

FY2009 Report

(ended on 31st March, 2010)



Growth and Innovation towards the Future

Reported on 10 May, 2010

Key point of FY09

1. Recorded the highest Net Sales and Operating Income

2. Decrease of new orders due to economic decline

Key point of FY09

1. Recorded the highest Net Sales and Operating Income

Decrease of the cost

Effort of cost reduction

- Decrease in the equipment and material
- Decrease in the out-sourcing
- Decrease in fixed cost
- Improvement in efficiency

Key point of FY09

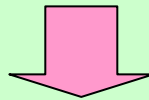
2. Decrease of new orders due to economic decline

(1) Decrease in New Order:

¥801.9 b (FY08) to ¥359.1 b (FY09) = 55.2% decrease

(2) Increase in Sales:

¥686.7 b (FY08) to ¥766.0 b (FY09) = 11.5% increase



Aiming for order intake

- Cultivating the competitiveness
- Reviewing the product line

- Differentiation
- Customer demand
- Cost down

Highlights

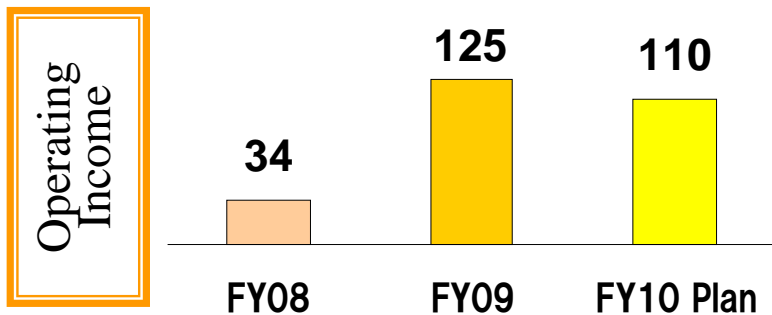
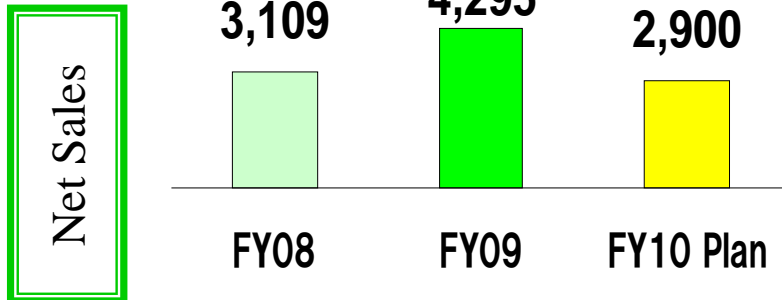
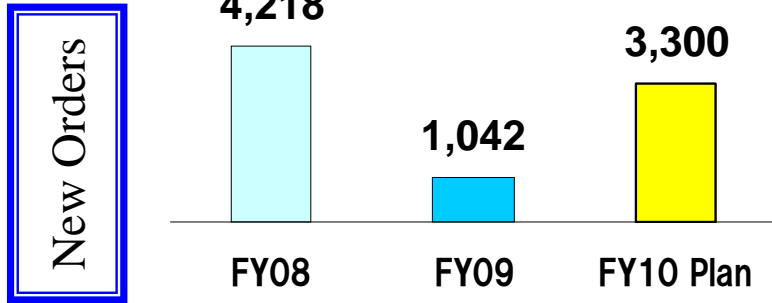
100 Million Yen

	FY08 Actual	FY09 Original Plan	FY09 Revised Plan	FY09 Actual	FY10 Plan
New Orders	8,019	5,000	3,900	3,591	6,500
Net Sales	6,867	7,200	7,500	7,660	6,000
Operating Income	269	270	370	430	310
Ordinary Income	234	240	360	420	280
Net Income	106	115	180	197	120

* FY09 Revised Plan was reported on 5th February, 2010

Highlights – Ships

100 Million Yen



New Orders slowed down,

Net Sales and Operating Income increased

○ New Orders

- Wait and see situation for new orders of commercial ship due to economic decline and drop of ship price
- Received order of Defense ship in August
- 3 years worth of back-log orders
- Creation of chance of new orders by developing ships with CO2 reduction and new type of ships

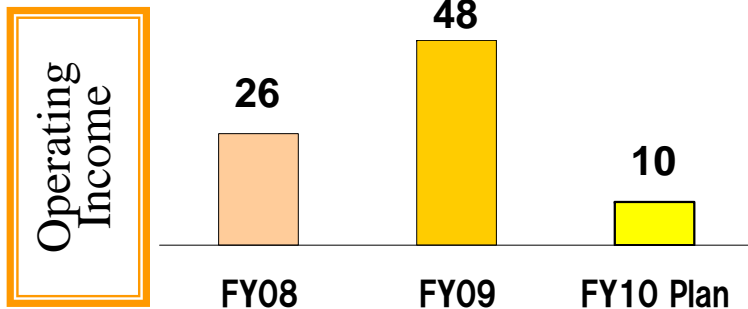
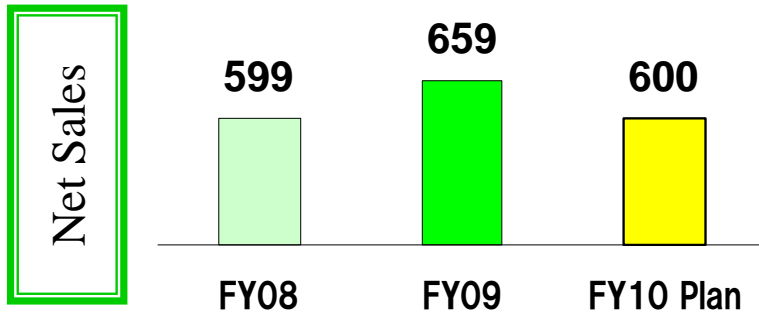
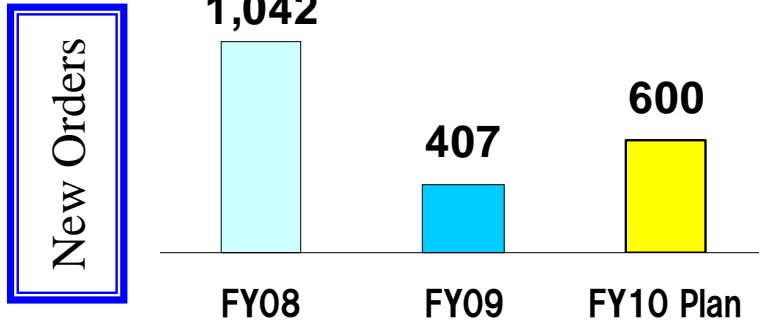
Non-consolidated (Ships)	FY08		FY09	
	New Orders	Delivery	New Orders	Delivery
56BC	10	10	0	18

○ Net Sales / Operating Income

- Net sales increased by more than ¥100 b due to adoption of the percentage completion method and completion of large ships.
- Decrease in steel price caused increase in the operating income.

Highlights – Steel Structures/Construction

100 Million Yen



Increase in Net Sales and Operating Income for two consecutive years

○ New Orders

- Low orders due to decrease in demand.
- Cargo movement is improving.
- Received order for large maintenance work of bridge.

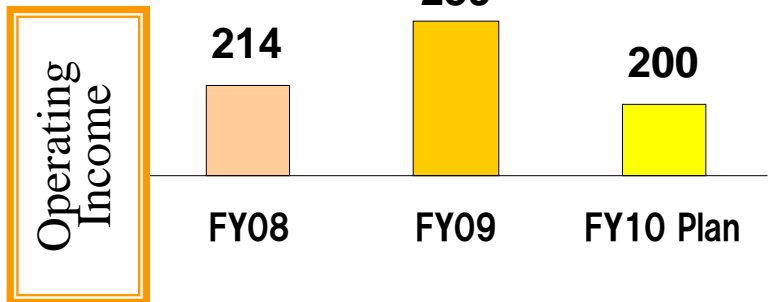
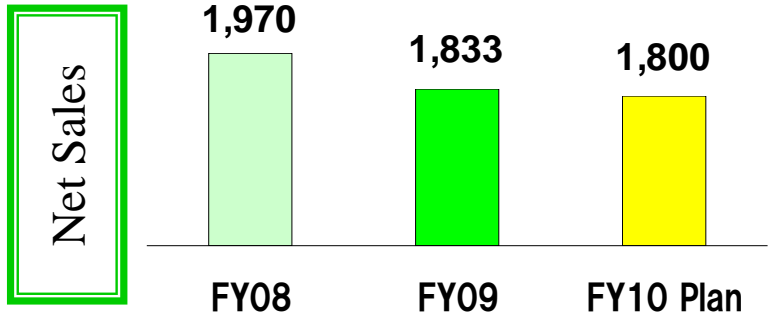
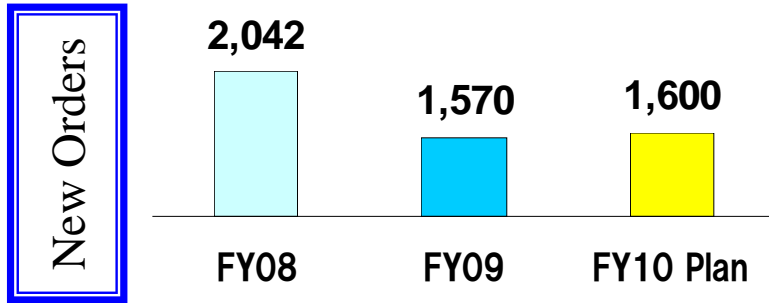
(# of Crane)	FY08		FY09	
	New Orders	Delivery	New Orders	Delivery
Portainer	17	20	6	14
Transtainer	83	62	6	32

○ Net Sales / Operating Income

- Net sales increased by 10% for two consecutive years.
- Operating income increased for three consecutive years and achieved 7% margin.
- Stable operation and cost reduction improved profit.

Highlights – Machinery

100 Million Yen



Achievement of the highest Operating Income

○New Orders

- After service business shrank due to economic decline. Marine diesel engines is stable. Aim for more orders by cutting cost and accelerating the development of environmental technology
- Industrial machinery dropped due to economic decline. Focus on the Reciprocating compressor.

○Net Sales

- Slight decrease as main business and overseas subsidiary are stable although sales of liquid crystal, semiconductor, and power electronic decreased.

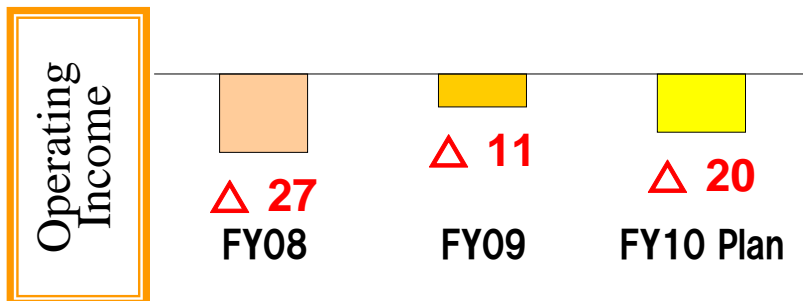
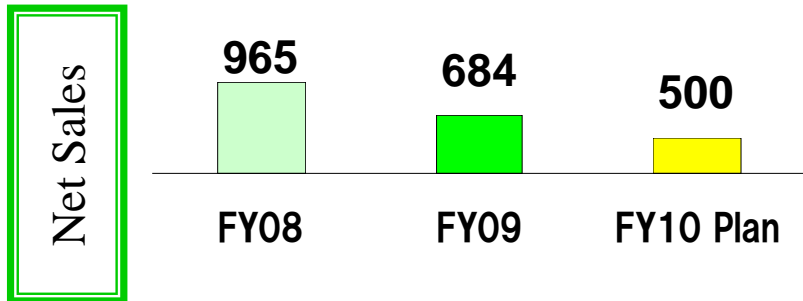
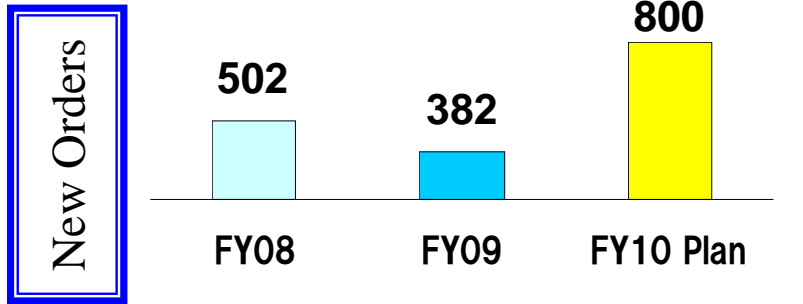
Marine Diesel Engine	FY08			FY09		
	New Orders	Delivery	Backlog Orders	New Orders	Delivery	Backlog Orders
Unit	195	180	236	190	196	223

○Operating Income

- Main business and overseas subsidiary contributed for the highest operating income

Highlights – Plants

100 Million Yen



New orders decreased due to economic decline

○ New Orders

- Petro-chemical plant
Domestic market is slow.
Overseas market starts to show movement in the 2nd Half.
- Environmental
Growing interest in the environmental energy business.

○ Net Sales

- Net sales decreased as new orders decreased

Net Sales (100 M yen)	FY08	FY09
Petro-chemical Plan	756	496
Environmental	209	188

New Business

Promoting environmental friendly products

Ship with CO2 30% cut



Aim to develop and commercialize with experience and expertise in ships and strength of No.1 share in domestic marine diesel engine market.

NGH Business



Completed study of transit system of NGH pellet production, transportation, gasification, and generation of electricity. Larger scale will be promoted.

New Business

Promoting environmental friendly products

Lithium Iron Phosphate Cathode Material for Lithium-ion Batteries



Currently 36t/year production of high efficiency Iron Phosphate Lithium.
Commercial plant will be set up in FY10 for commercialization.

Bio-ethanole production facility



Bio-mass power generation business is successful from FY07. Bio-ethanol business is operating in good condition. New bio-mass business is under consideration for commercialization in FY11.

New Business

Promoting environmental friendly products

Solar Thermal Power Generation Plant



Delivered pilot plant of Beam-down type in Oct. 2009.
Expecting to participate in engineering field in the future.

Ballast water control system



Developing special pipe and ozone system for small ships and film system for large ships.
Market sales will be expected after the type approval.

Consolidated Income Statement (Summary)

100 Million Yen

	FY08		FY09		Var.
	Amount	%	Amount	%	
Net Sales	6,867	(100.0%)	7,660	(100.0%)	793
Cost of Sales	6,171		6,812		
Gross Profit	696		848		
Selling, General and Admin. Exp.	427		418		
Operating Income	269	(3.9%)	430	(5.6%)	161
Other Income	65		63		
Other Expenses	100		73		
Ordinary Income	234	(3.4%)	420	(5.5%)	186
Extraordinary Income	44		5		
Extraordinary Losses	94		93		
Income Before Income Taxes and Minority Interest	184	(2.7%)	332	(4.3%)	147
Income Taxes - Current	67		154		
Income Taxes - Deferred	8		△ 18		
Minority Interest	3		△ 1		
Net Income	106	(1.5%)	197	(2.6%)	90

Consolidated Balance Sheet (Summary)

100 Million Yen

	FY08	FY09	Var.		FY08	FY09	Var.
Current Assets	(4,320)	(4,203)	(△117)	Trade payables	1,813	1,665	△ 147
Cash and time deposits	843	713	△ 130	Advances from customers	1,331	795	△ 536
Receivables	1,334	2,158	824	Interest-bearing debts	1,535	1,978	443
Inventories	1,097	388	△ 709	Others	1,107	1,189	82
Short-term loans	517	490	△ 27	Liabilities	(5,786)	(5,627)	(△159)
Other current assets	529	454	△ 75	Common stock	444	444	0
Fixed Assets	(3,073)	(3,226)	(153)	Capital surplus	182	182	0
Property, plant and equip	2,084	2,101	17	Retained earnings	590	764	174
Intangible assets	123	115	△ 7	Treasury stock	△ 6	△ 6	0
Investment securities	420	512	92	Valuation and translation adj.	195	222	26
Others	447	498	51	Minority interests	202	197	△ 5
Total	7,393	7,429	36	Net Assets	(1,607)	(1,802)	(194)
				Total	7,393	7,429	36

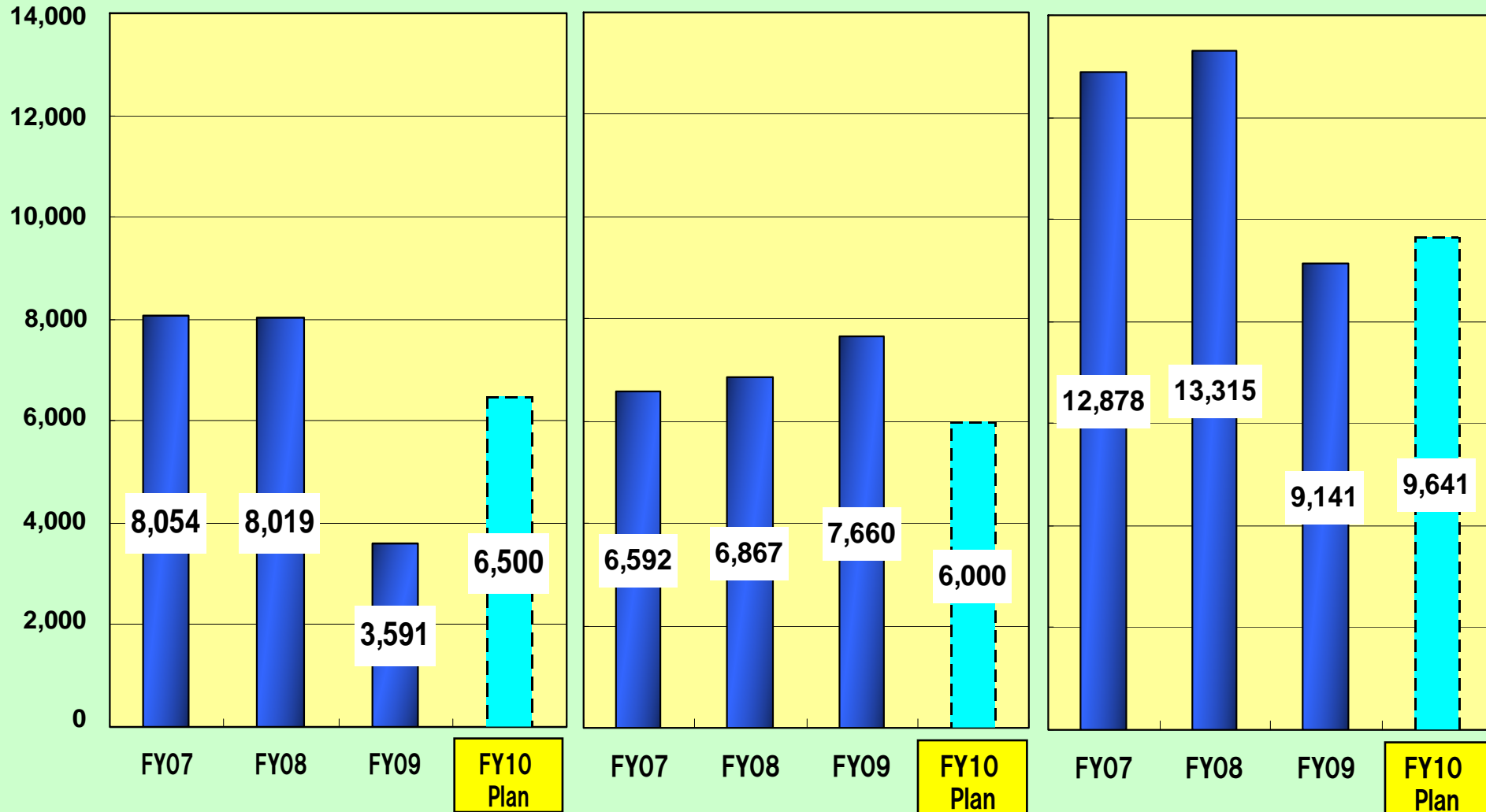
Consolidated New Orders, Net Sales and Backlog Orders

New Orders

Net Sales

Backlog Orders

100 Million Yen



Segment Information

(100 Million Yen)

	New Orders			Net Sales			Operating Income		
	FY08 Actual	FY09 Actual	FY10 Plan	FY08 Actual	FY09 Actual	FY10 Plan	FY08 Actual	FY09 Actual	FY10 Plan
Ships	4,218	1,042	3,300	3,109	4,295	2,900	34	125	110
Steel	1,042	407	600	599	659	600	26	48	10
Machinery	2,042	1,570	1,600	1,970	1,833	1,800	214	259	200
Plant	502	382	800	965	684	500	△27	△11	△20
Other	215	189	200	224	190	200	22	10	10
Total	8,019	3,591	6,500	6,867	7,660	6,000	269	430	310

Consolidated Cash Flow

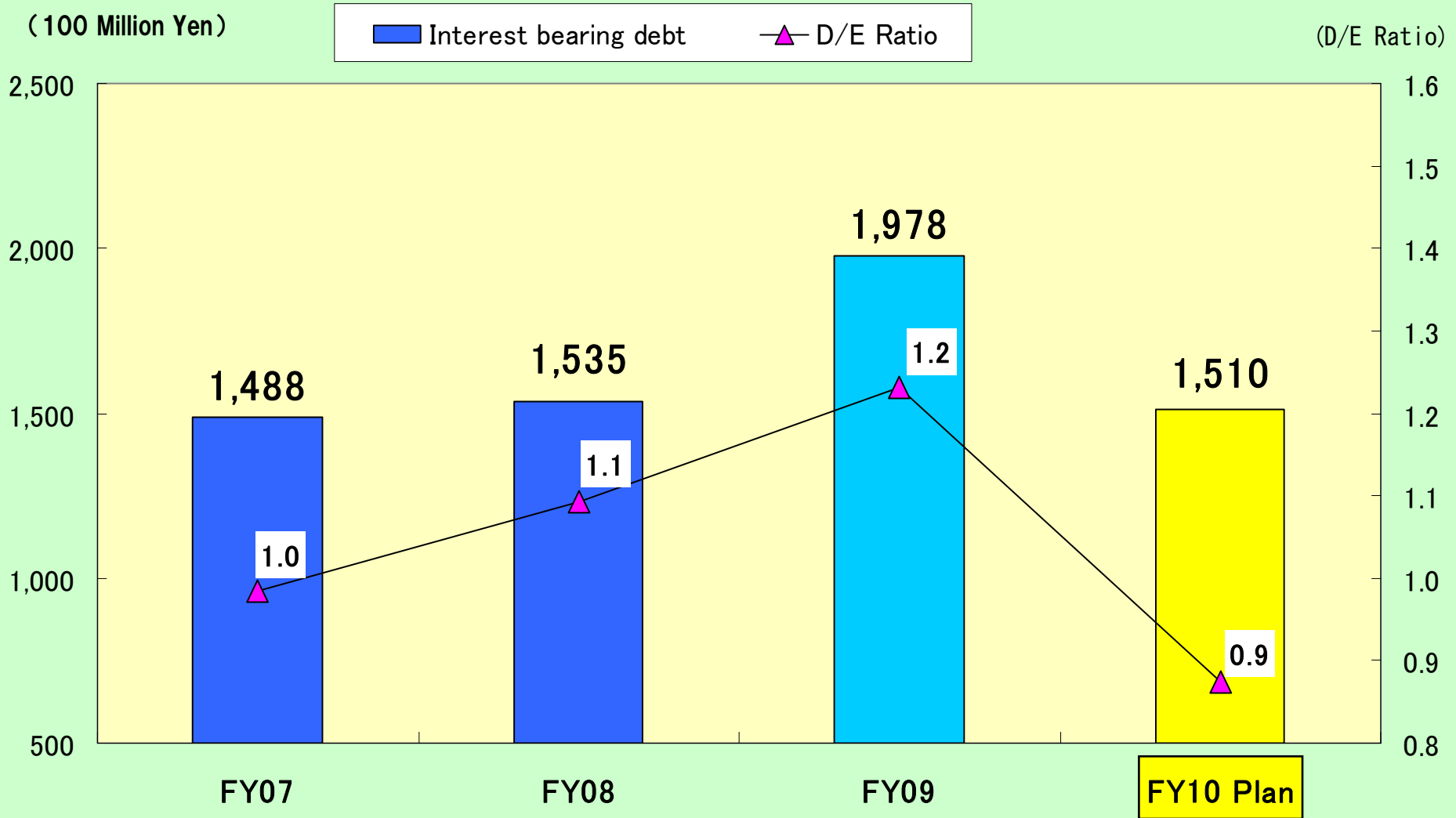
(100 Million Yen)

	FY08 Actual	FY09 Revised Plan	FY09 Actual	FY10 Plan
Operating Cash Flow	264	30	△ 186	370
Investing Cash Flow	△ 141	△ 400	21	△ 310
Financing Cash Flow	79	330	238	△ 350
Interest-bearing Debts	1,535	1,895	1,978	1,510

* FY09 Revised Plan was reported on 2nd November, 2009

* Interest-bearing Debts exclude Lease Liability

Interest-bearing Debts and DE Ratio



* Interest-bearing Debts exclude Lease Liability

100 Million Yen

New Orders

Segment	FY07	FY08	FY09
Ships	3,789	4,218	1,042
Steel	644	1,042	407
Machinery	2,390	2,042	1,570
Plants	1,001	502	382
Other	231	215	189
Total	8,054	8,019	3,591

FY10 Plan
3,300
600
1,600
800
200
6,500

Net Sales

Segment	FY07	FY08	FY09
Ships	3,023	3,109	4,295
Steel	538	599	659
Machinery	1,794	1,970	1,833
Plants	1,014	965	684
Other	223	224	190
Total	6,592	6,867	7,660

FY10 Plan
2,900
600
1,800
500
200
6,000

Backlog Orders

Segment	FY07	FY08	FY09
Ships	8,622	9,138	6,016
Steel	513	949	573
Machinery	2,250	2,257	1,886
Plants	1,445	937	633
Other	48	34	34
Total	12,878	13,315	9,141

FY10 Plan
6,416
573
1,686
933
34
9,641

100 Million Yen

Main Subsidiaries	Company	FY07		FY08		FY09		FY10 Plan	
		New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales
	MODEC	1,268	1,440	3,196	1,437	450	2,042		1,200
	BWSC	254	188	306	255	321	270		310

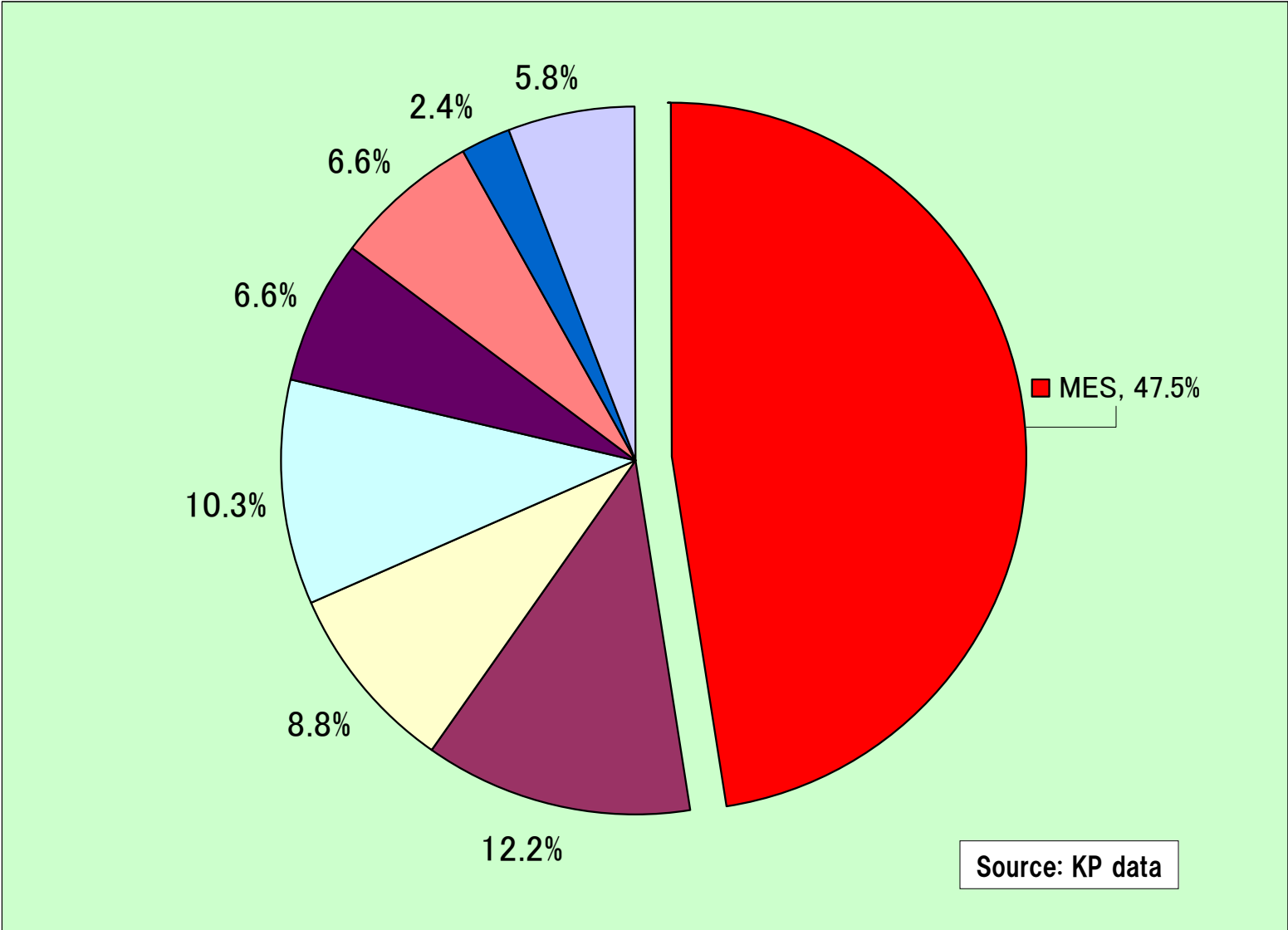
100 Million Yen

Cap. Ex. And Others		FY07	FY08	FY09	FY10 Plan
		Consolidated	Consolidated	Consolidated	Consolidated
	Cap. Expenditure	136	183	208	150
	Depreciation	106	137	147	
	R&D	47	71	66	78

Employees		FY07		FY08		FY09		FY10 Plan	
		Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.
	# of Employees	9,910	3,716	10,324	4,335	10,563	4,451		

Appendix

Year 2009 Large Marine Diesel Engine Production share of Domestic Manufacturer



Breakdown of Ships (FY09)

(Non-consolidated)

(Ship)

Type of Ships	New Orders	Delivery	Backlog Orders
Tanker	0	3	5
(VLCC)	0	1	5
Bulk Carrier	0	21	64
(Handy Max BC)	0	18	51
Other	1	3	3
Total	1	27	72