

# FY2007 Report

(ended on March 31, 2008)

*Growth and Innovation towards the Future*

Reported on May 8, 2008



# Achievement of “2004 Mid-term Management Plan”

(100 Million Yen)

	1 Year Extension of “2004 Mid-term Management Plan”		
	FY06 Original Plan	FY07 Original Plan	FY07 Actual
Net Sales	6,000	6,100	6,592
Operating Income	320	320	361
ROIC	9%		13%
Interest Bearing Debt	2,200	1,690	1,488

## Key point of FY07

1. New Orders exceeded 800 billion Yen for three consecutive years

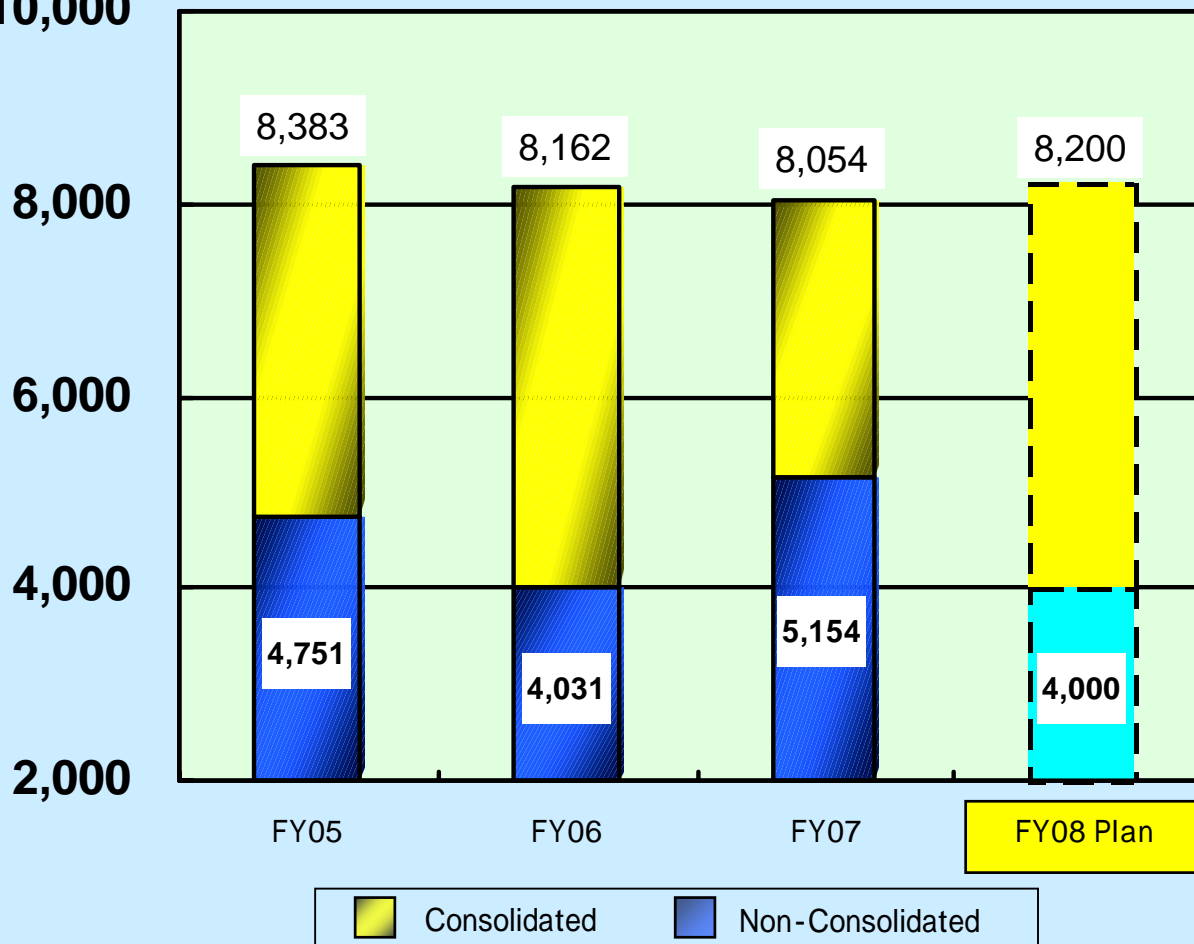
2. Recorded the highest level of Net Sales, Operating Income, and Ordinary Income

# Key point of FY07

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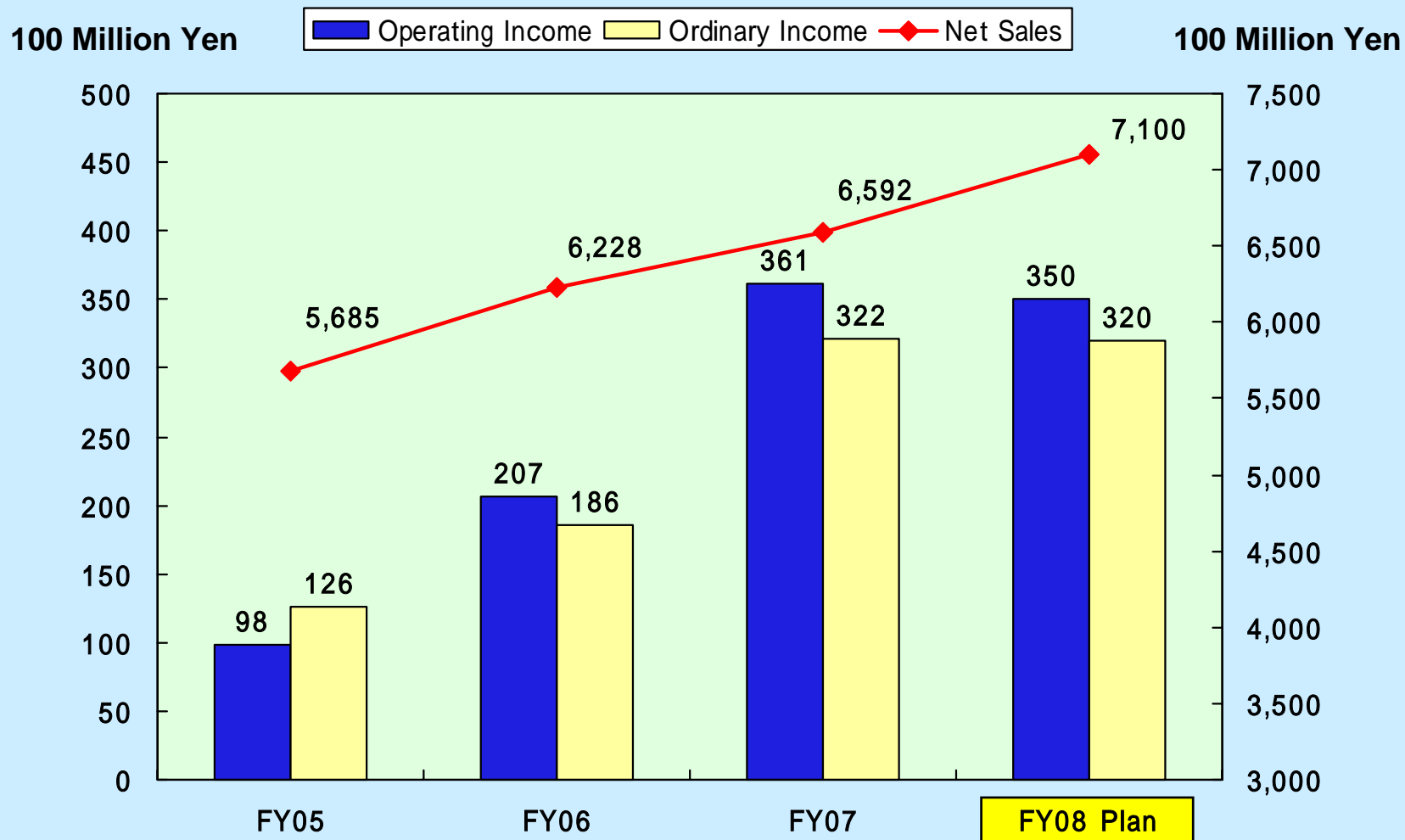
100 Million Yen

10,000



# Key point of FY07

2. Recorded the highest level of Net Sales, Operating Income, and Ordinary Income



# Highlights

100 Million Yen

	FY06 Actual	FY07 Original Plan	FY07 Revised Plan	FY07 Actual	FY08 Plan
New Orders	8,162	6,000		8,054	8,200
Net Sales	6,228	6,100	6,300	6,592	7,100
Operating Income	207	320	330	361	350
Ordinary Income	186	260	280	322	320
Net Income	194	120	130	166	160

	FY07 Actual	FY08 Plan
New Orders		
Ships	3,789	4,300
Steel	644	900
Machinery	2,390	2,050
Plants	1,001	700
Other	231	250
Total	8,054	8,200

	FY07 Actual	FY08 Plan
Net Sales		
Ships	3,023	3,200
Steel	538	700
Machinery	1,794	2,000
Plants	1,014	950
Other	223	250
Total	6,592	7,100

	FY07 Actual	FY08 Plan
Operating Income		
Ships	137	100
Steel	16	25
Machinery	234	200
Plants	58	0
Other	32	25
Total	361	350

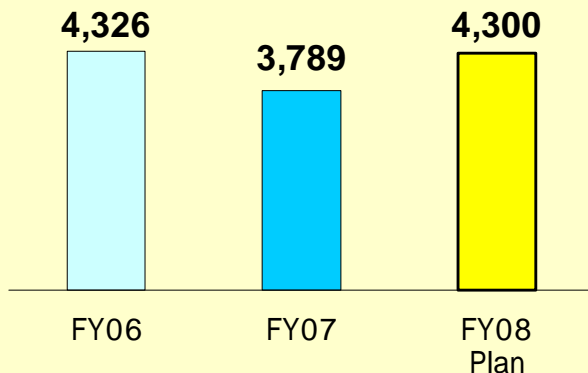
\* New Orders of FY06 Actual includes the 69.7 billion Yen of Order of the sold off British Subsidiary

\* FY07 Revised Plan is as of July 31, 2007

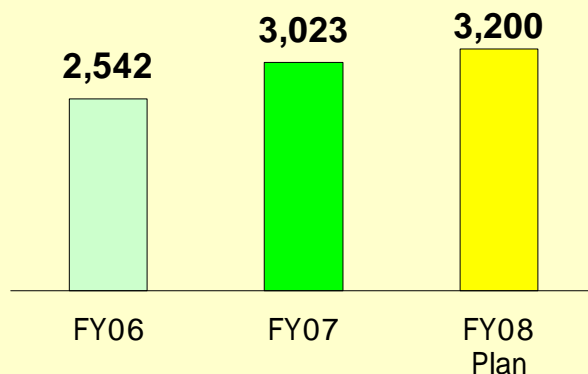
# Highlights - Ships

100 Million Yen

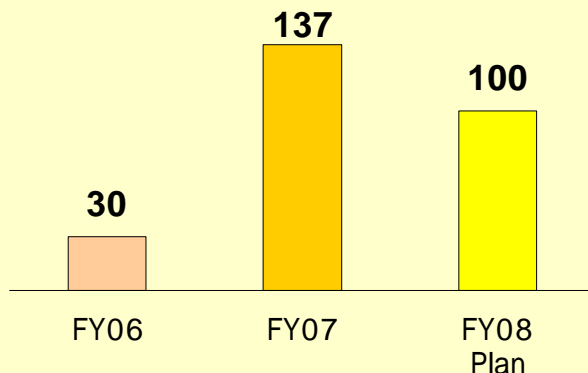
New Orders



Net Sales



Ope. Income



## Selection of orders based on the profitability

### New Orders

- Improving efficiency by building the same type of ships consecutively  
56BC became the main type of ship
- Good performance supported by the good market condition

	Plan (as of 2Q)	Actual
Consolidated	3,300	3,789
Non-Consolidated	1,700	2,144

Non-Consolidated (Ships)	FY06		FY07		FY08 Plan	
	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery
56BC	30	22	25	18		11

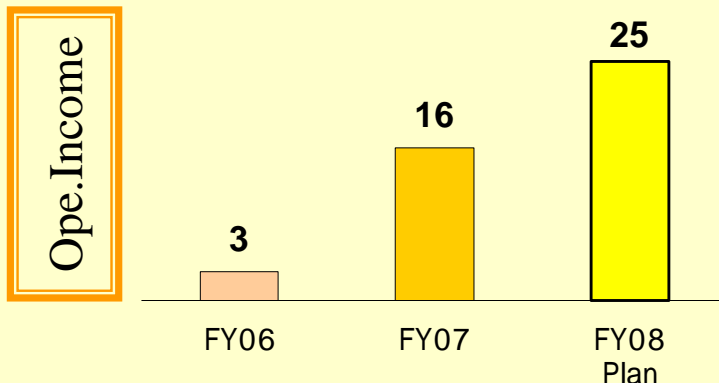
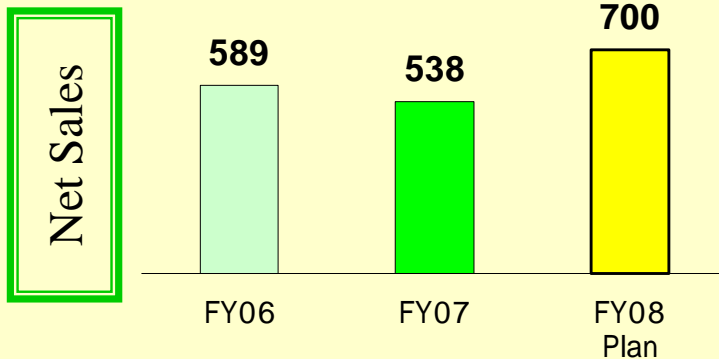
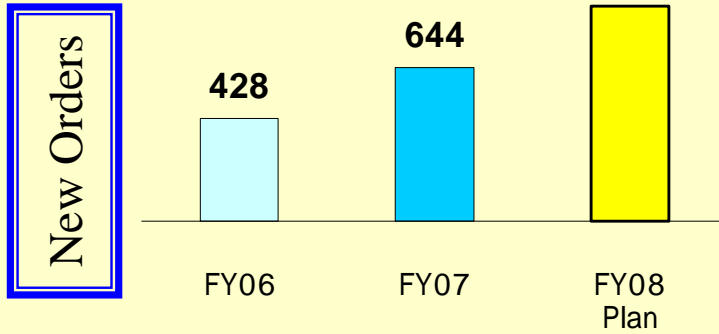
### Net Sales / Ope. Income

- Improvement of Efficiency  
Improvement of Profitability
- Continuous effort on Cost Competitiveness toward FY08

Increased the cutting capacity of Steel Plate

# Highlights – Steel Structures/Construction

100 Million Yen



## Stable Container Crane Market, Recovering Steel Structures Market

### New Orders

- Container Crane recorded the highest New Orders over the past

50% increase compared to last year  
64.4 billion Yen

- Concentrate on the offshore construction in FY08
- Expect increase in the Steel Structures

(# of Crane)	FY06		FY07		FY08 Plan	
	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery
Portainer	10	9	22	15	20	17
Transtainer	25	21	87	40	80	85

### Net Sales / Ope. Income

- Realized profit due to improvement of subsidiary's performance

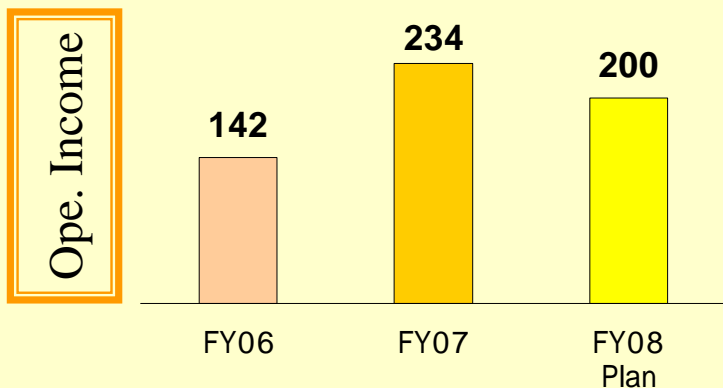
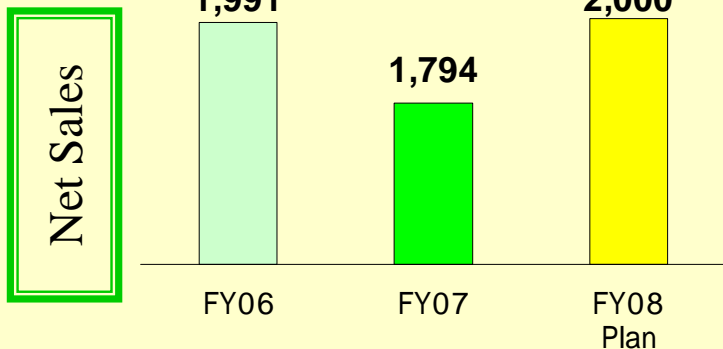
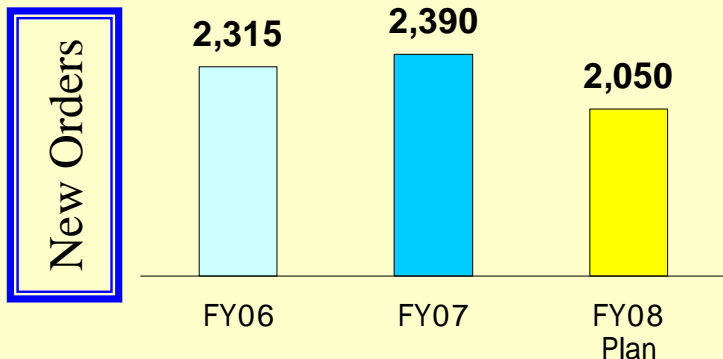
### Others

- Concentrate on domestic industrial crane in FY08 for less exchange impact



# Highlights - Machinery

100 Million Yen



## High demand on the Marine Diesel Engine Continues

### New Orders

- Marine Engine and Industrial Machinery are in good market Increase capacity to fulfill the demand

Marine Diesel Engine	FY06			FY07		
	New Orders	Delivery	Backlog Orders	New Orders	Delivery	Backlog Orders
Units	156	154	185	218	179	224

### Net Sales / Ope. Income

- Maintenance business is in good condition due to increase in the sales of products
- Profitability in FY08 will decrease due to the increase in material and parts costs

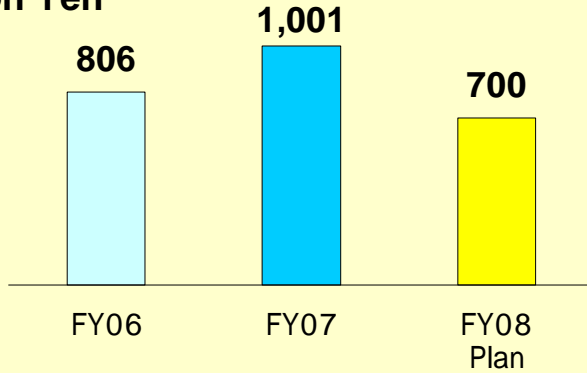
### Others

- Production of Marine Diesel Engine achieved 4.55 Million BHP, the highest production volume over the past
- The New Orders and Net Sales of the British Subsidiary, which was sold last year, are included in FY06 figure. Excluding the figure of the subsidiary,
  - New Orders increased 77.2 Billion Yen vs FY06
  - Net Sales increased 25 Billion Yen vs FY06

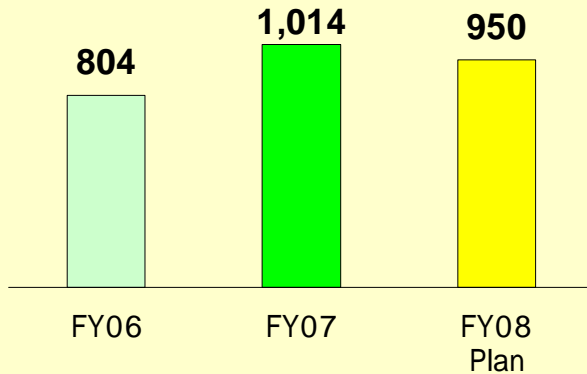
# Highlights - Plants

100 Million Yen

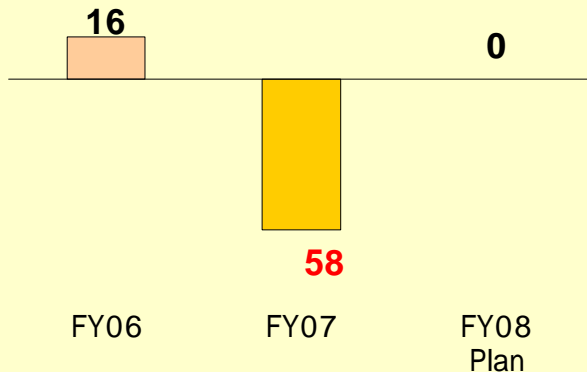
New Orders



Net Sales



Ope. Income



## Steady performance of Petrochemical Plant business

### New Orders

- Achieved the original plan of the Petrochemical Plant in the 1st Half
- Increased 19.5 Billion Yen vs Last Year

### Net Sales / Ope. Income

- The steady progress of Petrochemical Plant
- Loss recorded in Environmental business

Net Sales (100 M Yen)	FY06	FY07	FY08 Plan
Petrochemical Plant	561	850	740
Environmental	243	164	210

# 08 Mid-term Plan as a roadmap to the “Creation of Newly-born MES”

100th  
Anniversary  
Vision

「Towards a Hopeful Futures  
with the Credible Technology  
beyond 100 Years」

Consolidated  
Net Sales : **1 trillion Yen**

11 Mid-term  
Plan

Establishment of  
New Core Business

08 Mid-term  
Plan

Core business means the large scale business generating stable profit .

Growing business means the business to grow into core business in a few years.

New business means the business to become core business in 10 years (by 100th anniversary)

# FY10 Target of 08 Mid-term Plan

100 Million Yen

	<b>FY08 Plan</b>	<b>FY10 Target of 08 Mid-term Plan</b>
<b>Net Sales</b>	<b>7,100</b>	<b>8,000</b>
<b>Operating Income</b>	<b>350</b>	<b>540</b>
<b>ROIC</b>		<b>12%</b>
<b>Interest-bearing Debt</b>	<b>1,590</b>	<b>1,800</b>

ROIC (Return on Invested Capital)

= (Ope. Income + Interest and Dividend Income) ÷

(Ave. Stockholders' Equity + Ave. Interest-bearing Debt)

# Consolidated Balance Sheet (Summary)

100 Million Yen

	FY06	FY07	Var.		FY06	FY07	Var.
<b>Current Assets</b>	(3,697)	(3,935)	(238)	Trade payables	1,406	1,540	134
Cash and time deposits	771	539	232	Advances from customers	1,013	1,304	291
Receivables	1,193	1,284	90	Interest-bearing debts	1,850	1,488	361
Inventories	880	964	84	Others	1,108	1,027	81
Short-term loans	473	643	170	<b>Liabilities Total</b>	(5,376)	(5,359)	( 17)
Other current assets	380	506	126	Common stock	444	444	0
<b>Fixed Assets</b>	(3,337)	(3,180)	( 157)	Capital surplus	182	182	0
Property, plant and equipment	1,930	1,927	2	Retained earnings	387	523	136
Intangible assets	183	161	23	Treasury stock	4	6	2
Investment securities	755	687	69	Valuation and translation adj.	409	370	39
Long-term loans	178	161	17	Minority interests	240	243	3
Others	291	245	46	<b>Net Assets</b>	(1,658)	(1,756)	(98)
<b>TOTAL</b>	<b>7,034</b>	<b>7,115</b>	<b>81</b>	<b>TOTAL</b>	<b>7,034</b>	<b>7,115</b>	<b>81</b>

# Consolidated Income Statement (Summary)

100 Million Yen

	FY06		FY07		Var.
	Amount	%	Amount	%	
Net Sales	6,228	(100.0%)	6,592	(100.0%)	364
Cost of Sales	5,662		5,817		
Gross Profit	566		775		
Selling, General and Admin. Exp.	359		413		
Operating Income	207	(3.3%)	361	(5.5%)	154
Other Income	78		70		
Other Expenses	99		109		
Ordinary Income	186	(3.0%)	322	(4.9%)	136
Extraordinary Income	214		59		
Extraordinary Losses	84		78		
Income Before Income Taxes and Minority Interest	315	(5.1%)	303	(4.6%)	12
Income Taxes - Current	104		129		
Income Taxes - Deferred	7		9		
Minority Interest	10		17		
Net Income	194	(3.1%)	166	(2.5%)	29

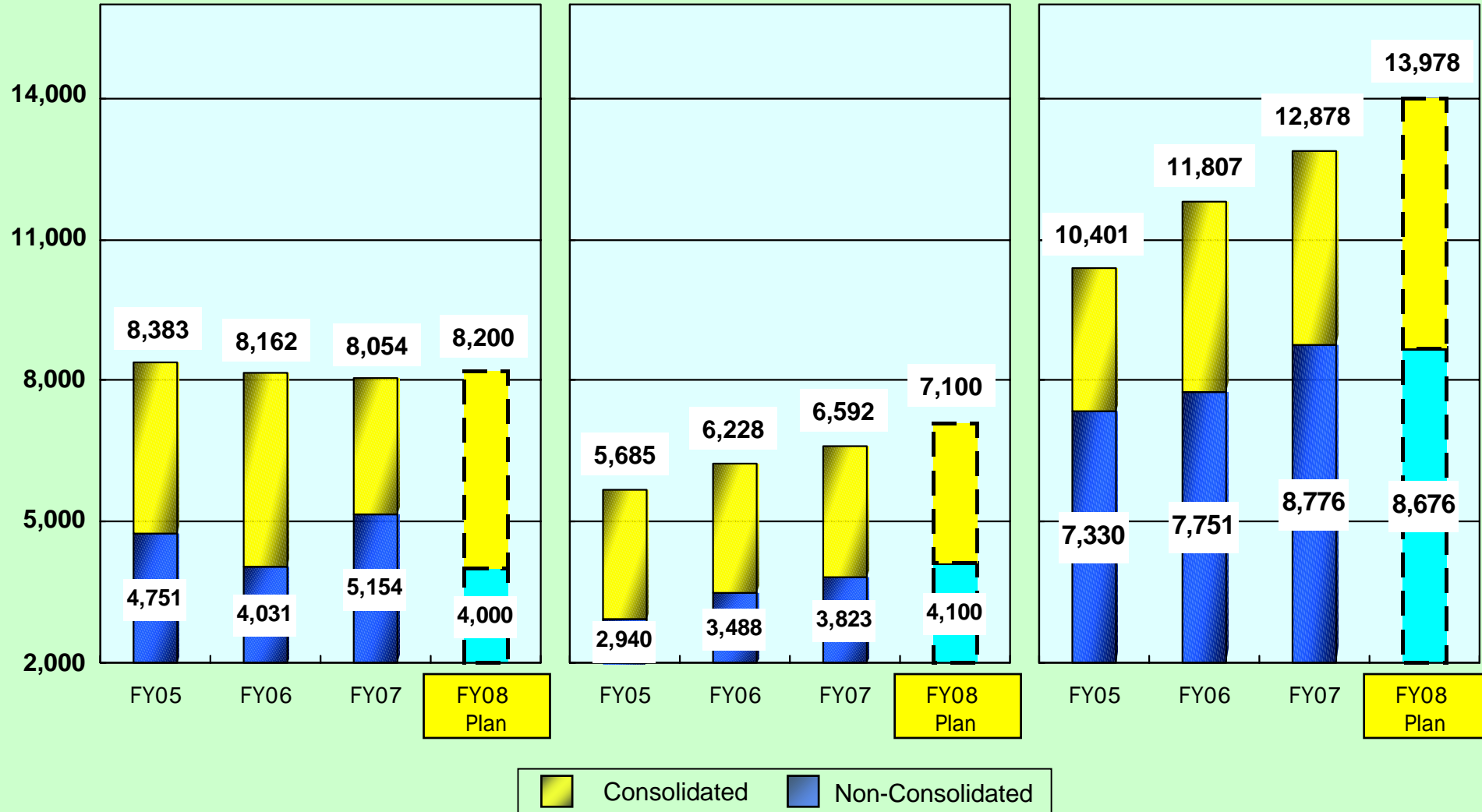
# Consolidated / Non-Consolidated New Orders, Net Sales and Backlog Orders

## New Orders

## Net Sales

## Backlog Orders

100 Million Yen



# Segment Information

100 Million Yen

	FY06		FY07 Revised Plan		FY07 Actual		FY08 Plan	
	Net Sales	Ope. Income	Net Sales	Ope. Income	Net Sales	Ope. Income	Net Sales	Ope. Income
Ships	2,542	30	2,650	130	3,023	137	3,200	100
Steel	589	3	600	15	538	16	700	25
Machinery	1,991	142	1,800	195	1,794	234	2,000	200
Plants	804	16	1,000	25	1,014	58	950	0
Other	302	16	250	15	223	32	250	25
<b>Total</b>	<b>6,228</b>	<b>207</b>	<b>6,300</b>	<b>330</b>	<b>6,592</b>	<b>361</b>	<b>7,100</b>	<b>350</b>

\* FY07 Revised Plan is as of July 31, 2007



# Consolidated Cash Flow

100 Million Yen

	FY06	FY07 Revised Plan	FY07 Actual	FY08 Plan
Operating Cash Flow	679	120	483	180
Investing Cash Flow	270	190	180	340
Financing Cash Flow	266	135	370	70
Interest - bearing Debts	1,850	1,750	1,488	1,590

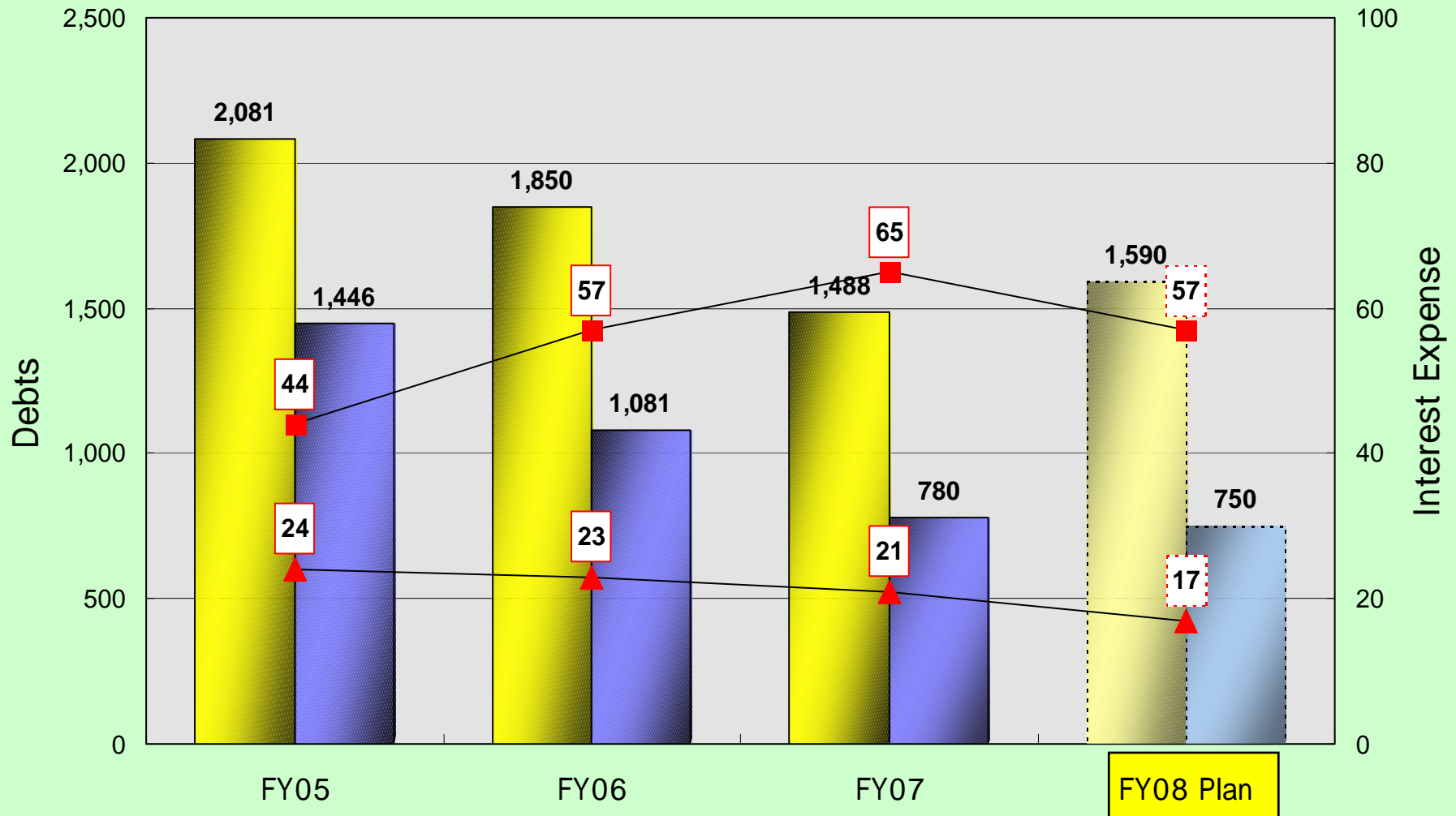
\* FY07 Revised Plan is as of July 31, 2007

# Interest-bearing Debts and Interest Expense



100 Million Yen

100 Million Yen



## Consolidated Segments

100 Million Yen

## New Orders

Segment	FY05	FY06	FY07	FY08 Plan
Ships	3,769	4,326	3,789	4,300
Steel	505	428	644	900
Machinery	2,241	2,315	2,390	2,050
Plants	1,506	806	1,001	700
Other	362	287	231	250
Total	8,383	8,162	8,054	8,200

## Net Sales

Segment	FY05	FY06	FY07	FY08 Plan
Ships	1,900	2,542	3,023	3,200
Steel	537	589	538	700
Machinery	2,206	1,991	1,794	2,000
Plants	612	804	1,014	950
Other	430	302	223	250
Total	5,685	6,228	6,592	7,100

## Backlog Orders

Segment	FY05	FY06	FY07	FY08 Plan
Ships	6,503	8,176	8,622	9,722
Steel	567	416	513	713
Machinery	1,754	1,644	2,250	2,300
Plants	1,485	1,509	1,445	1,195
Other	92	63	48	48
Total	10,401	11,807	12,878	13,978

# Non-Consolidated Segments

100 Million Yen

## New Orders

Segment	FY05	FY06	FY07	FY08 Plan
Ships	1,857	1,868	2,144	1,400
Steel	222	185	385	600
Machinery	1,225	1,279	1,890	1,400
Plants	1,397	660	694	550
Other	50	39	40	50
<b>Total</b>	<b>4,751</b>	<b>4,031</b>	<b>5,154</b>	<b>4,000</b>

## Net Sales

Segment	FY05	FY06	FY07	FY08 Plan
Ships	1,018	1,299	1,266	1,400
Steel	250	318	297	400
Machinery	1,006	1,129	1,371	1,500
Plants	489	681	855	750
Other	177	61	34	50
<b>Total</b>	<b>2,940</b>	<b>3,489</b>	<b>3,823</b>	<b>4,100</b>

## Backlog Orders

Segment	FY05	FY06	FY07	FY08 Plan
Ships	4,150	4,593	5,275	5,275
Steel	412	278	363	563
Machinery	1,266	1,411	1,881	1,781
Plants	1,477	1,466	1,245	1,045
Other	25	4	12	12
<b>Total</b>	<b>7,330</b>	<b>7,751</b>	<b>8,776</b>	<b>8,676</b>

100 Million Yen

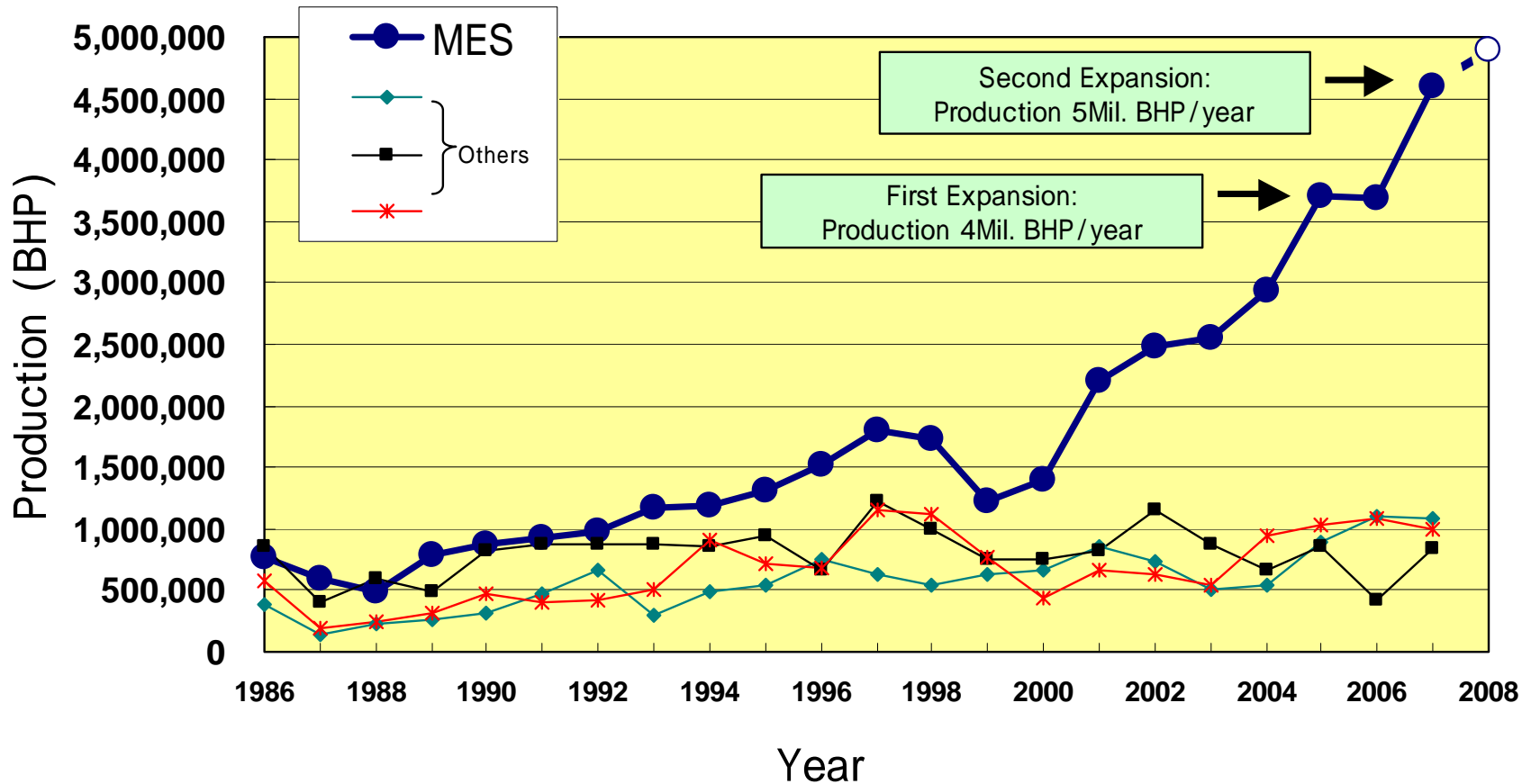
Main Subsidiary New Orders / Net Sales	Company	FY05		FY06		FY07		FY08 Plan	
		New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales
	MODEC	1,665	716	1,794	991	1,268	1,440		1,400
	MITSUI BABCOCK	708	884	697	447	0	0		
	BWSC	168	175	202	201	254	188		260

100 Million Yen

Cap. Ex. And Others		FY05		FY06		FY07		FY08 Plan	
		Consol.	Non - Consol.	Consol.	Non - Consol.	Consol.	Non - Consol.	Consol.	Non - Consol.
	Cap. Expenditure	196	36	103	53	136	72	210	135
	Depreciation	102	49	90	46	106	53		
	R&D	39	31	38	33	47	47	70	60

Employees		FY05		FY06		FY07		FY08 Plan	
		Conso.	Non - Consol.	Conso.	Non - Consol.	Conso.	Non - Consol.	Conso.	Non - Consol.
	# of Employees	11,488	3,832	9,434	3,699	9,910	3,716		

# Output of Marine Diesels by Japanese Manufacturers



Based on KP database till Year 2007. The dotted line is based on our Forecast.

## Break Down of Ships (FY07)

( Ship )

Type of Ships	Delivery	New Orders	Backlog Orders
LNG Carrier	0	0	1
Tanker	4	2	17
(VLCC)	1	2	7
Bulk Carrier	21	31	84
(Handy Max BC)	18	25	69
Other	1	5	10
<b>Total</b>	<b>26</b>	<b>38</b>	<b>112</b>