

Message from the President

Overview of Fiscal 2013

Business performance

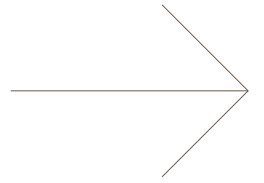
In fiscal 2013, ended March 31, 2014, the U.S. economy continued its gradual recovery, while Europe showed signs of picking up. At the same time, growth remained stagnant in China and other emerging nations. Japan's economy recovered modestly, reflecting the impacts of the government's fiscal policies and the Bank of Japan's monetary

policies, as well as a surge in demand ahead of a consumption tax hike.

Operating conditions were mixed for the JSW Group. In the Industrial Machinery Products Business, the export climate improved for plastic production and processing machinery owing to such factors as a weaker yen. In contrast, the situation was again adverse in the Steel and Energy Products Business, as demand recoveries were weaker than anticipated in electric and nuclear power products and in wind turbine system equipment.



Ikuo Sato
Representative Director &
President



In May 2012, we embarked on JGP2014, a medium-term management plan covering three years through fiscal 2014. Under this initiative, we seek to become the world's leading manufacturing (*monozukuri*) group, underpinned by a stable earnings structure and strong financial position. We are deploying a four-step basic policy to achieve these goals. The first is to cultivate our products to become global market leaders. The second is to expand into growth markets and fields. The third is to create worldwide manufacturing alliances, and the fourth is to reinforce our business platform. In what is a challenging business climate, we accorded top priority to securing solid orders for electric and nuclear power products while expanding orders for clad steel plates and pipes, plastic production and processing machinery, injection molding machinery, and other offerings for which demand is robust.

Orders thus rose 1.0% from the previous fiscal year, to ¥186,574 million (US\$1,812 million). This reflected a gain in the Industrial Machinery Products Business, which offset a drop in the Steel and Energy Products Business. Consolidated net sales fell 14.5%, to ¥188,719 million (US\$1,833 million), a key factor being declines in both the Industrial Machinery Products and Steel and Energy Products businesses. Operating income declined 46.9%, to ¥8,864 million (US\$86 million). Ordinary income was down 43.3%, to ¥9,704 million (US\$94 million), and net income decreased 33.3%, to ¥5,527 million (US\$53 million).



Future Initiatives

Although we expect the global economy to continue recovering moderately, the scaling back of quantitative easing in the United States and slower growth in emerging nations are concerns. The outlook for Japan remains unclear. A reaction to the consumption tax hike could derail a gradual recovery stemming from improvements in the export environment owing to a weaker yen and the impact of the government's economic and fiscal policies.

So, in fiscal 2014, the final year of JGP2014, we will address our challenges while enhancing results. In the Steel and Energy Products Business, demand should recover somewhat for electric power products. We will strive to secure orders for

these offerings and nuclear power products. Demand is robust in the Industrial Machinery Products Business, while a weaker yen should contribute to our competitiveness—so we will endeavor to boost orders for these offerings. We will formulate a new medium-term management plan (JGP2017) based on these initiatives. We aim to further expand our operation as a “top corporate group that serves a special niche.”

June 2014



Ikuo Sato

Representative Director & President