination

Acquisition of business

vi) Name of the entities after the business combination

ShinMaywa Industries, Ltd. ,DAIWA SHOKO CO., LTD. , and Fujitokusha, Ltd.

2) Period of the acquired companies' financial results included in the consolidated financial statements of the Company

From January 1, 2013 to March 31, 2013

3) Acquisition cost of the acquired companies and the breakdown thereof

Consideration of acquisition	Cash	¥1,106 million	($ 11,766 thousand)
Expenses directly required for acquisition	Advisory fees and others	¥ 48 million	($ 511 thousand)
Acquisition cost		¥1,154 million	($ 12,277 thousand)

4) Amount of gain on negative goodwill and reason for occurrence of negative goodwill

Amount of gain on negative goodwill recorded: ¥ 276 million ($ 2,936 thousand)
Reason for occurrence: The market value of net assets at the time of the business combination exceeded the acquisition cost and the Company recognized the difference as negative goodwill.

5) Amount of assets and liabilities acquired on the day of the business combination and the breakdown thereof

Current assets	¥1,503 million	($ 15,989 thousand)
Fixed assets	¥1,090 million	($ 11,596 thousand)
Total assets	¥2,593 million	($ 27,585 thousand)
Current liabilities	¥ 905 million	($ 9,628 thousand)
Long-term liabilities	¥ 258 million	($ 2,745 thousand)
Total liabilities	¥1,163 million	($ 12,372 thousand)

6) On the assumption of completion of the business combination at the beginning of the fiscal year, approximate amounts and the method of calculating their impact on the consolidated statements of income for the year ended March 31, 2013

Estimates have not been made as calculation of the approximate amounts would be practically difficult.

(c) Transactions under common control

The Company and Maywa Komuten, Ltd. (“Maywa Komuten”) acquired shares from minority shareholders and made Maywa Komuten a wholly-owned subsidiary of the Company.

1) Outline of the transaction
i) Name and business of the combined entity

Name: Maywa Komuten, Ltd.
Business: Design and execution in the fields of construction, civil engineering, electricity, water supply and draining, and air conditioning

ii) Date of business combination

December 26, 2012

iii) Legal form of business combination

Acquisition of shares from minority shareholders

iv) Name of the entity after the business combination

Maywa Komuten, Ltd.

v) Outline of the transaction including the purpose of the transaction

The Company and Maywa Komuten (71.4% equity ownership by the Company), from the standpoint of contributing to greater flexibility in decision-making in Group management and providing shareholders of Maywa Komuten the opportunity to cash in on their shares, decided that the Company would make an additional acquisition of all issued shares of Maywa Komuten, excluding its treasury stock. The Company requested the shareholders of Maywa Komuten to sell all their shares and sales procedures were completed on December 26, 2012. Consequently, the Company came to hold 93.41% of the voting rights of Maywa Komuten. Additionally, Maywa Komuten held an extraordinary general meeting of shareholders and an extraordinary general meeting of class shareholders on February 5, 2013, and completed the series of procedures pursuant to the Companies Act. As a result, Maywa Komuten became a wholly-owned subsidiary of the Company on March 31, 2013.

2) Outline of accounting methods

The Company accounts for this transaction as a transaction under common control pursuant to the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 issued on December 26, 2008).

3) Acquisition cost of the shares of subsidiary additionally acquired and the breakdown thereof

Consideration of acquisition	¥632 million	($6,723 thousand)
Expenses directly required for acquisition	–	
Acquisition cost	¥632 million	($6,723 thousand)

4) Amount of gain on negative goodwill and reason for occurrence of negative goodwill

Amount of gain on negative goodwill recorded: ¥573 million ($6,096 thousand)

Reason for occurrence: The acquisition cost of the shares of the subsidiary acquired through additional acquisition fell below the amount of decrease in minority interest in conjunction with the additional acquisition and the Company recognized the difference as negative goodwill.

22. Segment Information

(a) Outline of reportable segments

Reportable segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine distribution of management resources and evaluate their business results. The Company operates under the system whereby the organization that oversees the cross-sectional functions of the Company is defined as the headquarter structure, while the organizations responsible for production activities that are directly linked to the Company’s businesses are controlled by being divided into business segments according to their product. Consequently, the Company is made up of segments based on products and services, which form the bases of its business divisions. The four reportable segments are “Aircraft Business,” “Special Purpose Truck Business,” “Industrial Machinery and Environmental Systems Business” and “Parking Systems Business.”

The “Aircraft Business” manufactures and sells amphibian aircraft and aircraft parts to overseas aircraft manufacturers. The “Special Purpose Truck Business” manufactures and sells special purpose trucks including dump trucks, tail gate lifters and refuse compactors, as well as forestry machinery. The “Industrial Machinery and Environmental Systems Business” manufactures and sells pumps and water treatment equipment, automatic wire processors and refuse processing facilities and equipment. The “Parking Systems Business” manufactures, sells, maintains, and restores mechanical parking facilities and aircraft passenger boarding bridges.

(b) Calculation method of the amount of net sales, income (loss), assets and other items by reportable segments

The accounting method applied to reportable business segments is the same as that stated in “Summary of Significant Accounting Policies.” The segment profit is based on operating income. Intersegment sales or transfers are determined based on current market prices.

(c) Information about net sales, profit, assets and other items by reportable segments for the years ended March 31, 2013 and 2012 are as follows:

	Year ended March 31, 2013							
	Reportable segments							
	Aircraft	Special Purpose Trucks	Industrial Machinery and Environmental Systems	Parking Systems	Other	Total	Adjustments	Consolidated statements
	Millions of yen							
Net Sales:								
Customers	¥26,123	¥65,826	¥23,287	¥27,194	¥ 8,486	¥150,918	¥ –	¥150,918
Inter-segment	–	37	7	10	3,136	3,192	(3,192)	–
Total	26,123	65,863	23,295	27,205	11,623	154,111	(3,192)	150,918
Segment profit	1,360	3,774	1,272	1,474	285	8,166	(2,325)	5,840
Segment assets	39,900	50,414	18,967	15,183	10,900	135,366	19,882	155,248
Other:								
Depreciation	¥ 1,232	¥ 1,085	¥ 600	¥ 362	¥ 163	¥ 3,443	¥ 165	¥ 3,609
Increase in property, plant and equipment and intangible assets	2,161	1,926	384	290	144	4,907	210	5,117
	Thousands of U.S. dollars							
Net Sales:								
Customers	$277,904	$700,277	$247,734	$289,298	$ 90,277	$1,605,511	$ –	$1,605,511
Inter-segment	–	394	74	106	33,362	33,957	(33,957)	–
Total	277,904	700,670	247,819	289,415	123,649	1,639,479	(33,957)	1,605,511
Segment profit	14,468	40,149	13,532	15,681	3,032	86,872	(24,734)	62,128
Segment assets	424,468	536,319	201,777	161,521	115,957	1,440,064	211,511	1,651,574
Other:								
Depreciation	$ 13,106	$ 11,543	$ 6,383	$ 3,851	$ 1,734	$ 36,628	$ 1,755	$ 38,394
Increase in property, plant and equipment and intangible assets	22,989	20,489	4,085	3,085	1,532	52,202	2,234	54,436

	Year ended March 31, 2012							
	Reportable segments							
	Aircraft	Special Purpose Trucks	Industrial Machinery and Environmental Systems	Parking Systems	Other	Total	Adjustments	Consolidated statements
	Millions of yen							
Net Sales:								
Customers	¥23,640	¥40,605	¥22,285	¥16,281	¥ 6,160	¥108,974	¥ –	¥108,974
Inter-segment	4	20	5	19	3,197	3,248	(3,248)	–
Total	23,645	40,626	22,291	16,301	9,358	112,222	(3,248)	108,974
Segment profit (loss)	78	2,285	1,504	1,555	(68)	5,355	(3,085)	2,269
Segment assets	41,724	31,935	18,713	8,733	10,914	112,022	24,116	136,138
Other:								
Depreciation	¥ 1,068	¥ 854	¥ 627	¥ 203	¥ 173	¥ 2,926	¥ 208	¥ 3,135
Increase in property, plant and equipment and intangible assets	628	837	675	150	248	2,540	(20)	2,520
	Thousands of U.S. dollars							
Net Sales:								
Customers	$251,489	$431,968	$237,074	$173,202	$ 65,532	$1,159,298	$ –	$1,159,298
Inter-segment	43	213	53	202	34,011	34,553	(34,553)	–
Total	251,543	432,191	237,138	173,415	99,553	1,193,851	(34,553)	1,159,298
Segment profit (loss)	830	24,309	16,000	16,543	(723)	56,968	(32,819)	24,138
Segment assets	443,872	339,734	199,074	92,904	116,106	1,191,723	256,553	1,448,277
Other:								
Depreciation	$ 11,362	$ 9,085	$ 6,670	$ 2,160	$ 1,840	$ 31,128	$ 2,213	$ 33,351
Increase in property, plant and equipment and intangible assets	6,681	8,904	7,181	1,596	2,638	27,021	(213)	26,809

The “Other” consists of business not included in the reportable segments, such as construction, real estate and software development.

1) Information about geographic areas for the years ended March 31, 2013 and 2012 are as follows:

	Year ended March 31, 2013				
	Japan	Asia	North America	Other areas	Total
	Millions of yen				
Net Sales to Customers	¥ 120,466	¥ 6,808	¥ 19,460	¥ 4,182	¥ 150,918
	Thousands of U.S. dollars				
Net Sales to Customers	$1,281,553	$72,426	$207,021	$44,489	$1,605,511

	Year ended March 31, 2012				
	Japan	Asia	North America	Other areas	Total
	Millions of yen				
Net Sales to Customers	¥ 88,030	¥ 3,899	¥ 13,773	¥ 3,271	¥ 108,974
	Thousands of U.S. dollars				
Net Sales to Customers	$ 936,489	$41,479	$146,521	$34,798	$1,159,298

2) Information about goodwill in reportable segments for the years ended March 31, 2013 and 2012 are as follows:

	Year ended March 31, 2013						
	Aircraft	Special purpose trucks	Industrial machinery and environmental systems	Parking systems	Other	Adjustment	Total
	Millions of yen						
(Negative goodwill) Amortization	¥ –	¥49	¥ –	¥12	¥31	¥ –	¥93
Unamortized balance	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –
	Thousands of U.S. dollars						
Amortization	$ –	$521	$ –	$128	$330	$ –	$989
Unamortized balance	$ –	$ –	$ –	$ –	$ –	$ –	$ –

	Year ended March 31, 2012						
	Aircraft	Special purpose trucks	Industrial machinery and environmental systems	Parking systems	Other	Adjustment	Total
	Millions of yen						
(Negative goodwill) Amortization	¥ –	¥84	¥ –	¥14	¥47	¥ –	¥146
Unamortized balance	¥ –	¥49	¥ –	¥12	¥31	¥ –	¥ 93
	Thousands of U.S. dollars						
Amortization	$ –	$894	$ –	$149	$500	$ –	$1,553
Unamortized balance	$ –	$521	$ –	$128	$330	$ –	$ 989

3) Information about gain on negative goodwill in reportable segments for the year ended March 31, 2013 are as follows:

In the Special Purpose Truck Business, gain on negative goodwill as a result of the acquisition of all shares of TOHO CAR CORPORATION and TOHO CAR SERVICE CORPORATION and the acquisition of the refuse compactor business from Fuji Heavy Industries Ltd. amounted to ¥4,462 million ($47,468 thousand). In the Parking Systems Business, gain on negative goodwill as a result of the acquisition of all shares of TOKYO ENGINEERING SYSTEMS CORPORATION and TOKYO PARKING SYSTEMS CORPORATION amounted to ¥308 million ($3,277 thousand). In other segments not included in reportable segments, gain on negative goodwill as a result of additional acquisition of the shares of Maywa Komuten, Ltd. amounted to ¥573 million ($6,096 thousand).

23. Subsequent Events

(a) Appropriations of retained earnings

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2013, was proposed upon resolution at the meeting of the Board of Directors held on May 21, 2013 and is subject to approval at a shareholders' meeting to be held on June 25, 2013:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥5.00 = U.S.$0.05 per share)	¥498	$5,298

(b) Partial transition to a defined contribution pension plan

Effective April 1, 2013, the Company and certain consolidated subsidiaries decided to shift a portion of its defined benefit pension plan to a defined contribution pension plan, and accordingly conducted treatment to terminate a portion of the retirement benefit plan corresponding to the shifted portion. As a result, the Company intends to report an extraordinary gain of ¥445 million ($4,734 thousand) in the year ending March 31, 2014.

Company Overview (As of March 31, 2013)

● Company Profile

Company Name	ShinMaywa Industries, Ltd.
Head Office	1-1 Shinmeiwa-cho, Takarazuka-shi, Hyogo 665-8550, Japan
Paid-in Capital	15,981,967,991 yen
Founded	November 5, 1949
President	Yoshihiro Onishi
Category of Business	Transportation Equipment
Number of Employees	Consolidated 4,507 / Non-consolidated 2,789
Number of Affiliated Companies	20

● Directors, Officers and Audit & Supervisory Board Members (As of June 25, 2013)

President and Chief Executive Officer	Yoshihiro Onishi
Director, Member of the Board Vice President and Executive Officer	Mikiaki Kato
Director, Member of the Board Executive Officer	Keisuke Endo Masao Mizuta Hiroichi Sano Kanji Ishimaru Taku Ikeda
Director, Member of the Board	Nobutane Yamamoto *1 Kazuo Hiramatsu *1
Officer	Tatsuyuki Isogawa Takashi Kunihara Takahiro Asano Akira Nishioka
Audit & Supervisory Board Member	Yoshifumi Fujiwara Tomoya Teramoto Yuka Shimokobe *2 Shunsaku Yagi *2 Yasushi Manabe *2

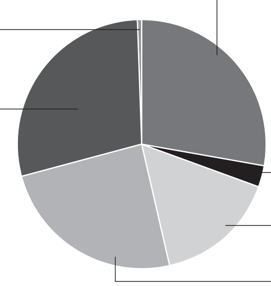
*1 Outside Director *2 Outside Audit & Supervisory Board Member

● Stock Information

Total Number of Shares Authorized	300,000,000 shares
Total Number of Shares Issued	100,000,000 shares
Number of Shares per Unit	1,000 shares
Number of Shareholders	9,896

Note: Figures in parentheses ( ) represent the number of respective shareholders.

Breakdown of Shareholders



Treasury Stocks* 0.29% (1) 291,549 shares

Japanese Individuals and Others 28.71% (9,550) 28,712,091 shares

Financial Institutions 27.98% (40) 27,978,968 shares

Financial Instruments Firms 2.70% (52) 2,700,528 shares

Other Companies 15.96% (102) 15,964,652 shares

Foreign Institutions and Individuals 24.35% (151) 24,352,212 shares

* The Company retired 19,727,565 treasury stocks on May 31, 2012.

● Major Shareholders

Order	Name of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	9,601,000	9.63
2	SANSHIN CO., LTD.	9,293,065	9.32
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	5,256,000	5.27
4	Hitachi, Ltd.	4,000,337	4.01
5	ShinMaywa Employees' Stock Ownership	3,394,221	3.40
6	Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,308,000	3.32
7	CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	2,777,000	2.79
8	RBC ISB A /C DUB NON RESIDENT / DOMESTIC RATE	1,500,000	1.50
9	State Street Bank and Trust Company	1,474,590	1.48
10	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	1,099,000	1.10

Note: The Company holds 291,549 treasury stocks, but it has been excluded from the above list of major shareholders.

ShinMaywa

www.shinmaywa.co.jp

13.09