

MHI ANNOUNCES FY2007 CONSOLIDATED FINANCIAL RESULTS

Tokyo, April 28, 2008 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2007 ended March 31, 2008.

(billions of yen)

| | FY2007 | FY2006 | Changes (%) |
|---|------------------|-----------|-------------|
| Orders Received | 3,715.2 | 3,274.7 | 13.5 |
| Net Sales | 3,203.0 | 3,068.5 | 4.4 |
| Operating Income | 136.0 | 108.9 | 24.9 |
| Ordinary Income | 109.5 | 83.0 | 31.9 |
| Income Before Income Taxes and Minority Interests | 101.3 | 83.7 | 21.1 |
| Net Income | 61.3 | 48.8 | 25.6 |
| Operation Cash Flow | 161.8 | 158.7 | — |
| Investment Cash Flow | —193.0 | —158.6 | — |
| Financing Cash Flow | 71.2 | 48.7 | — |
| Net Income Per Share | 18.28 yen | 14.56 yen | 25.6 |

Consolidated financial results (continued)

Orders Received by Operational Segment

(billions of yen)

| | FY2007 | FY2006 | Differences |
|--|---------------------------|--------------------|-------------|
| Shipbuilding & Ocean Development | 353.6 (9.5) | 314.2 (9.6) | 39.3 |
| Power Systems | 1,214.9 (32.7) | 1,008.2 (30.8) | 206.6 |
| Machinery & Steel Structures | 557.3 (15.0) | 469.0 (14.3) | 88.3 |
| Aerospace | 615.8 (16.6) | 543.3 (16.6) | 72.4 |
| Mass and Medium-Lot Manufactured Machinery | 901.7 (24.3) | 856.6 (26.2) | 45.0 |
| Others | 71.7 (1.9) | 83.0 (2.5) | -11.3 |
| TOTAL | 3,715.2 (100.0) | 3,274.7 (100.0) | 440.4 |

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

Sales by Operational Segment

(billions of yen)

| | FY2007 | FY2006 | Differences |
|--|---------------------------|--------------------|-------------|
| Shipbuilding & Ocean Development | 283.9 (8.9) | 247.1 (8.1) | 36.8 |
| Power Systems | 946.9 (29.6) | 890.7 (29.0) | 56.2 |
| Machinery & Steel Structures | 472.5 (14.7) | 511.6 (16.7) | -39.1 |
| Aerospace | 500.5 (15.6) | 495.0 (16.1) | 5.5 |
| Mass and Medium-Lot Manufactured Machinery | 913.6 (28.5) | 849.0 (27.7) | 64.5 |
| Others | 85.4 (2.7) | 74.8 (2.4) | 10.5 |
| TOTAL | 3,203.0 (100.0) | 3,068.5 (100.0) | 134.5 |

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)

| | FY2007 | FY2006 | Differences |
|--|--------------|--------------|-------------|
| Shipbuilding & Ocean Development | 4.0 | -5.3 | 9.4 |
| Power Systems | 58.2 | 56.7 | 1.5 |
| Machinery & Steel Structures | 11.3 | 2.9 | 8.4 |
| Aerospace | 14.6 | 14.4 | 0.2 |
| Mass and Medium-Lot Manufactured Machinery | 40.0 | 31.3 | 8.6 |
| Others | 7.6 | 8.8 | -1.1 |
| TOTAL | 136.0 | 108.9 | 27.1 |

Estimate of Consolidated Financial Results for FY 2008

For the fiscal year 2008 ending March 31, 2009, MHI is expecting 3,200 billion yen in net sales, 120 billion yen in operating income, 90 billion yen in ordinary income, and 54 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥100 and €1.00 = ¥150 for the portion yet to be fixed.

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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CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

| | FY2007 | | FY2006 | | Increase (Decrease) | |
|--|--------|-----------|--------|-----------|------------------------|-------|
| Net sales | | 3,203,085 | | 3,068,504 | 134,580 | 4.4% |
| Cost of sales | | 2,753,951 | | 2,681,867 | 72,083 | |
| Gross profit | 14.0% | 449,134 | 12.6% | 386,636 | 62,497 | 16.2% |
| Selling, general and administrative expenses | | 313,103 | | 277,724 | 35,379 | |
| Operating income | 4.2% | 136,030 | 3.5% | 108,912 | 27,117 | 24.9% |
| Non-operating income: | | | | | | |
| Interest and dividend income | | 14,558 | | 13,002 | 1,556 | |
| Equity in earnings of unconsolidated subsidiaries and affiliates | | 8,224 | | 8,662 | (438) | |
| Other income | | 5,425 | | 3,000 | 2,425 | |
| Total non-operating income | | 28,208 | | 24,665 | 3,543 | |
| Non-operating expenses: | | | | | | |
| Interest expense | | 20,288 | | 17,810 | 2,478 | |
| Foreign exchange losses | | 10,784 | | 12,992 | (2,208) | |
| Losses on disposal of fixed assets | | 7,344 | | 6,507 | 837 | |
| Other expenses | | 16,317 | | 13,218 | 3,098 | |
| Total non-operating expenses | | 54,734 | | 50,528 | 4,206 | |
| Ordinary income | 3.4% | 109,504 | 2.7% | 83,048 | 26,455 | 31.9% |
| Extraordinary income: | | | | | | |
| Gains on sales of fixed assets | | 18,467 | | 9,763 | 8,704 | |
| Gains on transfer of business | | 3,664 | | - | 3,664 | |
| Gains on sales of investment securities | | - | | 8,901 | (8,901) | |
| Total extraordinary income | | 22,132 | | 18,664 | 3,467 | |
| Extraordinary expenses: | | | | | | |
| Business improvement and restructuring charges | | 30,261 | | 10,742 | 19,518 | |
| Losses on revaluation of investment securities | | - | | 5,227 | (5,227) | |
| Prior service cost due to change in defined interest rate of employee retirement annuity | | - | | 2,032 | (2,032) | |
| Total extraordinary expenses | | 30,261 | | 18,002 | 12,258 | |
| Income before income taxes and minority interests | 3.2% | 101,375 | 2.7% | 83,711 | 17,664 | 21.1% |
| Income taxes: | | | | | | |
| Current | | 58,889 | | 33,087 | 25,801 | |
| Deferred | | (20,612) | | 3,162 | (23,775) | |
| Minority interests | | 1,765 | | (1,378) | 3,144 | |
| Net income | 1.9% | 61,332 | 1.6% | 48,839 | 12,493 | 25.6% |

CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

| | As of Mar.31, 2008 | As of Mar.31, 2007 | Increase (Decrease) |
|--|-----------------------|-----------------------|------------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and deposits | 274,885 | 244,233 | 30,652 |
| Trade receivables | 1,086,580 | 1,166,702 | (80,121) |
| Securities | 3,569 | 2,772 | 797 |
| Inventories | 1,164,853 | 1,048,586 | 116,267 |
| Deferred income taxes | 114,548 | 87,742 | 26,806 |
| Other current assets | 298,125 | 245,214 | 52,910 |
| Allowance for doubtful receivables | (5,677) | (7,935) | 2,258 |
| Total current assets | 2,936,886 | 2,787,315 | 149,571 |
| Fixed assets: | | | |
| Property, plant and equipment: | | | |
| Buildings and structures | 316,559 | 307,004 | 9,554 |
| Machinery and transportation equipment | 272,442 | 238,260 | 34,182 |
| Tools, equipment and furniture | 82,779 | 78,657 | 4,122 |
| Land | 153,615 | 144,422 | 9,192 |
| Construction in progress | 50,256 | 56,399 | (6,143) |
| Subtotal | 875,653 | 824,744 | 50,909 |
| Intangible fixed assets: | | | |
| Software and others | 29,037 | 33,444 | (4,406) |
| Subtotal | 29,037 | 33,444 | (4,406) |
| Investments and advances: | | | |
| Investment securities | 609,248 | 674,932 | (65,684) |
| Deferred income taxes | 7,411 | 6,309 | 1,102 |
| Other assets | 77,401 | 80,818 | (3,417) |
| Allowance for doubtful accounts | (18,490) | (15,699) | (2,790) |
| Subtotal | 675,570 | 746,360 | (70,790) |
| Total fixed assets | 1,580,261 | 1,604,549 | (24,287) |
| TOTAL ASSETS | 4,517,148 | 4,391,864 | 125,283 |

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

| | As of Mar.31, 2008 | As of Mar.31, 2007 | Increase (Decrease) |
|--|-----------------------|-----------------------|------------------------|
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Trade payables | 733,500 | 746,591 | (13,090) |
| Bank loans | 319,217 | 354,275 | (35,057) |
| Current portion of debentures | 40,300 | 52,682 | (12,382) |
| Reserve for product warranties | 23,660 | 21,224 | 2,436 |
| Reserve for losses on construction contracts | 6,893 | 9,535 | (2,642) |
| Advance payments received on contracts | 469,285 | 394,932 | 74,352 |
| Other current liabilities | 233,037 | 228,170 | 4,866 |
| Total current liabilities | 1,825,894 | 1,807,411 | 18,482 |
| Long-term liabilities: | | | |
| Debentures | 286,057 | 196,605 | 89,452 |
| Long-term debt | 719,818 | 670,009 | 49,809 |
| Deferred tax liabilities | 94,134 | 120,617 | (26,483) |
| Reserve for retirement allowance | 89,936 | 98,497 | (8,561) |
| Reserve for treatment of PCB waste | 4,300 | 4,169 | 131 |
| Other long-term liabilities | 56,577 | 48,116 | 8,460 |
| Total long-term liabilities | 1,250,824 | 1,138,016 | 112,807 |
| TOTAL LIABILITIES | 3,076,719 | 2,945,428 | 131,290 |
| <u>NET ASSETS</u> | | | |
| Stockholders' equity: | | | |
| Common stock | 265,608 | 265,608 | 0 |
| Capital surplus | 203,893 | 203,879 | 14 |
| Retained earnings | 787,007 | 744,562 | 42,444 |
| Treasury stock | (5,045) | (5,063) | 18 |
| Total stockholders' equity | 1,251,464 | 1,208,987 | 42,477 |
| Valuation, translation adjustments and others: | | | |
| Net unrealized gains on investment securities | 157,546 | 212,165 | (54,619) |
| Deferred gains or losses on hedges | 7,346 | 657 | 6,688 |
| Foreign currency translation adjustments | 3,847 | 6,211 | (2,364) |
| Total valuation, translation adjustments and others | 168,739 | 219,034 | (50,295) |
| Share subscription rights | 549 | 293 | 255 |
| Minority interests | 19,676 | 18,120 | 1,555 |
| TOTAL NET ASSETS | 1,440,429 | 1,446,436 | (6,006) |
| TOTAL LIABILITIES AND NET ASSETS | 4,517,148 | 4,391,864 | 125,283 |

Consolidated Statements of Changes in Net Assets

1.Results for the Period from April 1, 2007 to March 31, 2008

(Millions of Yen)

| | Stockholders' equity | | | | | Valuation, translation adjustments and others | | | | Share subscription rights | Minority interests | Total net assets |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|---|------------------------------------|--|---|---------------------------|--------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on investment securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Total valuation, translation adjustments and others | | | |
| Balance as of March 31, 2007 | 265,608 | 203,879 | 744,562 | (5,063) | 1,208,987 | 212,165 | 657 | 6,211 | 219,034 | 293 | 18,120 | 1,446,436 |
| Changes in the period | | | | | | | | | | | | |
| Cash dividends | | | (20,135) | | (20,135) | | | | | | | (20,135) |
| Net income | | | 61,332 | | 61,332 | | | | | | | 61,332 |
| Change of scope of consolidation and equity method* | | | 1,247 | | 1,247 | | | | | | | 1,247 |
| Purchase of treasury stock | | | | (118) | (118) | | | | | | | (118) |
| Disposal of treasury stock | | 14 | | 136 | 151 | | | | | | | 151 |
| Net changes in items other than stockholders' equity | | | | | | (54,619) | 6,688 | (2,364) | (50,295) | 255 | 1,555 | (48,483) |
| Total changes in the period | — | 14 | 42,444 | 18 | 42,477 | (54,619) | 6,688 | (2,364) | (50,295) | 255 | 1,555 | (6,006) |
| Balance as of March 31, 2008 | 265,608 | 203,893 | 787,007 | (5,045) | 1,251,464 | 157,546 | 7,346 | 3,847 | 168,739 | 549 | 19,676 | 1,440,429 |

*523 million yen out of 1,247 million yen increase is due to the fact that one of our equity method affiliate changed its scope of consolidation.

2.Results for the Period from April 1, 2006 to March 31, 2007

(Millions of Yen)

| | Stockholders' equity | | | | | Valuation, translation adjustments and others | | | | Share subscription rights | Minority interests | Total net assets |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|---|------------------------------------|--|---|---------------------------|--------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on investment securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Total valuation, translation adjustments and others | | | |
| Balance as of March 31, 2006 | 265,608 | 203,864 | 718,479 | (5,154) | 1,182,798 | 193,372 | — | 117 | 193,490 | — | 17,770 | 1,394,060 |
| Changes in the period | | | | | | | | | | | | |
| Cash dividends* | | | (23,488) | | (23,488) | | | | | | | (23,488) |
| Bonuses to directors and statutory auditors** | | | (110) | | (110) | | | | | | | (110) |
| Net income | | | 48,839 | | 48,839 | | | | | | | 48,839 |
| Change of scope of consolidation and equity method | | | 841 | | 841 | | | | | | | 841 |
| Purchase of treasury stock | | | | (92) | (92) | | | | | | | (92) |
| Disposal of treasury stock | | 14 | | 183 | 198 | | | | | | | 198 |
| Net changes in items other than stockholders' equity | | | | | | 18,792 | 657 | 6,093 | 25,544 | 293 | 349 | 26,188 |
| Total changes in the period | — | 14 | 26,082 | 90 | 26,188 | 18,792 | 657 | 6,093 | 25,544 | 293 | 349 | 52,376 |
| Balance as of March 31, 2007 | 265,608 | 203,879 | 744,562 | (5,063) | 1,208,987 | 212,165 | 657 | 6,211 | 219,034 | 293 | 18,120 | 1,446,436 |

*13,421 million yen out of 23,488 million yen is due to the appropriation of earnings for the previous fiscal year.

**This item is due to the appropriation of earnings for the previous fiscal year.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

| | FY 2007 | FY 2006 | Differences |
|---|---------------|---------------|-----------------|
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | 101,375 | 83,711 | 17,664 |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities | | | |
| Depreciation and amortization | 128,260 | 106,608 | 21,652 |
| Decrease in reserve for retirement allowance | (8,554) | (12,441) | 3,886 |
| Interest and dividend income | (14,558) | (13,002) | (1,556) |
| Interest expense | 20,288 | 17,810 | 2,478 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | (8,224) | (8,662) | 438 |
| Gains on sales of investment securities | - | (8,901) | 8,901 |
| Losses on revaluation of investment securities | - | 5,227 | (5,227) |
| Gains on sales of fixed assets | (18,467) | (9,763) | (8,704) |
| Losses on disposal of fixed assets | 7,344 | 6,507 | 837 |
| Business improvement and restructuring charges | 30,261 | 10,742 | 19,518 |
| Gains on transfer of business | (3,664) | - | (3,664) |
| Prior service cost due to change in defined interest rate of employee retirement annuity | - | 2,032 | (2,032) |
| (Increase) decrease in receivables | 80,076 | (63,857) | 143,933 |
| (Increase) decrease in inventories and advances to suppliers | (140,789) | (110,540) | (30,248) |
| (Increase) decrease in other assets | (3,559) | (4,275) | 716 |
| Increase (decrease) in payables | (14,683) | 69,459 | (84,143) |
| Increase (decrease) in advance payments received on contracts | 76,971 | 59,140 | 17,831 |
| Increase (decrease) in other liabilities | (17,543) | 41,260 | (58,804) |
| Others | (504) | (1,274) | 769 |
| Subtotal | 214,027 | 169,780 | 44,246 |
| Interest and dividends received | 16,240 | 20,525 | (4,285) |
| Interest paid | (20,068) | (17,090) | (2,978) |
| Payments for income taxes | (48,375) | (14,494) | (33,881) |
| Net cash provided by operating activities | 161,823 | 158,721 | 3,101 |
| Cash flows from investing activities: | | | |
| Net decrease in time deposits | 2,903 | 1,690 | 1,213 |
| Proceeds from sales and redemption of marketable securities | 793 | 59 | 734 |
| Purchases of property, plant, equipment and intangible assets | (194,660) | (174,396) | (20,263) |
| Proceeds from sales of property, plant, equipment and intangible assets | 15,100 | 15,407 | (306) |
| Purchases of investment securities | (28,366) | (15,295) | (13,070) |
| Proceeds from sales and redemption of investment securities | 8,986 | 11,733 | (2,747) |
| Disbursement of long-term loans | (1,956) | (2,496) | 539 |
| Collection of long-term loans | 1,142 | 3,961 | (2,818) |
| Others | 3,000 | 682 | 2,317 |
| Net cash used in investing activities | (193,055) | (158,653) | (34,401) |
| Cash flows from financing activities: | | | |
| Net decrease in bank loans | (56,816) | (19,201) | (37,615) |
| Proceeds from long-term debt | 132,219 | 161,789 | (29,569) |
| Repayment of long-term debt | (60,402) | (105,941) | 45,539 |
| Proceeds from issuance of bonds | 130,000 | 35,819 | 94,181 |
| Payment for redemption of bonds | (52,656) | (300) | (52,356) |
| Dividends paid to stockholders | (20,078) | (23,400) | 3,322 |
| Dividends paid to minority stockholders of subsidiaries | (712) | (529) | (183) |
| Others | (324) | 494 | (819) |
| Net cash provided by (used in) financing activities | 71,228 | 48,730 | 22,498 |
| Effect of exchange rate changes on cash and cash equivalents | (5,339) | 2,032 | (7,372) |
| Net increase in cash and cash equivalents | 34,657 | 50,830 | (16,173) |
| Cash and cash equivalents at beginning of year | 227,584 | 176,274 | 51,310 |
| Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries | 610 | 479 | 130 |
| Cash and cash equivalents at end of year | 262,852 | 227,584 | 35,267 |

MHI ANNOUNCES FY2007 NON-CONSOLIDATED FINANCIAL RESULTS

Tokyo, April 28, 2008 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2007 ended March 31, 2008.

(billions of yen)

| | FY2007 | FY2006 | Changes (%) |
|----------------------------|-----------|-----------|-------------|
| Orders Received | 2,903.1 | 2,586.6 | 12.2 |
| Net Sales | 2,471.1 | 2,426.6 | 1.8 |
| Operating Income | 94.9 | 71.6 | 32.5 |
| Ordinary Income | 68.2 | 57.4 | 18.8 |
| Income Before Income Taxes | 54.2 | 59.0 | -8.2 |
| Net Income | 34.4 | 39.5 | -13.1 |
| Net Income Per Share | 10.26 yen | 11.80 yen | -13.1 |
| Dividend Per Share | 6.00 yen | 6.00 yen | - |

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NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

| | FY2007 | | FY2006 | | Increase (Decrease) | |
|--|--------------|----------------|-------------|----------------|------------------------|----------------|
| Net sales | | 2,471,101 | | 2,426,623 | 44,478 | 1.8% |
| Cost of sales | | 2,217,247 | | 2,215,149 | 2,097 | |
| Gross profit | 10.3% | 253,853 | 8.7% | 211,473 | 42,380 | 20.0% |
| Selling, general and administrative expenses | | 158,934 | | 139,839 | 19,094 | |
| Operating income | 3.8% | 94,919 | 3.0% | 71,633 | 23,285 | 32.5% |
| Non-operating income: | | | | | | |
| Interest and dividend income | | 17,145 | | 25,666 | (8,520) | |
| Other income | | 3,583 | | 2,879 | 703 | |
| Total non-operating income | | 20,729 | | 28,546 | (7,817) | |
| Non-operating expenses: | | | | | | |
| Interest expense | | 16,506 | | 13,950 | 2,555 | |
| Foreign exchange losses | | 10,230 | | 12,759 | (2,529) | |
| Losses on disposal of fixed assets | | 6,614 | | 5,836 | 777 | |
| Other expenses | | 14,017 | | 10,166 | 3,850 | |
| Total non-operating expenses | | 47,369 | | 42,714 | 4,655 | |
| Ordinary income | 2.8% | 68,279 | 2.4% | 57,465 | 10,813 | 18.8% |
| Extraordinary income: | | | | | | |
| Gains on sales of fixed assets | | 21,027 | | 10,417 | 10,609 | |
| Gains on transfer of business | | 3,664 | | - | 3,664 | |
| Gains on sales of investment securities | | - | | 8,876 | (8,876) | |
| Total extraordinary income | | 24,692 | | 19,294 | 5,397 | |
| Extraordinary expenses: | | | | | | |
| Business improvement and restructuring charges | | 35,201 | | 8,522 | 26,679 | |
| Losses on revaluation of investment securities | | 3,561 | | 7,138 | (3,577) | |
| Prior service cost due to change in defined interest rate of employee retirement annuity | | - | | 2,032 | (2,032) | |
| Total extraordinary expenses | | 38,762 | | 17,693 | 21,069 | |
| Income before income taxes | 2.2% | 54,208 | 2.4% | 59,067 | (4,859) | (8.2%) |
| Income taxes: | | | | | | |
| Current | | 35,484 | | 13,849 | 21,635 | |
| Deferred | | (15,697) | | 5,619 | (21,316) | |
| Net income | 1.4% | 34,421 | 1.6% | 39,599 | (5,178) | (13.1%) |

NON-CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

| | As of Mar.31, 2008 | As of Mar.31, 2007 | Increase (Decrease) |
|---|-----------------------|-----------------------|------------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and deposits | 161,985 | 160,560 | 1,424 |
| Trade notes receivable | 6,916 | 9,695 | (2,778) |
| Trade accounts receivable | 929,749 | 1,000,528 | (70,778) |
| Securities | 7 | 315 | (307) |
| Finished products | 82,268 | 76,927 | 5,341 |
| Raw materials and supplies | 93,197 | 70,748 | 22,449 |
| Work in process | 801,158 | 701,332 | 99,826 |
| Advances to suppliers | 99,206 | 95,574 | 3,632 |
| Prepaid expenses | 835 | 913 | (77) |
| Deferred income taxes | 86,580 | 64,966 | 21,614 |
| Other current assets | 161,927 | 135,660 | 26,266 |
| Allowance for doubtful receivables | (69) | (65) | (4) |
| Total current assets | 2,423,765 | 2,317,157 | 106,607 |
| Fixed assets: | | | |
| Property, plant and equipment: | | | |
| Buildings | 221,457 | 214,742 | 6,715 |
| Structures | 24,107 | 23,700 | 407 |
| Dock and facilities for ship building | 2,906 | 3,127 | (220) |
| Machinery | 200,847 | 170,122 | 30,725 |
| Vessels | 19 | 21 | (2) |
| Aircraft | 221 | 185 | 36 |
| Vehicles and transportation equipment | 3,521 | 2,711 | 810 |
| Tools, equipment and furniture | 59,307 | 53,346 | 5,961 |
| Land | 114,749 | 109,935 | 4,814 |
| Construction in progress | 36,755 | 51,966 | (15,211) |
| Subtotal | 663,895 | 629,859 | 34,036 |
| Intangible fixed assets: | | | |
| Software | 12,048 | 14,408 | (2,359) |
| Right for facility utilization | 1,411 | 1,698 | (286) |
| Other intangible fixed assets | 274 | 566 | (291) |
| Subtotal | 13,735 | 16,673 | (2,937) |
| Investments and advances: | | | |
| Investment securities | 415,764 | 492,568 | (76,804) |
| Investments in shares of subsidiaries and affiliates | 235,427 | 207,909 | 27,517 |
| Long-term loans and advances | 23,445 | 11,112 | 12,333 |
| Investment capital and guarantee deposits | 4,967 | 5,889 | (922) |
| Investments in capital of subsidiaries and affiliates | 15,336 | 14,794 | 542 |
| Long-term prepaid expenses | 39,052 | 43,470 | (4,418) |
| Other investments | 13,565 | 14,736 | (1,170) |
| Allowance for doubtful accounts | (9,162) | (10,921) | 1,758 |
| Subtotal | 738,396 | 779,560 | (41,163) |
| Total fixed assets | 1,416,027 | 1,426,092 | (10,064) |
| TOTAL ASSETS | 3,839,792 | 3,743,249 | 96,542 |

NON-CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

| | As of Mar.31, 2008 | As of Mar.31, 2007 | Increase (Decrease) |
|---|-----------------------|-----------------------|------------------------|
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Trade accounts payable | 636,946 | 648,939 | (11,993) |
| Bank loans | 221,456 | 243,276 | (21,819) |
| Current portion of long-term debt for exports loans from main contractors | - | 3,861 | (3,861) |
| Current portion of debentures | 40,000 | 50,000 | (10,000) |
| Accrued payables | 40,543 | 47,178 | (6,634) |
| Accrued expenses | 49,498 | 37,523 | 11,974 |
| Accrued income taxes | 25,244 | 16,779 | 8,465 |
| Advance payments received on contracts | 413,842 | 344,848 | 68,993 |
| Deposits received | 13,786 | 23,329 | (9,543) |
| Reserve for product warranties | 23,660 | 21,224 | 2,436 |
| Reserve for losses on construction contracts | 6,893 | 9,535 | (2,642) |
| Other current liabilities | 4,960 | 16,021 | (11,061) |
| Total current liabilities | 1,476,831 | 1,462,516 | 14,314 |
| Long-term liabilities: | | | |
| Debentures | 280,000 | 190,000 | 90,000 |
| Long-term debt | 659,998 | 597,988 | 62,010 |
| Long-term debt for exports loans from main contractors | - | 8,054 | (8,054) |
| Deferred tax liabilities | 102,062 | 128,287 | (26,225) |
| Reserve for retirement allowance | 41,191 | 50,534 | (9,342) |
| Reserve for treatment of PCB waste | 4,053 | 3,884 | 169 |
| Other long-term liabilities | 35,240 | 28,928 | 6,312 |
| Total long-term liabilities | 1,122,546 | 1,007,676 | 114,869 |
| TOTAL LIABILITIES | 2,599,377 | 2,470,193 | 129,184 |
| <u>NET ASSETS</u> | | | |
| Stockholders' equity: | | | |
| Common stock | 265,608 | 265,608 | 0 |
| Capital surplus: | | | |
| Capital reserve | 203,536 | 203,536 | 0 |
| Other capital reserve | 39 | 25 | 14 |
| Total capital surplus | 203,576 | 203,561 | 14 |
| Retained earnings: | | | |
| Legal reserve | 66,363 | 66,363 | 0 |
| Revenue reserve: | | | |
| Reserve for reduction in costs of fixed assets | 33,924 | 24,938 | 8,986 |
| Reserve for accelerated depreciation | 3,667 | 5,838 | (2,170) |
| General reserves | 460,000 | 460,000 | 0 |
| Earned surplus brought forward | 54,853 | 47,383 | 7,469 |
| Total revenue reserve | 552,445 | 538,160 | 14,285 |
| Total retained earnings | 618,809 | 604,523 | 14,285 |
| Treasury stock | (5,040) | (5,062) | 22 |
| Total stockholders' equity | 1,082,953 | 1,068,631 | 14,322 |
| Valuation, translation adjustments and others: | | | |
| Net unrealized gains on investment securities | 150,343 | 203,768 | (53,424) |
| Deferred gains or losses on hedges | 6,568 | 362 | 6,206 |
| Total valuation, translation adjustments and others | 156,912 | 204,131 | (47,218) |
| Share subscription rights | 549 | 293 | 255 |
| TOTAL NET ASSETS | 1,240,415 | 1,273,056 | (32,641) |
| TOTAL LIABILITIES AND NET ASSETS | 3,839,792 | 3,743,249 | 96,542 |

Non-consolidated Statements of Changes in Net Assets

1. Results for the Period from April 1, 2007 to March 31, 2008

(Millions of Yen)

| | Stockholders' equity | | | | | | | | | | | | |
|---|----------------------|-----------------|-----------------------|-----------------------|---------------|--|--------------------------------------|------------------|--------------------------------|-----------------------|-------------------------|----------------|----------------------------|
| | Common stock | Capital surplus | | | Legal reserve | Retained earnings | | | | | | Treasury stock | Total stockholders' equity |
| | | Capital reserve | Other capital reserve | Total capital surplus | | Revenue reserve | | | | | Total retained earnings | | |
| | | | | | | Reserve for reduction in costs of fixed assets | Reserve for accelerated depreciation | General reserves | Earned surplus brought forward | Total revenue reserve | | | |
| Balance as of March 31, 2007 | 265,608 | 203,536 | 25 | 203,561 | 66,363 | 24,938 | 5,838 | 460,000 | 47,383 | 538,160 | 604,523 | (5,062) | 1,068,631 |
| Changes in the period | | | | | | | | | | | | | |
| Provision of reserve for reduction in costs of fixed assets | | | | | | 10,210 | | | (10,210) | - | - | | - |
| Reversal of reserve for reduction in costs of fixed assets | | | | | | (1,223) | | | 1,223 | - | - | | - |
| Reversal of reserve for accelerated depreciation | | | | | | | (2,170) | | 2,170 | - | - | | - |
| Cash dividends | | | | | | | | | (20,135) | (20,135) | (20,135) | | (20,135) |
| Net income | | | | | | | | | 34,421 | 34,421 | 34,421 | | 34,421 |
| Purchase of treasury stock | | | | | | | | | | | | (114) | (114) |
| Disposal of treasury stock | | | 14 | 14 | | | | | | | | 136 | 151 |
| Net changes in items other than stockholders' equity | | | | | | | | | | | | | |
| Total changes in the period | - | - | 14 | 14 | - | 8,986 | (2,170) | - | 7,469 | 14,285 | 14,285 | 22 | 14,322 |
| Balance as of March 31, 2008 | 265,608 | 203,536 | 39 | 203,576 | 66,363 | 33,924 | 3,667 | 460,000 | 54,853 | 552,445 | 618,809 | (5,040) | 1,082,953 |

| | Valuation, translation adjustments and others | | | Share subscription rights | Total net assets |
|---|---|------------------------------------|---|---------------------------|------------------|
| | Net unrealized gains on investment securities | Deferred gains or losses on hedges | Total Valuation, translation adjustments and others | | |
| Balance as of March 31, 2007 | 203,768 | 362 | 204,131 | 293 | 1,273,056 |
| Changes in the period | | | | | |
| Provision of reserve for reduction in costs of fixed assets | | | | | - |
| Reversal of reserve for reduction in costs of fixed assets | | | | | - |
| Reversal of reserve for accelerated depreciation | | | | | - |
| Cash dividends | | | | | (20,135) |
| Net income | | | | | 34,421 |
| Purchase of treasury stock | | | | | (114) |
| Disposal of treasury stock | | | | | 151 |
| Net changes in items other than stockholders' equity | (53,424) | 6,206 | (47,218) | 255 | (46,963) |
| Total changes in the period | (53,424) | 6,206 | (47,218) | 255 | (32,641) |
| Balance as of March 31, 2008 | 150,343 | 6,568 | 156,912 | 549 | 1,240,415 |

Non-consolidated Statements of Changes in Net Assets

2. Results for the Period from April 1, 2006 to March 31, 2007

(Millions of Yen)

| | Stockholders' equity | | | | | | | | | | | | Total stockholders' equity |
|---|----------------------|-----------------|-----------------------|-----------------------|---------------|--|--------------------------------------|------------------|-------------------------------|-----------------------|-------------------------|----------------|----------------------------|
| | Common stock | Capital surplus | | | Legal reserve | Retained earnings | | | | | | Treasury stock | |
| | | Capital reserve | Other capital reserve | Total capital surplus | | Revenue reserve | | | | | Total retained earnings | | |
| | | | | | | Reserve for reduction in costs of fixed assets | Reserve for accelerated depreciation | General reserves | Eamed surplus brought forward | Total revenue reserve | | | |
| Balance as of March 31, 2006 | 265,608 | 203,536 | 10 | 203,547 | 66,363 | 14,700 | 6,648 | 460,000 | 40,809 | 522,158 | 588,522 | (5,153) | 1,052,524 |
| Changes in the period | | | | | | | | | | | | | |
| Provision of reserve for reduction in costs of fixed assets (previous fiscal year)* | | | | | | 6,900 | | | (6,900) | - | - | | |
| Reversal of reserve for reduction in costs of fixed assets (previous fiscal year)* | | | | | | (593) | | | 593 | - | - | | |
| Provision of reserve for reduction in costs of fixed assets (current year) | | | | | | 5,067 | | | (5,067) | - | - | | |
| Reversal of reserve for reduction in costs of fixed assets (current year) | | | | | | (1,137) | | | 1,137 | - | - | | |
| Provision of reserve for accelerated depreciation (previous fiscal year)* | | | | | | | 3,018 | | (3,018) | - | - | | |
| Reversal of reserve for accelerated depreciation (previous fiscal year)* | | | | | | | (1,612) | | 1,612 | - | - | | |
| Reversal of reserve for accelerated depreciation (current year) | | | | | | | (2,215) | | 2,215 | - | - | | |
| Cash dividends** | | | | | | | | | (23,488) | (23,488) | (23,488) | | (23,488) |
| Bonuses to directors and statutory auditors * | | | | | | | | | (110) | (110) | (110) | | (110) |
| Net income | | | | | | | | | 39,599 | 39,599 | 39,599 | | 39,599 |
| Purchase of treasury stock | | | | | | | | | | | | (92) | (92) |
| Disposal of treasury stock | | | 14 | 14 | | | | | | | | 183 | 198 |
| Net changes in items other than stockholders' equity | | | | | | | | | | | | | |
| Total changes in the period | - | - | 14 | 14 | - | 10,237 | (809) | - | 6,573 | 16,001 | 16,001 | 90 | 16,106 |
| Balance as of March 31, 2007 | 265,608 | 203,536 | 25 | 203,561 | 66,363 | 24,938 | 5,838 | 460,000 | 47,383 | 538,160 | 604,523 | (5,062) | 1,068,631 |

| | Valuation, translation adjustments and others | | | Share subscription rights | Total net assets |
|---|---|------------------------------------|---|---------------------------|------------------|
| | Net unrealized gains on investment securities | Deferred gains or losses on hedges | Total Valuation, translation adjustments and others | | |
| Balance as of March 31, 2006 | 254,567 | - | 254,567 | - | 1,307,092 |
| Changes in the period | | | | | |
| Provision of reserve for reduction in costs of fixed assets (previous fiscal year)* | | | | | - |
| Reversal of reserve for reduction in costs of fixed assets (previous fiscal year)* | | | | | - |
| Provision of reserve for reduction in costs of fixed assets (current year) | | | | | - |
| Reversal of reserve for reduction in costs of fixed assets (current year) | | | | | - |
| Provision of reserve for accelerated depreciation (previous fiscal year)* | | | | | - |
| Reversal of reserve for accelerated depreciation (previous fiscal year)* | | | | | - |
| Reversal of reserve for accelerated depreciation (current year) | | | | | - |
| Cash dividends** | | | | | (23,488) |
| Bonuses to directors and statutory auditors * | | | | | (110) |
| Net income | | | | | 39,599 |
| Purchase of treasury stock | | | | | (92) |
| Disposal of treasury stock | | | | | 198 |
| Net changes in items other than stockholders' equity | (50,799) | 362 | (50,436) | 293 | (50,142) |
| Total changes in the period | (50,799) | 362 | (50,436) | 293 | (34,036) |
| Balance as of March 31, 2007 | 203,768 | 362 | 204,131 | 293 | 1,273,056 |

* These items are due to the appropriation of earnings for the previous fiscal year.

**13,421 million yen out of 23,488 million yen is due to the appropriation of earnings for the previous fiscal year.