



FY2009 2Q Report

(ended on 30th September, 2009)

Growth and Innovation towards the Future

Reported on 2nd November, 2009



MES

MITSUI ENGINEERING &
SHIPBUILDING CO.,LTD.

Key Point of FY2009 2Q

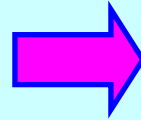
1. Continuously severe order environment

2. Increase of profit in all segments
-effort of cost reduction-

Key Point of FY2009 2Q

1. Continuously severe order environment

FY09 2Q
New Orders : ¥1,734 M



52% Decrease
compare to last 2Q

**Optimum measure for
each segment**

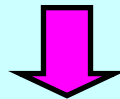
New order intake

Key Point of FY2009 2Q

2. Increase of profit in all segments -effort of cost reduction-

Measure

- Investment for efficiency
- Reduction of procurement cost
- Reduction of fixed cost



**Increase of profit in all segments
compare to last 2Q**

Highlights for FY2009 2Q

(100 Million Yen)

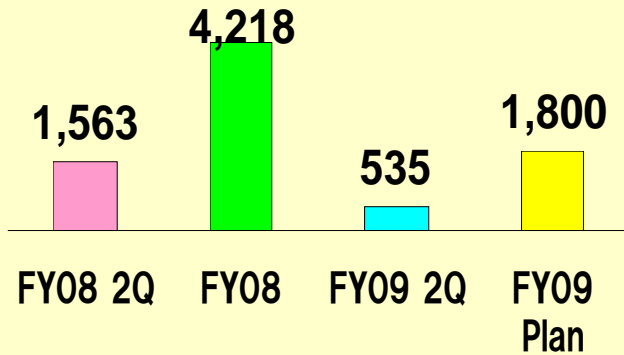
	FY08 2Q Actual	FY09 2Q Plan	FY09 2Q Plan
New Orders	3,598		1,734
Net Sales	2,858	3,400	3,713
Operating Income	46	120	189
Ordinary Income	43	100	192
Net Income	5	50	96

	FY08 Actual	FY09 Original Plan	FY09 Revised Plan
New Orders	8,019	5,000	5,000
Net Sales	6,867	7,200	7,200
Operating Income	269	270	310
Ordinary Income	234	240	280
Net Income	106	115	140

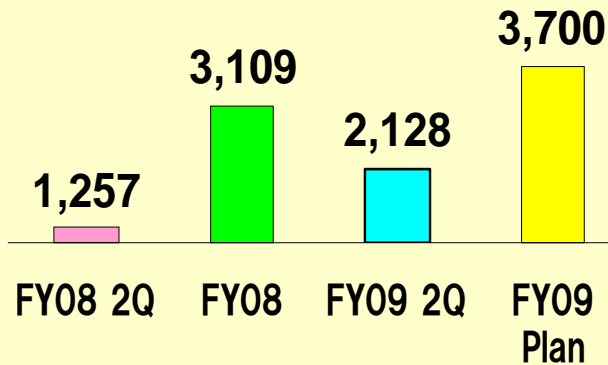
Highlights - Ships

(100 Million Yen)

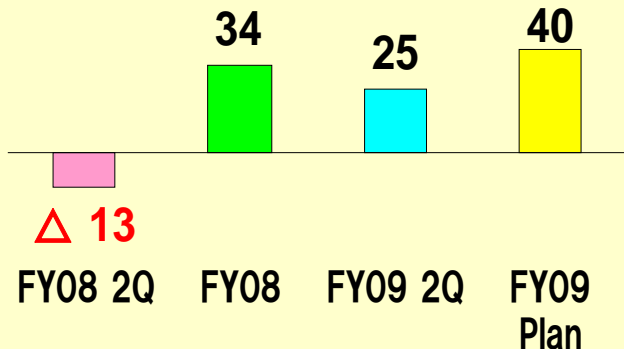
New Orders



Net Sales



Operating Income



Profit realized even in slow commercial ships market

○ New Orders

- Order backlog amounts to 3.5 years.
- Order for Escort ship received in August.
- New orders for commercial ships are slow due to financial crisis.

⇒ Focus on R&D to grasp customer demand.

Non-Consol. (Ships)	FY08 2Q Actual		FY08 Actual		FY09 2Q Actual		FY09 Forecast	
	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery
56BC	8	3	10	10	0	9	/	18

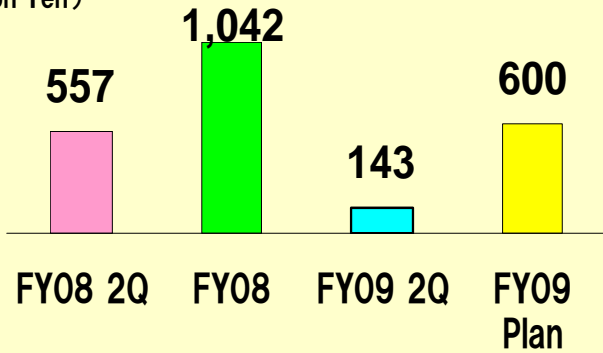
○ Net Sales / Operating Income

- New Sales exceeded last 2Q due to adoption of percentage of completion basis accounting method and delivery of large works.
- Although yen appreciation has unfavorable impact, the operating income increased as a result of cost reduction.

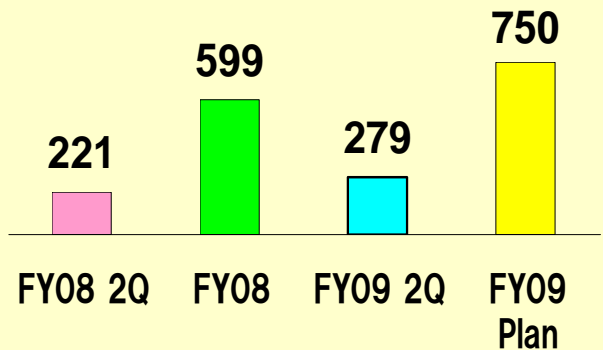
Highlights – Steel Structures/Construction

(100 Million Yen)

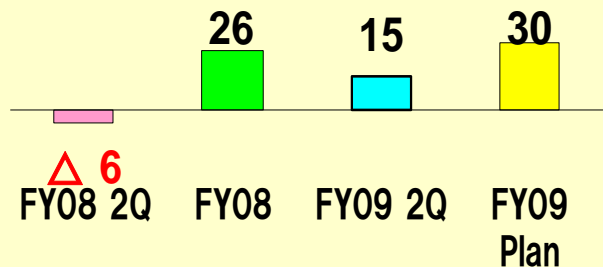
New Orders



Net Sales



Operating Income



Increase in Net Sales and Operating Income

New Order intake is the task

○New Orders

- Shrink of public works will accelerate
⇒ Enforce the technical expertise as a group for design proposal
- Continuously decrease in demand of container crane
⇒ Enforce the development of valuable product

Non-Consolidated	FY08 2Q Actual		FY08 Actual		FY09 2Q Actual		FY09 Plan	
	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery
Portainer	9	6	17	20	0	4	/	15
Transtainer	15	31	83	62	0	20	/	47

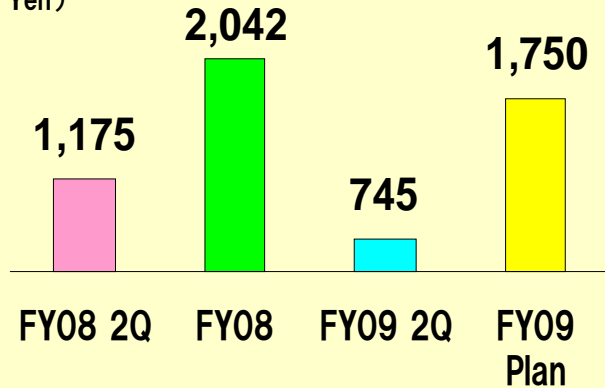
○Net Sales / Operating Income

- Increase in Net Sales and Operating Income by delivery of orders received in FY08

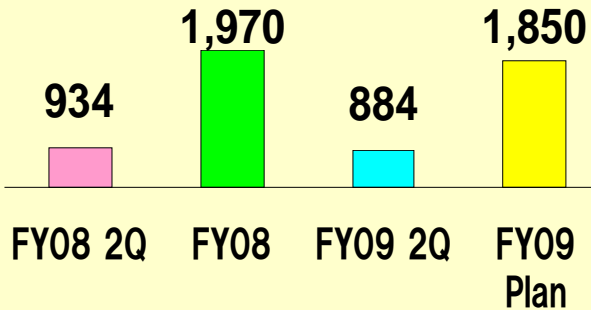
Highlights - Machinery

(100 Million Yen)

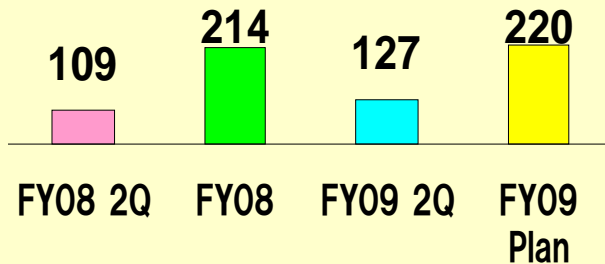
New Orders



Net Sales



Operating Income



Maintain the operation and profit from the backlog orders of main business even in weak order environment

○New Orders

Aiming to expand new order

- Marine Diesel Engines : Accelerate the cost reduction and development of environment-friendly technology while new orders stay at same level as last year.
- Maintenance : Order for the Marine Diesel Engines is the focus.
- Industrial Machinery : Order for the Reciprocating compressor shows recovery.

Marine Diesel Engines

	FY08 2Q Actual		FY08 Actual		FY09 2Q Actual		FY09 Forecast	
	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery
Unit	102	92	195	180	61	94	204	199

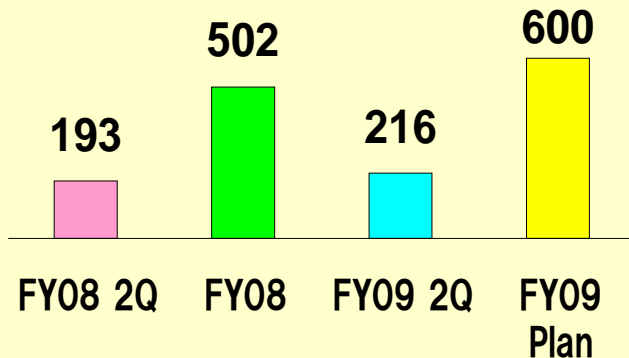
○Net Sales / Operating Income

- Maintained last years profit level mainly from the main business while performance of the LCD and power electronics worsened.

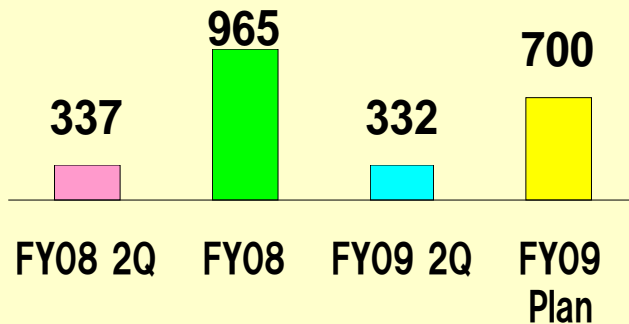
Highlights - Plants

(100 Million Yen)

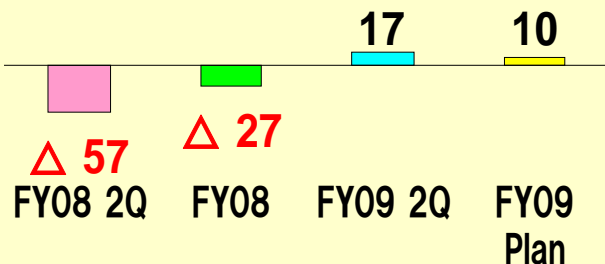
New Orders



Net Sales



Operating Income



Market situation deteriorated due to restraint of capex

○ New Orders

- Chemical Plant
Demand for new products development and energy conservation exists.
- Environmental field
Enforce the Bio-cascade business as there is strong demand for environmental technology.

○ Net Sales / Operating Income

- Maintain the profit from cost reduction of current projects.

Net Sales (100 M Yen)	FY08 2Q Actual	FY08 Actual	FY09 2Q Actual	FY09 Plan
Chemical Plant	277	756	280	500
Environmental field	60	209	52	200

New business

Promotion of Environment-friendly products

Bio Ethanol Production Facility



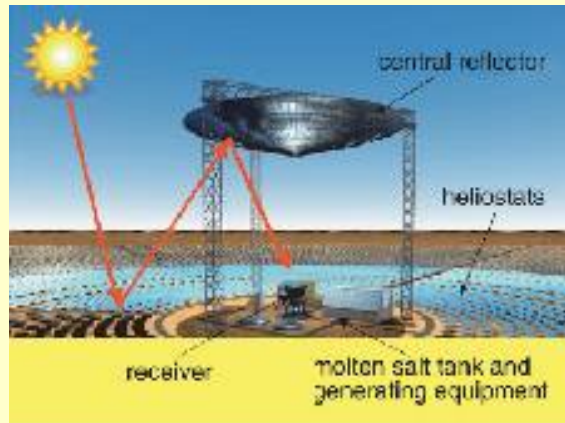
Bio mass has many varieties and combination. MES will focus on experimental plant of wood and rice based ingredients as the market size is expanding.

Lithium Iron Phosphate Cathode Material for Lithium-ion Batteries



MES will enforce the sales of Cathode Material. Currently MES has experimental plant of 3 ton per month. Commercial sales will start in 2011.

Solar Thermal Power Generation Plant



The production and installation of the main equipment is the current role. MES will participate in the down stream such as turbine and generator, and total engineering.

Consolidated Balance Sheet (Summary)

(100 Million Yen)

	FY08	FY09 2Q	Var.		FY08	FY09 2Q	Var.
Current Assets	(4,320)	(4,110)	(Δ 210)	Trade payables	1,813	1,645	Δ 167
Cash and time deposits	843	841	Δ 2	Advances from customers	1,331	1,051	Δ 280
Receivables	1,334	1,477	143	Interest-bearing debts	1,535	1,899	364
Marketable Securities	24	28	4	Others	1,107	1,037	Δ 70
Inventories	1,097	704	Δ 393	Liabilities	(5,786)	(5,632)	(Δ 153)
Other current assets	1,022	1,059	38	Common stock	444	444	0
Fixed Assets	(3,073)	(3,247)	(174)	Capital surplus	182	182	0
Property, plant and equipment	2,084	2,127	43	Retained earnings	590	661	71
Intangible assets	123	123	0	Treasury stock	Δ 6	Δ 6	0
Investment securities and Others	867	997	131	Valuation and translation adj.	195	230	34
				Minority interests	202	214	12
				Net Assets	(1,607)	(1,724)	(117)
Total	7,393	7,357	Δ 36	Total	7,393	7,357	Δ 36

Consolidated Income Statement (Summary)

(100 Million Yen)

	FY08 2Q		FY09 2Q		Var.
	Amount	%	Amount	%	
Net Sales	2,858	(100.0%)	3,713	(100.0%)	854
Cost of Sales	2,596		3,320		
Gross Profit	263		393		
Selling, General and Admin. Exp.	217		204		
Operating Income	46	(1.6%)	189	(5.1%)	143
Other Income	37		36		
Other Expenses	40		32		
Ordinary Income	43	(1.5%)	192	(5.2%)	149
Extraordinary Income	0		5		
Extraordinary Losses	22		28		
Income Before Income Taxes and Minority Interest	21	(0.7%)	169	(4.5%)	148
Income Taxes - Current	44		56		
Income Taxes - Deferred	△ 37		10		
Minority Interest	8		7		
Net Income	5	(0.2%)	96	(2.6%)	91

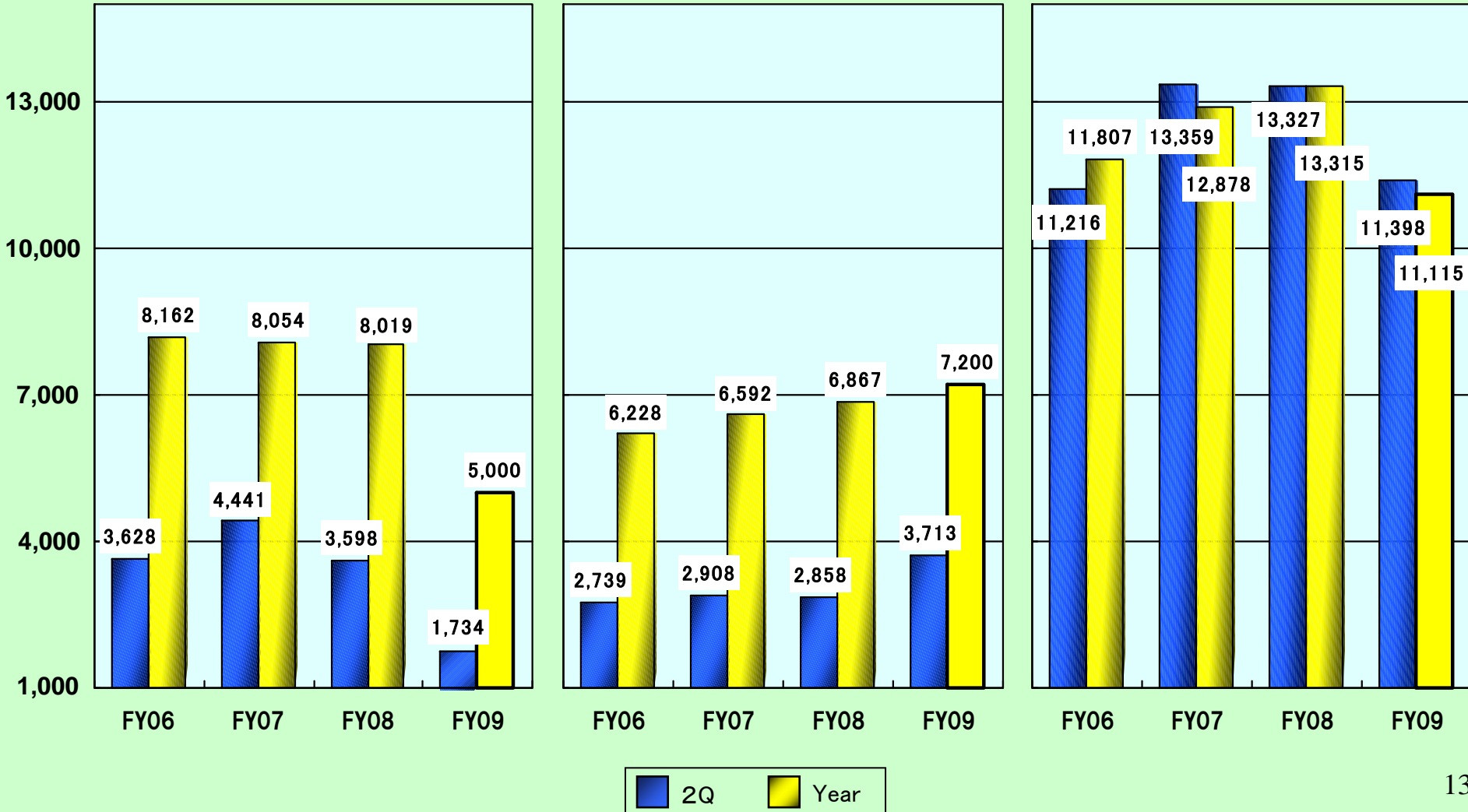
Consolidated New Orders, Net Sales and Backlog Orders

New Orders

Net Sales

Backlog Orders

(100 Million Yen)



Segment Information

(100 Million Yen)

	FY08 2Q			FY09 2Q		
	New Orders	Net Sales	Operating Income	New Orders	Net Sales	Operating Income
Ships	1,563	1,257	△13	535	2,128	25
Steel	557	221	△6	143	279	15
Machinery	1,175	934	109	745	884	127
Plants	193	337	△57	216	332	17
Other	110	109	13	95	90	5
Total	3,598	2,858	46	1,734	3,713	189

Segment Information

(100 Million Yen)

	New Orders			Net Sales			Operating Income		
	FY08 Actual	FY09 Original Plan	FY09 Revised Plan	FY08 Actual	FY09 Original Plan	FY09 Revised Plan	FY08 Actual	FY09 Original Plan	FY09 Revised Plan
Ships	4,218	1,800	1,800	3,109	3,700	3,700	34	20	40
Steel	1,042	600	600	599	750	750	26	30	30
Machinery	2,042	1,750	1,750	1,970	1,850	1,850	214	200	220
Plant	502	600	600	965	700	700	△27	0	10
Other	215	250	250	224	200	200	22	20	10
Total	8,019	5,000	5,000	6,867	7,200	7,200	269	270	310

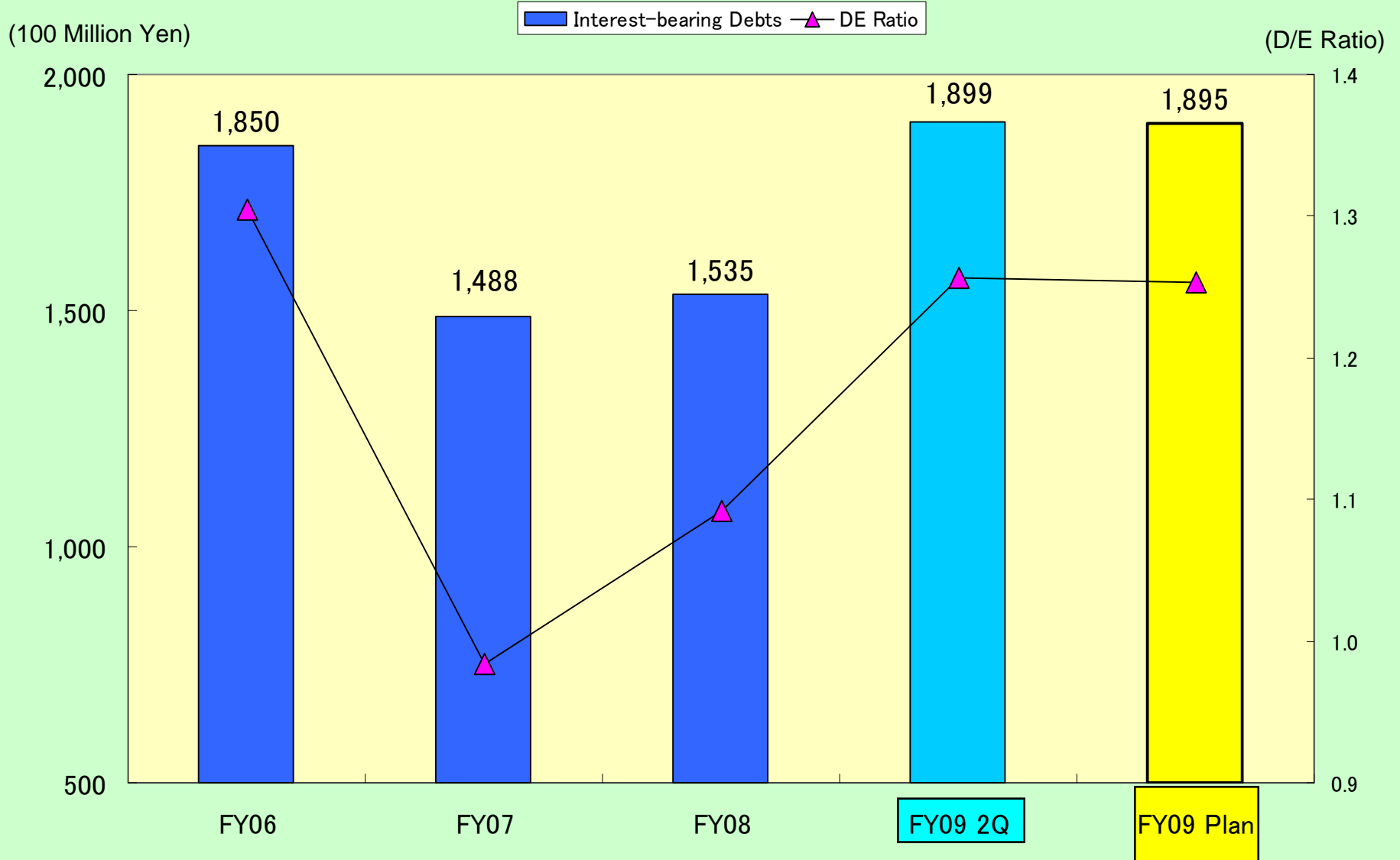
Consolidated Cash Flow

(100 Million Yen)

	FY08 2Q Actual	FY09 2Q Actual	FY08 Actual	FY09 Original Plan	FY09 Revised Plan
Operating Cash Flow	△83	△25	264	△110	30
Investing Cash Flow	42	△242	△141	△370	△400
Financing Cash Flow	△124	276	79	310	330
Interest-bearing Debts	1,386	1,899	1,535	1,875	1,895

*Interest-bearing Debts exclude Lease Liability

Interest-bearing Debts and DE Ratio



*Interest-bearing Debts exclude Lease Liability

Appendix

Consolidated Segments

(100 Million Yen)

New Orders

Segment	FY07 2Q	FY08 2Q	FY09 2Q	FY09 Plan
Ships	2,354	1,563	535	1,800
Steel	312	557	143	600
Machinery	774	1,175	745	1,750
Plants	887	193	216	600
Other	114	110	95	250
Total	4,441	3,598	1,734	5,000

Net Sales

Segment	FY07 2Q	FY08 2Q	FY09 2Q	FY09 Plan
Ships	1,352	1,257	2,128	3,700
Steel	161	221	279	750
Machinery	841	934	884	1,850
Plants	450	337	332	700
Other	104	109	90	200
Total	2,908	2,858	3,713	7,200

Backlog Orders

Segment	FY07 2Q	FY08 2Q	FY09 2Q	FY09 Plan
Ships	9,221	8,654	7,720	7,238
Steel	567	853	795	799
Machinery	1,574	2,462	2,027	2,157
Plants	1,947	1,310	815	837
Other	49	48	42	84
Total	13,359	13,327	11,398	11,115

Appendix

Other Information

(100 Million Yen)

Main
Subsidiary

	FY08 2Q		FY08		FY09 2Q		FY09 Plan	
	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales
MODEC	975	641	3,196	1,437	152	962		1,500
BWSC	80	123	306	255	297	137		235

(100 Million Yen)

Cap. Ex. And
Others

	FY08 2Q	FY08	FY09 2Q	FY09 Plan
	Consolidated	Consolidated	Consolidated	Consolidated
Cap. Expenditure	72	183	112	135
Depreciation	65	137	70	
R&D	33	71	26	68

Employees

	FY08 2Q		FY08		FY09 2Q		FY09 Plan	
	Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.
# of Employees	10,332	4,386	10,324	4,335	10,630	4,563		

Appendix

Breakdown of Ships (FY09 2Q)

(Non-consolidated)

(Ship)

Type of Ships	New Orders	Delivery	Backlog Orders
Tanker	0	1	7
(VLCC)	0	1	5
Bulk Carrier	0	11	74
(Handy Max BC)	0	9	60
Other	1	0	6
Total	1	12	87