

Report of Consolidated Financial Results

For the Six Months Ended September 30, 2012

November 1, 2012

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 Code Number: 7004 URL: <http://www.hitachizosen.co.jp>
 Stock Exchange Listings: Tokyo & Osaka
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This "Consolidated Financial Results" has been prepared in accordance with accounting principles generally accepted in Japan.

1. Business results and financial positions for the six months ended September 30, 2012 (April 1 - September 30, 2012)

(1) Results of operations (Accumulated)

(Percentages show rates of increase or decrease from the period a year earlier.)

	Net sales		Operating income		Ordinary income		Net income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
6 months ended Sept. 30, 2012	133,231	6.4	1,895	17.0	2,045	28.5	803	-50.8
6 months ended Sept. 30, 2011	125,267	2.9	1,620	-65.7	1,591	-76.0	1,631	-70.9

	Net income per share (yen)	Net income per share-diluted (yen)
6 months ended Sept. 30, 2012	1.01	0.96
6 months ended Sept. 30, 2011	2.05	1.90

(2) Financial position

	Total assets (million yen)	Net assets (million yen)	Shareholders' equity to total assets (%)
As of Sept. 30, 2012	327,434	109,626	28.7
As of March 31, 2012	375,788	111,047	25.4

(Note) Shareholder's equity: Yen 94,097 million (September 30, 2012), Yen 95,318 million (March 31, 2012)

2. Dividends

Record Date	Dividends per share (yen)		
	Interim	Year-end	Annual
Year ended March 31, 2012	0.0	2.0	2.0
Year ending March 31, 2013	0.0		
Year ending March 31, 2013 (Forecast)		2.0	2.0

3. Forecast of consolidated earnings for the year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

(Percentages show rates of increase or decrease from the period a year earlier.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share – basic (yen)
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	
Year ending March 31, 2013	320,000	5.6	12,800	12.6	11,000	2.2	9,000	-3.4	11.34

4. Notes

- (1) Changes in major subsidiaries during the period: None
- (2) Specific accounting policies applied in the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - (i) Changes in accounting policies as per the revision of accounting standards: Yes
 - (ii) Changes in accounting policies other than (i) above: None
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatements: None
- (4) Number of shares issued and outstanding (common stock)
 - (i) Number of shares issued and outstanding (including treasury stock)

September 30, 2012	796,073,282 shares
March 31, 2012	796,073,282 shares
 - (ii) Number of shares held in treasury

September 30, 2012	2,245,730 shares
March 31, 2012	2,230,903 shares
 - (iii) Average number of shares during the respective periods

Six months ended September 30, 2012	793,835,365 shares
Six months ended September 30, 2011	793,867,866 shares

(Note)

- (1) As of this report's publication, the quarterly review procedures in accordance with Japanese Financial Instruments and Exchange Act are in progress.
- (2) Forward-looking statements are based on information currently available to Hitachi Zosen Corporation. Therefore, those forward-looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited, to the economic conditions surrounding Hitachi Zosen Corporation.

5. Analysis of Financial Results

(1) Overview of consolidated operating results

Based on "Hitz Vision", the 3-year medium term business plan starting from the last fiscal year, we are taking measures to stimulate innovation in business operations and management; implementing priority investment of our corporate resources, fostering the growth area, strengthening our fundamental earning power and our financial position and identifying new business fields and new market segments.

In the six months ended September 30, 2012, Order intake increased to Yen 209,954 million over the same period a year earlier, reflecting the large new orders booked by Environmental systems. Net sales increased to Yen 133,231 million. While sales of Precision machinery decreased, Environmental systems filled the shortage.

Looking at the profitability of operation, Operating income increased to Yen 1,895 million due to the improvement of profitability in Environmental systems. Ordinary income increased to Yen 2,045 million mainly by increase of Operating income. As Extraordinary loss was booked, Net income for the period was Yen 803 million which was below the level of the corresponding six months period a year earlier.

Business results by segments are as follows.

Environmental Systems:

Due to the increase of the sales booked by progress of large contracts, Net sales increased to Yen 56,610 million exceeding the figure of the same period a year ago. In addition, Environmental systems managed to record Operating income of Yen 229 million from Operating loss in the last corresponding six months period a year earlier.

Industrial Plants:

In spite of the slowdown of related private sector investments, Net sales increased from the corresponding six months period in the last fiscal year to Yen 17,915 million. Contrary, Operating income decreased to Yen 350 million.

Machinery:

Both Net sales and Operating income increased to Yen 30,377 million and Yen 2,722 million respectively, because the sales of Press machine for automobile industry fared well.

Process Equipment:

In spite of the continuous trend of strong Japanese yen and tough competition, Net sales increased to Yen 4,981 million over the same period a year ago. In addition, Process equipment managed to post Operating income of Yen 39 million from Operating loss in the last corresponding six months period a year earlier.

Infrastructure:

Under the intensified competition, Net sales dropped to Yen 11,180 million and Operating loss increased to Yen 2,282 million.

Precision Machinery:

From the slowdown of related private sector investments, Net sales and Operating income decreased to Yen 7,798 million and Yen 221 million respectively.

Other Businesses:

Net sales decreased to Yen 4,370 million. Operating income stayed at last year's level of Yen 561 million.

Due to the nature of business in our group companies, large proportion of orders are completed in the end of March, fiscal year closing month of public sector companies. Thus, there is a tendency that our operating results experience the seasonal fluctuation of earnings every year as sales concentrated in the end of fiscal year.

(2) Overview of consolidated financial position

Assets, Liabilities and Net assets

Due to the progress of receivables collection, total assets decreased by Yen 48,354 million to Yen 327,434 million over the end of the last fiscal year. Total liabilities reduced by 46,933 million to Yen 217,808 million as Notes and accounts payable are declined by the progress of payments related to procurement. Net assets decreased by Yen 1,422 million to Yen 109,625 million by dividend payment.

(3) Forecast of consolidated earnings

The forecast of consolidated sales and earnings in fiscal year ending March 31, 2013 remains unchanged over the announcement in May 10, 2012.

6. Consolidated financial statements

CONSOLIDATED BALANCE SHEETS
Hitachi Zosen Corporation and Consolidated Subsidiaries
At March 31, 2012 and September 30, 2012 (unaudited)

	Millions of yen	
	Mar. 31, 2012	Sep. 30, 2012
ASSETS		
Current assets:		
Cash and time deposits	¥ 68,947	¥ 53,662
Trade notes and accounts	108,953	76,215
Marketable securities	38	130
Merchandise and finished goods	875	926
Raw materials and supplies	3,947	3,897
Work in progress	18,494	19,790
Prepaid expenses and other current assets	13,600	11,122
Allowance for doubtful receivables	(1,183)	(1,079)
Total current assets	213,671	164,663
Property, plant and equipment		
Buildings and structures	32,604	32,837
Land	69,383	69,414
Other property, plant and equipment, net	25,306	23,744
Total property, plant and equipment	127,293	125,995
Intangible assets		
Goodwill	580	495
Other intangible assets	2,028	2,190
Total intangible assets	2,608	2,685
Investments and other noncurrent assets:		
Investments and noncurrent assets	33,522	35,250
Allowance for doubtful receivables	(1,348)	(1,206)
Total investments and other noncurrent assets	32,174	34,044
Deferred assets	42	47
Total assets	¥ 375,788	¥ 327,434

	Millions of yen	
	Mar. 31, 2012	Sep. 30, 2012
LIABILITIES		
Current liabilities:		
Short-term borrowings	¥ 6,751	¥ 3,596
Current portion of long-term debt	40,923	20,777
Notes and accounts payable	59,803	44,341
Advances received on work in progress	15,950	12,668
Accrued expenses	39,621	32,852
Accrued income taxes	1,614	1,094
Reserve for directors' and corporate auditors' bonuses	70	12
Reserve for product warranty	6,951	5,568
Reserve for losses on construction contracts	8,584	9,744
Other current liabilities	11,499	7,598
Total current liabilities	191,766	138,250
Long-term liabilities:		
Bonds	—	10,000
Long-term debt, less current portion	59,343	55,096
Employees' severance and retirement benefits	9,228	9,948
Deferred tax liabilities	1,672	1,967
Directors' and corporate auditors' severance and retirement benefits	810	504
Asset retirement obligations	925	929
Other noncurrent liabilities	997	1,114
Total long-term liabilities	72,975	79,558
Total liabilities	264,741	217,808
NET ASSETS:		
Common stock	45,442	45,442
Capital surplus	5,974	5,974
Retained earnings	44,356	43,591
Treasury stock, at cost	(286)	(287)
Net unrealized holding gains(losses) on securities	73	(219)
Net unrealized holding losses on hedging derivatives	(242)	(194)
Pension obligation adjustments of overseas subsidiaries	880	880
Land revaluation difference	(24)	(22)
Foreign currency translation adjustments	(855)	(1,069)
Subscription rights to shares	1	1
Minority interests in consolidated subsidiaries	15,728	15,529
Total net assets	111,047	109,626
Total liabilities and net assets	¥ 375,788	¥ 327,434

CONSOLIDATED STATEMENTS OF OPERATIONS
Hitachi Zosen Corporation and Consolidated Subsidiaries
For the six months ended September 30, 2011 and 2012 (unaudited)

	Millions of yen	
	2011	2012
Net sales	¥ 125,267	¥ 133,231
Cost of sales	102,324	111,645
Gross profit	22,943	21,586
Selling, general and administrative expenses	21,323	19,691
Operating income	1,620	1,895
Other income (expenses):		
Interest income	27	37
Dividend income	114	86
Interest expense	(773)	(704)
Equity in net income of nonconsolidated subsidiaries and affiliates	1,443	958
Contribution for withdrawal from employees' pension fund	—	(841)
Reversal of allowance for losses from lawsuits	538	—
Other, net	(840)	(227)
Total other income (expenses)	509	(691)
Income before income taxes and minority interests	2,129	1,204
Income taxes	333	378
Income before minority interests	1,796	826
Minority interests in net income of consolidated subsidiaries	165	23
Net Income	¥ 1,631	¥ 803

7. Supplementary Information

(1) Consolidated Information by segments

i) Statements of Operations

(Unit: billion yen)

	Six months ended September 30, 2011		Six months ended September 30, 2012		Difference	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Environmental Systems	44.1	-1.8	56.6	0.2	12.5	2.0
Industrial Plants	15.9	0.4	17.9	0.3	2.0	-0.1
Machinery	29.9	1.9	30.4	2.7	0.5	0.8
Process Equipment	4.4	-0.1	5.0	0.0	0.6	0.1
Infrastructure	11.8	-1.6	11.2	-2.2	-0.6	-0.6
Precision Machinery	14.2	2.2	7.8	0.2	-6.4	-2.0
Other Businesses	4.9	0.6	4.3	0.6	-0.6	0.0
Total	125.2	1.6	133.2	1.8	8.0	0.2

ii) Order Intake

(Unit: billion yen)

Business Segment	Six months ended September 30, 2011	Six months ended September 30, 2012	Difference
Environmental Systems	84.5	141.0	56.5
Industrial Plants	15.0	17.7	2.7
Machinery	18.8	27.1	8.3
Process Equipment	7.3	2.0	-5.3
Infrastructure	8.1	10.4	2.3
Precision Machinery	12.7	7.4	-5.3
Other Businesses	5.1	4.3	-0.8
Total	151.5	209.9	58.4

iii) Order Backlog

(Unit: billion yen)

Business Segment	March 31, 2012	September 30, 2012	Difference
Environmental Systems	213.4	297.8	84.4
Industrial Plants	27.4	27.2	-0.2
Machinery	47.9	44.6	-3.3
Process Equipment	18.0	15.0	-3.0
Infrastructure	29.8	29.0	-0.8
Precision Machinery	5.9	5.5	-0.4
Other Businesses	0.2	0.2	0.0
Total	342.6	419.3	76.7

(2) Forecast of Consolidated Information by segments for fiscal year ending March 31, 2013

i) Statements of Operations

(Unit: billion yen)

		Released on May 10, 2012		Released on November 1, 2012		Difference	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Net sales & Operating income	Environmental Systems	145.0	8.7	147.0	9.4	2.0	0.7
	Industrial Plants	45.0	0.7	45.0	0.7	0.0	0.0
	Machinery	52.0	1.5	56.0	2.8	4.0	1.3
	Process Equipment	12.5	0.3	11.5	0.3	-1.0	0.0
	Infrastructure	29.5	-1.4	28.5	-2.3	-1.0	-0.9
	Precision Machinery	27.0	2.1	23.0	1.0	-4.0	-1.1
	Other Businesses	9.0	0.9	9.0	0.9	0.0	0.0
	Total	320.0	12.8	320.0	12.8	0.0	0.0
Ordinary Income		11.0		11.0		0.0	
Net Income		9.0		9.0		0.0	

ii) Order Intake

(Unit: billion yen)

Business Segment	Released on May 10, 2012	Released on November 1, 2012	Difference
Environmental Systems	200.0	200.0	0.0
Industrial Plants	63.0	60.0	-3.0
Machinery	48.0	53.0	5.0
Process Equipment	13.0	17.0	4.0
Infrastructure	34.0	32.0	-2.0
Precision Machinery	33.0	29.0	-4.0
Other Businesses	9.0	9.0	0.0
Total	400.0	400.0	0.0