

## MHI Announces FY2007 First-Half Consolidated Financial Results

Tokyo, October 31, 2007 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first-half of fiscal year (FY) 2007 ended September 30, 2007.

(billions of yen)

	<b>FY2007</b> Apr. – Sep.	FY2006 Apr. – Sep.	Changes (%)	FY2006 Full-Year
Orders Received	<b>1,769.6</b>	1,358.4	30.3	3,274.7
Net Sales	<b>1,446.4</b>	1,352.4	6.9	3,068.5
Operating Income	<b>55.8</b>	44.3	26.1	108.9
Ordinary Income	<b>41.0</b>	33.4	22.6	83.0
Income Before Taxes and Minority Interests	<b>48.5</b>	36.4	33.2	83.7
Net Income	<b>27.9</b>	21.9	27.8	48.8
Operation Cash Flow	<b>105.3</b>	108.6	—	158.7
Investment Cash Flow	<b>−88.2</b>	−64.7	—	−158.6
Financing Cash Flow	<b>−7.4</b>	5.5	—	48.7
Net Income Per Share (Fiscal)	<b>8.34 yen</b>	6.53 yen	27.8	14.56 yen

**Consolidated** financial results (continued)

**Orders Received by Operational Segment**

(billions of yen)

	<b>FY2007</b> Apr. – Sep.	FY2006 Apr. – Sep.	Differences	FY2006 Full-Year
Shipbuilding & Ocean Development	<b>212.3</b> (12.0)	159.2 (11.7)	53.0	314.2 (9.6)
Power Systems	<b>576.3</b> (32.6)	391.0 (28.8)	185.3	1,008.2 (30.8)
Machinery & Steel Structures	<b>330.0</b> (18.6)	182.3 (13.4)	147.7	469.0 (14.3)
Aerospace	<b>175.9</b> (9.9)	172.2 (12.7)	3.7	543.3 (16.6)
Mass and Medium-Lot Manufactured Machinery	<b>446.7</b> (25.2)	415.6 (30.6)	31.1	856.6 (26.2)
Others	<b>28.1</b> (1.7)	37.9 (2.8)	–9.8	83.0 (2.5)
<b>TOTAL</b>	<b>1,769.6</b> (100.0)	1,358.4 (100.0)	411.2	3,274.7 (100.0)

Figures in parentheses represent percentage of each segment's orders in total orders.

**Sales by Operational Segment**

(billions of yen)

	<b>FY2007</b> Apr. – Sep.	FY2006 Apr. – Sep.	Differences	FY2006 Full-Year
Shipbuilding & Ocean Development	<b>138.1</b> (9.6)	137.1 (10.1)	1.0	247.1 (8.1)
Power Systems	<b>449.7</b> (31.1)	389.4 (28.8)	60.2	890.7 (29.0)
Machinery & Steel Structures	<b>178.0</b> (12.3)	206.6 (15.3)	–28.5	511.6 (16.7)
Aerospace	<b>197.0</b> (13.6)	173.3 (12.8)	23.7	495.0 (16.1)
Mass and Medium-Lot Manufactured Machinery	<b>445.0</b> (30.8)	418.0 (30.9)	26.9	849.0 (27.7)
Others	<b>38.3</b> (2.6)	27.8 (2.1)	10.5	74.8 (2.4)
<b>TOTAL</b>	<b>1,446.4</b> (100.0)	1,352.4 (100.0)	93.9	3,068.5 (100.0)

Figures in parentheses represent percentage of each segment's sales in total sales.

**Consolidated** financial results (continued)

**Operating Income (Loss) by Operational Segment** (billions of yen)

	<b><u>FY2007</u></b> Apr. – Sep.	FY2006 Apr. – Sep.	Differences	FY2006 Full-Year
Shipbuilding & Ocean Development	2.6	-0.5	3.1	-5.3
Power Systems	24.7	28.5	-3.7	56.7
Machinery & Steel Structures	0.1	-5.1	5.3	2.9
Aerospace	5.1	3.3	1.8	14.4
Mass and Medium-Lot Manufactured Machinery	18.0	15.1	2.8	31.3
Others	5.1	3.0	2.1	8.8
<b>TOTAL</b>	<b>55.8</b>	44.3	11.5	108.9

**Estimate of Consolidated Financial Results for FY 2007**

For the fiscal year 2007 ending March 31, 2008, MHI is expecting 3,100 billion yen in net sales, 115 billion yen in operating income, 90 billion yen in ordinary income and 54 billion yen in net income. Impact of exchange rate fluctuation on this estimates is expected to be minor.

This estimate has been projected with currently available information and data. Therefore please be advised that the actual results may diverge broadly with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

Notes:

Number of consolidated subsidiaries:

<u>FY2007 first-half</u>	<u>FY2006</u>
209	201

Number of companies under the application of equity method:

<u>FY2007 first-half</u>	<u>FY2006</u>
34	35

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# CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Sep.30, 2007	As of Mar.31, 2007	Increase (Decrease)	As of Sep.30, 2006
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and deposits	254,246	244,233	10,012	243,581
Trade receivables	1,031,166	1,166,702	(135,535)	986,294
Securities	5,441	2,772	2,668	2,230
Inventories	1,181,355	1,048,586	132,769	1,064,562
Deferred income taxes	89,154	87,742	1,411	76,351
Other current assets	261,249	245,214	16,035	246,515
Allowance for doubtful receivables	(6,701)	(7,935)	1,233	(7,077)
<b>Total current assets</b>	<b>2,815,911</b>	<b>2,787,315</b>	<b>28,596</b>	<b>2,612,459</b>
<b>Fixed assets:</b>				
<b>Property, plant and equipment:</b>				
Buildings and structures	308,709	307,004	1,705	300,851
Machinery and transportation equipment	249,741	238,260	11,480	226,560
Tools, equipment and furniture	79,389	78,657	731	76,284
Land	147,415	144,422	2,993	142,864
Construction in progress	63,164	56,399	6,764	41,005
Subtotal	848,420	824,744	23,675	787,566
<b>Intangible fixed assets:</b>				
Software and others	30,975	33,444	(2,468)	33,592
Subtotal	30,975	33,444	(2,468)	33,592
<b>Investments and advances:</b>				
Investment securities	718,906	674,932	43,973	588,800
Deferred income taxes	18,252	6,309	11,943	9,549
Other assets	85,539	80,818	4,720	79,559
Allowance for doubtful accounts	(17,202)	(15,699)	(1,502)	(15,828)
Subtotal	805,495	746,360	59,135	662,079
<b>Total fixed assets</b>	<b>1,684,891</b>	<b>1,604,549</b>	<b>80,341</b>	<b>1,483,239</b>
<b>TOTAL ASSETS</b>	<b>4,500,803</b>	<b>4,391,864</b>	<b>108,938</b>	<b>4,095,698</b>

## CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Sep.30, 2007	As of Mar.31, 2007	Increase (Decrease)	As of Sep.30, 2006
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Trade payables	682,458	746,591	(64,133)	659,214
Bank loans	248,009	354,275	(106,265)	382,647
Current portion of debentures	90,300	52,682	37,617	2,604
Reserve for product warranties	23,350	21,224	2,125	16,546
Reserve for losses on construction contracts	7,900	9,535	(1,635)	6,317
Advance payments received on contracts	506,780	394,932	111,847	370,171
Other current liabilities	205,234	228,170	(22,936)	219,600
<b>Total current liabilities</b>	<b>1,764,032</b>	<b>1,807,411</b>	<b>(43,378)</b>	<b>1,657,101</b>
<b>Long-term liabilities:</b>				
Debentures	286,663	196,605	90,057	240,800
Long-term debt	654,994	670,009	(15,014)	591,140
Deferred tax liabilities	147,905	120,617	27,287	83,889
Reserve for retirement allowance	97,218	98,497	(1,278)	109,305
Reserve for treatment of PCB waste	4,169	4,169	-	4,169
Other long-term liabilities	49,936	48,116	1,819	31,616
<b>Total long-term liabilities</b>	<b>1,240,887</b>	<b>1,138,016</b>	<b>102,870</b>	<b>1,060,922</b>
<b>TOTAL LIABILITIES</b>	<b>3,004,920</b>	<b>2,945,428</b>	<b>59,491</b>	<b>2,718,024</b>
<b><u>NET ASSETS</u></b>				
<b>Stockholders' equity:</b>				
Common stock	265,608	265,608	-	265,608
Capital surplus	203,887	203,879	7	203,873
Retained earnings	763,730	744,562	19,168	727,172
Treasury stock	(5,054)	(5,063)	9	(5,112)
<b>Total stockholders' equity</b>	<b>1,228,172</b>	<b>1,208,987</b>	<b>19,185</b>	<b>1,191,541</b>
<b>Valuation, translation adjustments and others:</b>				
Net unrealized gains on investment securities	231,593	212,165	19,428	168,596
Deferred gains or losses on hedges	5,280	657	4,622	(2,264)
Foreign currency translation adjustments	11,068	6,211	4,857	477
<b>Total valuation, translation adjustments and others</b>	<b>247,943</b>	<b>219,034</b>	<b>28,908</b>	<b>166,809</b>
<b>Share subscription rights</b>	<b>551</b>	<b>293</b>	<b>257</b>	<b>293</b>
<b>Minority interests</b>	<b>19,215</b>	<b>18,120</b>	<b>1,095</b>	<b>19,029</b>
<b>TOTAL NET ASSETS</b>	<b>1,495,882</b>	<b>1,446,436</b>	<b>49,446</b>	<b>1,377,674</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,500,803</b>	<b>4,391,864</b>	<b>108,938</b>	<b>4,095,698</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	For the six months ended Sep.30,2007		For the six months ended Sep.30,2006		Increase (Decrease)		FY2006	
Net sales		1,446,416		1,352,474	93,942	6.9%		3,068,504
Cost of sales		1,241,754		1,177,079	64,674			2,681,867
<b>Gross profit</b>	<b>14.1%</b>	<b>204,662</b>	<b>13.0%</b>	<b>175,394</b>	<b>29,267</b>	<b>16.7%</b>	<b>12.6%</b>	<b>386,636</b>
Selling, general and administrative expenses		148,789		131,081	17,708			277,724
<b>Operating income</b>	<b>3.9%</b>	<b>55,872</b>	<b>3.3%</b>	<b>44,312</b>	<b>11,559</b>	<b>26.1%</b>	<b>3.5%</b>	<b>108,912</b>
<b>Non-operating income:</b>								
Interest and dividend income		7,400		7,483	(83)			13,002
Equity in earnings of unconsolidated subsidiaries and affiliates		3,643		1,558	2,084			8,662
Other income		2,398		1,535	863			3,000
<b>Total non-operating income</b>		<b>13,441</b>		<b>10,577</b>	<b>2,864</b>			<b>24,665</b>
<b>Non-operating expenses:</b>								
Interest expense		9,846		8,265	1,581			17,810
Foreign exchange losses		9,230		3,690	5,539			12,992
Losses on disposal of fixed assets		2,747		2,125	622			6,507
Other expenses		6,478		7,366	(887)			13,218
<b>Total non-operating expenses</b>		<b>28,303</b>		<b>21,448</b>	<b>6,855</b>			<b>50,528</b>
<b>Ordinary income</b>	<b>2.8%</b>	<b>41,010</b>	<b>2.5%</b>	<b>33,441</b>	<b>7,568</b>	<b>22.6%</b>	<b>2.7%</b>	<b>83,048</b>
<b>Extraordinary income:</b>								
Gains on sales of fixed assets		10,464		2,816	7,647			9,763
Gains on sales of investment securities		-		1,918	(1,918)			8,901
<b>Total extraordinary income</b>		<b>10,464</b>		<b>4,735</b>	<b>5,728</b>			<b>18,664</b>
<b>Extraordinary expenses:</b>								
Business improvement and restructuring charges		2,955		1,743	1,211			10,742
Losses on revaluation of investment securities		-		-	-			5,227
Prior service cost due to change in defined interest rate of employee retirement annuity		-		-	-			2,032
<b>Total extraordinary expenses</b>		<b>2,955</b>		<b>1,743</b>	<b>1,211</b>			<b>18,002</b>
<b>Income before income taxes and minority interests</b>	<b>3.4%</b>	<b>48,519</b>	<b>2.7%</b>	<b>36,433</b>	<b>12,085</b>	<b>33.2%</b>	<b>2.7%</b>	<b>83,711</b>
Income taxes:								
Current		21,714		7,723	13,990			33,087
Deferred		(1,762)		6,069	(7,831)			3,162
Minority interests		578		735	(156)			(1,378)
<b>Net income</b>	<b>1.9%</b>	<b>27,988</b>	<b>1.6%</b>	<b>21,904</b>	<b>6,083</b>	<b>27.8%</b>	<b>1.6%</b>	<b>48,839</b>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	Six months ended Sep. 30, 2007	Six months ended Sep. 30, 2006	Differences	FY 2006
<b>Cash flows from operating activities:</b>				
Income before income taxes and minority interests	48,519	36,433	12,085	83,711
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities				
Depreciation and amortization	57,934	49,515	8,419	106,608
Increase (decrease) in reserve for retirement allowance	(1,443)	471	(1,914)	(12,441)
Interest and dividend income	(7,400)	(7,483)	83	(13,002)
Interest expense	9,846	8,265	1,581	17,810
Equity in earnings of unconsolidated subsidiaries and affiliates	(3,643)	(1,558)	(2,084)	(8,662)
Gains on sales of investment securities	-	(1,918)	1,918	(8,901)
Losses on revaluation of investment securities	-	-	-	5,227
Gains on sales of fixed assets	(10,464)	(2,816)	(7,647)	(9,763)
Losses on disposal of fixed assets	2,747	2,125	622	6,507
Business improvement and restructuring charges	2,955	1,743	1,211	10,742
Prior service cost due to change in defined interest rate of employee retirement annuity	-	-	-	2,032
(Increase) decrease in receivables	144,186	110,399	33,787	(63,857)
(Increase) decrease in inventories and advances to suppliers	(141,458)	(131,254)	(10,203)	(110,540)
(Increase) decrease in other assets	13,026	4,452	8,574	(4,275)
Increase (decrease) in payables	(71,372)	(11,500)	(59,871)	69,459
Increase (decrease) in advance payments received on contracts	109,325	35,601	73,723	59,140
Increase (decrease) in other liabilities	(15,732)	19,725	(35,457)	41,260
Others	1,237	(1,063)	2,300	(1,274)
Subtotal	<b>138,265</b>	<b>111,137</b>	<b>27,128</b>	<b>169,780</b>
Interest and dividends received	8,067	10,750	(2,682)	20,525
Interest paid	(9,724)	(8,119)	(1,604)	(17,090)
Payments for income taxes	(31,263)	(5,077)	(26,186)	(14,494)
Net cash provided by operating activities	<b>105,345</b>	<b>108,691</b>	<b>(3,345)</b>	<b>158,721</b>
<b>Cash flows from investing activities:</b>				
Net (Increase) decrease in time deposits	(201)	1,071	(1,273)	1,690
Purchases of marketable securities	(262)	(126)	(136)	-
Proceeds from sales and redemption of marketable securities	634	184	450	59
Purchases of property, plant, equipment and intangible assets	(83,807)	(69,689)	(14,117)	(174,396)
Proceeds from sales of property, plant, equipment and intangible assets	6,634	4,207	2,427	15,407
Purchases of investment securities	(9,673)	(1,934)	(7,739)	(15,295)
Proceeds from sales and redemption of investment securities	2,612	2,327	284	11,733
Disbursement of long-term loans	(4,485)	(2,219)	(2,265)	(2,496)
Collection of long-term loans	343	1,419	(1,076)	3,961
Others	-	-	-	682
Net cash used in investing activities	<b>(88,204)</b>	<b>(64,759)</b>	<b>(23,445)</b>	<b>(158,653)</b>
<b>Cash flows from financing activities:</b>				
Net decrease in bank loans	(120,894)	(6,491)	(114,402)	(19,201)
Proceeds from long-term debt	19,693	48,011	(28,318)	161,789
Repayment of long-term debt	(22,847)	(52,465)	29,617	(105,941)
Proceeds from issuance of bonds	130,000	30,000	100,000	35,819
Payment for redemption of bonds	(2,553)	(150)	(2,403)	(300)
Dividends paid to stockholders	(10,040)	(13,354)	3,314	(23,400)
Dividends paid to minority stockholders of subsidiaries	(425)	(378)	(46)	(529)
Others	(335)	413	(749)	494
Net cash provided by (used in) financing activities	<b>(7,403)</b>	<b>5,584</b>	<b>(12,988)</b>	<b>48,730</b>
Effect of exchange rate changes on cash and cash equivalents	<b>2,496</b>	<b>(253)</b>	<b>2,749</b>	<b>2,032</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,233</b>	<b>49,263</b>	<b>(37,029)</b>	<b>50,830</b>
Cash and cash equivalents at beginning of year	<b>227,584</b>	<b>176,274</b>	<b>51,310</b>	<b>176,274</b>
Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries	<b>610</b>	<b>479</b>	<b>130</b>	<b>479</b>
Cash and cash equivalents at end of period	<b>240,428</b>	<b>226,016</b>	<b>14,411</b>	<b>227,584</b>

## MHI Announces FY2007 First-Half Non-Consolidated Financial Results

Tokyo, October 31, 2007 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for the first-half of fiscal year (FY) 2007 ended September 30, 2007.

(billions of yen)

	<b>FY2007</b> Apr. – Sep.	FY2006 Apr. – Sep.	Change (%)	FY2006 Full-Year
Orders Received	<b>1,280.4</b>	1,039.4	23.2	2,586.6
Net Sales	<b>1,140.2</b>	1,060.3	7.5	2,426.6
Operating Income	<b>39.1</b>	28.2	38.8	71.6
Ordinary Income	<b>24.7</b>	20.0	23.8	57.4
Income Before Income Taxes	<b>38.4</b>	23.7	62.1	59.0
Net Income	<b>24.4</b>	15.6	56.1	39.5
Net Income Per Share (Fiscal)	<b>7.28 yen</b>	4.66 yen	56.1	11.80 yen
Dividend Per Share	<b>3.0 yen</b>	3.0 yen	—	6.0 yen

### Estimate of Non-Consolidated Financial Results for FY 2007

For the fiscal year 2007 ending March 31, 2008, MHI is expecting 2,450 billion yen in net sales, 80 billion yen in operating income, 60 billion yen in ordinary income and 40 billion yen in net income. Impact of exchange rate fluctuation on this estimates is expected to be minor.

This estimate has been projected with currently available information and data. Therefore please be advised that the actual results may diverge broadly with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

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NON-CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Sep.30,2007	As of Mar.31,2007	Increase (Decrease)	As of Sep.30,2006
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and deposits	147,758	160,560	(12,801)	170,125
Trade notes receivable	10,217	9,695	522	9,482
Trade accounts receivable	877,136	1,000,528	(123,392)	852,067
Securities	9	315	(306)	322
Finished products	77,026	76,927	99	70,904
Raw materials and supplies	84,943	70,748	14,195	62,530
Work in process	782,924	701,332	81,592	733,536
Advances to suppliers	93,642	95,574	(1,931)	93,567
Prepaid expenses	1,384	913	470	1,515
Deferred income taxes	66,058	64,966	1,092	57,881
Other current assets	133,268	135,660	(2,392)	131,144
Allowance for doubtful receivables	(62)	(65)	3	(58)
<b>Total current assets</b>	<b>2,274,308</b>	<b>2,317,157</b>	<b>(42,848)</b>	<b>2,183,020</b>
<b>Fixed assets:</b>				
<b>Property, plant and equipment:</b>				
Buildings	215,429	214,742	687	211,842
Structures	23,538	23,700	(161)	23,284
Dock and facilities for ship building	3,036	3,127	(91)	3,161
Machinery	176,782	170,122	6,660	162,687
Vessels	20	21	0	20
Aircraft	185	185	0	224
Vehicles and transportation equipment	2,598	2,711	(112)	2,429
Tools, equipment and furniture	54,782	53,346	1,436	49,404
Land	109,885	109,935	(50)	108,399
Construction in progress	58,053	51,966	6,086	35,445
<b>Subtotal</b>	<b>644,312</b>	<b>629,859</b>	<b>14,453</b>	<b>596,900</b>
<b>Intangible fixed assets:</b>				
Software	12,589	14,408	(1,818)	16,294
Right for facility utilization	1,554	1,698	(143)	1,842
Other intangible fixed assets	436	566	(129)	664
<b>Subtotal</b>	<b>14,581</b>	<b>16,673</b>	<b>(2,091)</b>	<b>18,801</b>
<b>Investments and advances:</b>				
Investment securities	526,335	492,568	33,766	418,614
Investments in shares of subsidiaries and affiliates	229,791	207,909	21,882	199,219
Long-term loans and advances	21,117	11,112	10,004	10,510
Investment capital and guarantee deposits	5,664	5,889	(225)	6,322
Investments in capital of subsidiaries and affiliates	15,036	14,794	242	14,867
Long-term prepaid expenses	43,869	43,470	399	42,464
Other investments	14,553	14,736	(182)	16,532
Allowance for doubtful accounts	(10,633)	(10,921)	288	(11,827)
<b>Subtotal</b>	<b>845,735</b>	<b>779,560</b>	<b>66,175</b>	<b>696,703</b>
<b>Total fixed assets</b>	<b>1,504,629</b>	<b>1,426,092</b>	<b>78,536</b>	<b>1,312,405</b>
<b>TOTAL ASSETS</b>	<b>3,778,937</b>	<b>3,743,249</b>	<b>35,687</b>	<b>3,495,426</b>

## NON-CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Sep.30,2007	As of Mar.31,2007	Increase (Decrease)	As of Sep.30,2006
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Trade accounts payable	587,931	648,939	(61,007)	569,193
Bank loans	131,150	243,276	(112,125)	256,856
Current portion of long-term debt for exports loans from main contractors	-	3,861	(3,861)	4,955
Current portion of debentures	90,000	50,000	40,000	-
Accrued payables	41,294	47,178	(5,884)	46,219
Accrued expenses	38,406	37,523	883	39,439
Accrued income taxes	9,135	16,779	(7,643)	2,778
Advance payments received on contracts	415,853	344,848	71,005	347,699
Deposits received	18,195	23,329	(5,134)	21,189
Reserve for product warranties	23,350	21,224	2,125	16,546
Reserve for losses on construction contracts	7,900	9,535	(1,635)	6,317
Other current liabilities	4,186	16,021	(11,835)	32,698
<b>Total current liabilities</b>	<b>1,367,404</b>	<b>1,462,516</b>	<b>(95,112)</b>	<b>1,343,892</b>
<b>Long-term liabilities:</b>				
Debentures	280,000	190,000	90,000	240,000
Long-term debt	593,122	597,988	(4,865)	518,186
Long-term debt for exports loans from main contractors	-	8,054	(8,054)	9,886
Deferred tax liabilities	145,038	128,287	16,751	91,938
Reserve for retirement allowance	48,353	50,534	(2,181)	60,138
Reserve for treatment of PCB waste	3,884	3,884	0	3,884
Other long-term liabilities	30,609	28,928	1,681	14,111
<b>Total long-term liabilities</b>	<b>1,101,007</b>	<b>1,007,676</b>	<b>93,331</b>	<b>938,145</b>
<b>TOTAL LIABILITIES</b>	<b>2,468,411</b>	<b>2,470,193</b>	<b>(1,781)</b>	<b>2,282,038</b>
<b><u>NET ASSETS</u></b>				
<b>Stockholders' equity:</b>				
Common stock	265,608	265,608	0	265,608
Capital surplus:				
Capital reserve	203,536	203,536	0	203,536
Other capital reserve	33	25	7	19
<b>Total capital surplus</b>	<b>203,569</b>	<b>203,561</b>	<b>7</b>	<b>203,555</b>
Retained earnings:				
Legal reserve	66,363	66,363	0	66,363
Revenue reserve:				
Reserve for reduction in costs of fixed assets	24,938	24,938	0	21,007
Reserve for accelerated depreciation	5,838	5,838	0	8,054
General reserves	460,000	460,000	0	460,000
Earned surplus brought forward	61,749	47,383	14,366	35,216
<b>Total revenue reserve</b>	<b>552,526</b>	<b>538,160</b>	<b>14,366</b>	<b>524,279</b>
<b>Total retained earnings</b>	<b>618,890</b>	<b>604,523</b>	<b>14,366</b>	<b>590,643</b>
Treasury stock	(5,049)	(5,062)	12	(5,111)
<b>Total stockholders' equity</b>	<b>1,083,018</b>	<b>1,068,631</b>	<b>14,387</b>	<b>1,054,696</b>
<b>Valuation, translation adjustments and others:</b>				
Net unrealized gains on investment securities	222,039	203,768	18,271	160,268
Deferred gains or losses on hedges	4,915	362	4,553	(1,870)
<b>Total valuation, translation adjustments and others</b>	<b>226,955</b>	<b>204,131</b>	<b>22,824</b>	<b>158,397</b>
Share subscription rights	551	293	257	293
<b>TOTAL NET ASSETS</b>	<b>1,310,525</b>	<b>1,273,056</b>	<b>37,469</b>	<b>1,213,387</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,778,937</b>	<b>3,743,249</b>	<b>35,687</b>	<b>3,495,426</b>

NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	For the six months ended Sep.30,2007		For the six months ended Sep.30,2006		Increase (Decrease)		FY2006	
Net sales		1,140,290		1,060,317	79,973	7.5%		2,426,623
Cost of sales		1,026,771		967,178	59,592			2,215,149
<b>Gross profit</b>	<b>10.0%</b>	<b>113,519</b>	<b>8.8%</b>	<b>93,138</b>	<b>20,381</b>	<b>21.9%</b>	<b>8.7%</b>	<b>211,473</b>
Selling, general and administrative expenses		74,329		64,903	9,426			139,839
<b>Operating income</b>	<b>3.4%</b>	<b>39,190</b>	<b>2.7%</b>	<b>28,235</b>	<b>10,955</b>	<b>38.8%</b>	<b>3.0%</b>	<b>71,633</b>
<b>Non-operating income:</b>								
Interest and dividend income		9,094		8,784	310			25,666
Other income		1,699		1,469	230			2,879
<b>Total non-operating income</b>		<b>10,794</b>		<b>10,253</b>	<b>541</b>			<b>28,546</b>
<b>Non-operating expenses:</b>								
Interest expense		7,742		6,476	1,265			13,950
Foreign exchange losses		9,278		3,941	5,336			12,759
Losses on disposal of fixed assets		2,593		1,930	662			5,836
Other expenses		5,609		6,140	(530)			10,166
<b>Total non-operating expenses</b>		<b>25,223</b>		<b>18,488</b>	<b>6,734</b>			<b>42,714</b>
<b>Ordinary income</b>	<b>2.2%</b>	<b>24,762</b>	<b>1.9%</b>	<b>20,000</b>	<b>4,761</b>	<b>23.8%</b>	<b>2.4%</b>	<b>57,465</b>
<b>Extraordinary income:</b>								
Gains on sales of fixed assets		16,682		3,571	13,110			10,417
Gains on sales of investment securities		-		1,910	(1,910)			8,876
<b>Total extraordinary income</b>		<b>16,682</b>		<b>5,482</b>	<b>11,199</b>			<b>19,294</b>
<b>Extraordinary expenses:</b>								
Business improvement and restructuring charges		2,955		1,743	1,211			8,522
Losses on revaluation of investment securities		-		-	-			7,138
Prior service cost due to change in defined interest rate of employee retirement annuity		-		-	-			2,032
<b>Total extraordinary expenses</b>		<b>2,955</b>		<b>1,743</b>	<b>1,211</b>			<b>17,693</b>
<b>Income before income taxes</b>	<b>3.4%</b>	<b>38,488</b>	<b>2.2%</b>	<b>23,739</b>	<b>14,749</b>	<b>62.1%</b>	<b>2.4%</b>	<b>59,067</b>
<b>Income taxes:</b>								
Current		13,933		930	13,003			13,849
Deferred		122		7,157	(7,035)			5,619
<b>Net income</b>	<b>2.1%</b>	<b>24,433</b>	<b>1.5%</b>	<b>15,652</b>	<b>8,781</b>	<b>56.1%</b>	<b>1.6%</b>	<b>39,599</b>