

Review of Operations

Steel and Energy Products Business

Steel Products Sector/Steel Plates and Structures Sector/ Wind Turbines Sector



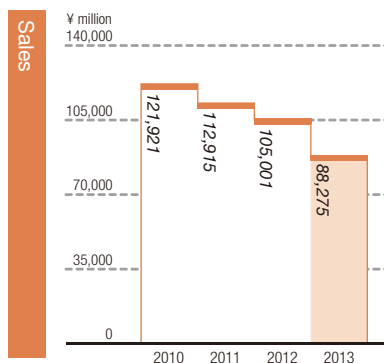
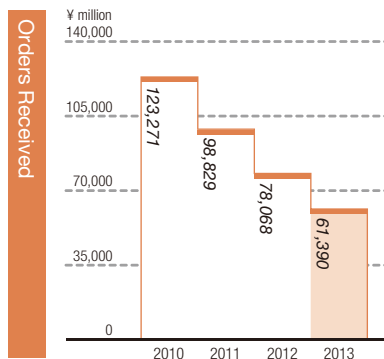
Shell Flange Used for Pressure Chamber for Nuclear Power Plant



Clad Steel Plate



J82 Wind Turbine System



■ Performance in fiscal 2012

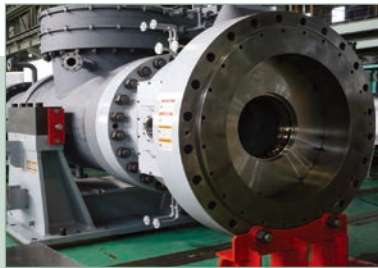
Orders came to ¥61,390 million (US\$652 million), a year-on-year decrease of 21.4%. Despite an increase in wind turbine system equipment, orders for products used in the electrical power generation industry (including nuclear power) decreased primarily due to a delayed recovery in demand accompanying a slowdown in emerging economies as well as lagging advancements in electrical and nuclear power generation policies. Sluggish demand for pressure vessels used in oil refineries also drove down orders.

Sales came to ¥88,275 million (US\$938 million), a year-on-year decrease of 15.9%, due to lower sales of products for the electrical power generation industry (including nuclear power), pressure vessels for oil refineries and wind turbine system equipment.

Operating loss amounted to ¥534 million (US\$5 million), compared with operating income of ¥11,517 million in fiscal 2011. Despite implementing a range of measures to cut variable and fixed costs, we were unable to counteract the adverse effects of a number of factors, including a lower capacity utilization rate due to the decrease in sales and orders received, and the yen's high exchange rate, which caused an intensification of export competition and deterioration in the Company's profitability.

Industrial Machinery Products Business

Plastics Machinery Sector/Other Machinery Sector



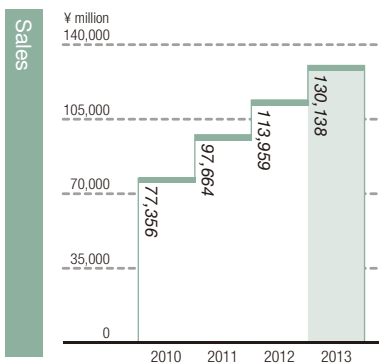
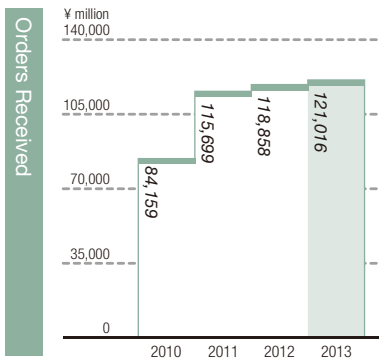
Polyolefin Extruder/Pelletizer



Large-Size All-Electric Injection Molding Machine (24600kN)



Magnesium Alloy Injection Molding Machine (280t)



■ Performance in fiscal 2012

Orders rose 1.8% year on year to ¥121,016 million (US\$1,286 million). This was due to a rise in orders of laser annealing equipment used to manufacture liquid crystal displays mainly for smartphones and firm orders for plastic injection molding machines. This result occurred in spite of a decline in orders for various types of plastic production and processing machinery, notably film-forming equipment.

Sales increased 14.2% to ¥130,138 million (US\$1,383 million). This is attributable to robust sales of plastic production and processing machinery, notably film-forming equipment, laser annealing equipment, and plastic injection molding machines.

Operating income increased 45.4% to ¥16,784 million (US\$178 million). This is attributable to increased sales, thorough cost-cutting measures, and to steps taken to enhance JSW's lineup of high-value-added products born out of a level of technological expertise that differentiates the Company from its rivals amid increasingly fierce price competition caused by the prolonged strength of the yen.

Review of Operations

Real Estate and Other Businesses

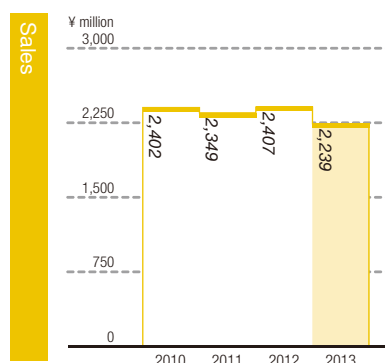
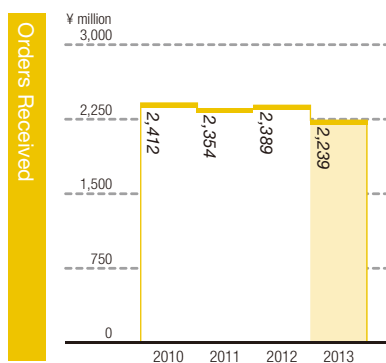
Real Estate Management, etc.



Business Office Development
(Fuchu Intelligent Park)



JSW Apartment Building Development
(Fuchu, Tokyo)



■ Performance in fiscal 2012

Orders totaled ¥2,239 million (US\$23 million), sales came to ¥2,239 million (US\$23 million), and operating income amounted to ¥840 million (US\$8 million).

Capital Expenditures

Capital expenditures for the reporting period totaled ¥5,570 million (US\$59 million), with the majority spent on installation, improvement and maintenance work on a variety of production facilities.

Details of capital expenditures by individual business segment are as follows.

In the Steel and Energy Products Business, capital expenditures totaled ¥2,575 million (US\$27 million). This expenditure consisted largely of investments in the construction of a special melting shop to replace aging ones at the Muroran Plant.

In the Industrial Machinery Products Business, capital expenditures came to ¥2,860 million (US\$30 million), primarily as a result of investments in upgrading of machine processing facilities at the Hiroshima Plant.

In the Real Estate and Other Businesses, capital expenditures consisted primarily of the upgrading of facilities on real estate for rental purposes, totaling ¥73 million (US\$0.7 million).

Companywide capital expenditures unallocable to individual segments came to ¥60 million (US\$0.6 million).