



Financial Results for 2007 and Forecast for 2008

April 2008



<Table of Contents>

I. Financial Results for 2007

- Summary of Financial Results for 2007 (1)	4
- Summary of Financial Results for 2007 (2)	5
- Components of Change in 2007	
Income before Income Taxes	6
- Ordinary Income and Extraordinary Income	7
- Financial Results for 2007 by Business Segment	8
<Shipbuilding & Ocean Development>	9
<Power Systems>	10
<Machinery & Steel Structures>	11
<Aerospace>	12
<Mass and Medium-Lot Manufactured Machinery>	13
<Others>	14
- Balance Sheets	15
- Cash Flows, Interest-Bearing Debts	16
- Supplementary Information (1)	17
- Supplementary Information (2)	18

II. Forecast for 2008

- Summary of Forecast for 2008	21
- Forecast for 2008 by Business Segment	22

<Reference>

[Non-consolidated] Summary of Financial Results for 2007

I. Financial Results for 2007

Summary of Financial Results for 2007 (1)

(In billion yen)

	2006	2007	Change
Order received	3,274.7	3,715.2	+ 440.4
Net sales	3,068.5	3,203.0	+ 134.5
Operating income	108.9	136.0	+ 27.1
Ordinary income	83.0	109.5	+ 26.4
Extraordinary income	0.6	-8.1	- 8.7
Income before income taxes	83.7	101.3	+ 17.6
Net income	48.8	61.3	+ 12.4

Summary of Financial Results for 2007 (2)

Orders received ⇒ Up ¥440.4 billion YoY (¥3,274.7 bn → ¥3,715.2 bn)

- Orders increased in the Power Systems segment, boosted by significant growth in orders for large thermal power plants and wind turbines overseas, and in the Machinery & Steel Structure segment, which benefited from robust orders for metal machinery and chemical plants. Orders also increased to exceed the level of the previous year in all other segments, namely Aerospace, Shipbuilding & Ocean Development, and Mass and Medium-Lot Manufactured Machinery.

Net sales ⇒ Up ¥134.5 billion YoY (¥3,068.5 bn → ¥3,203.0 bn)

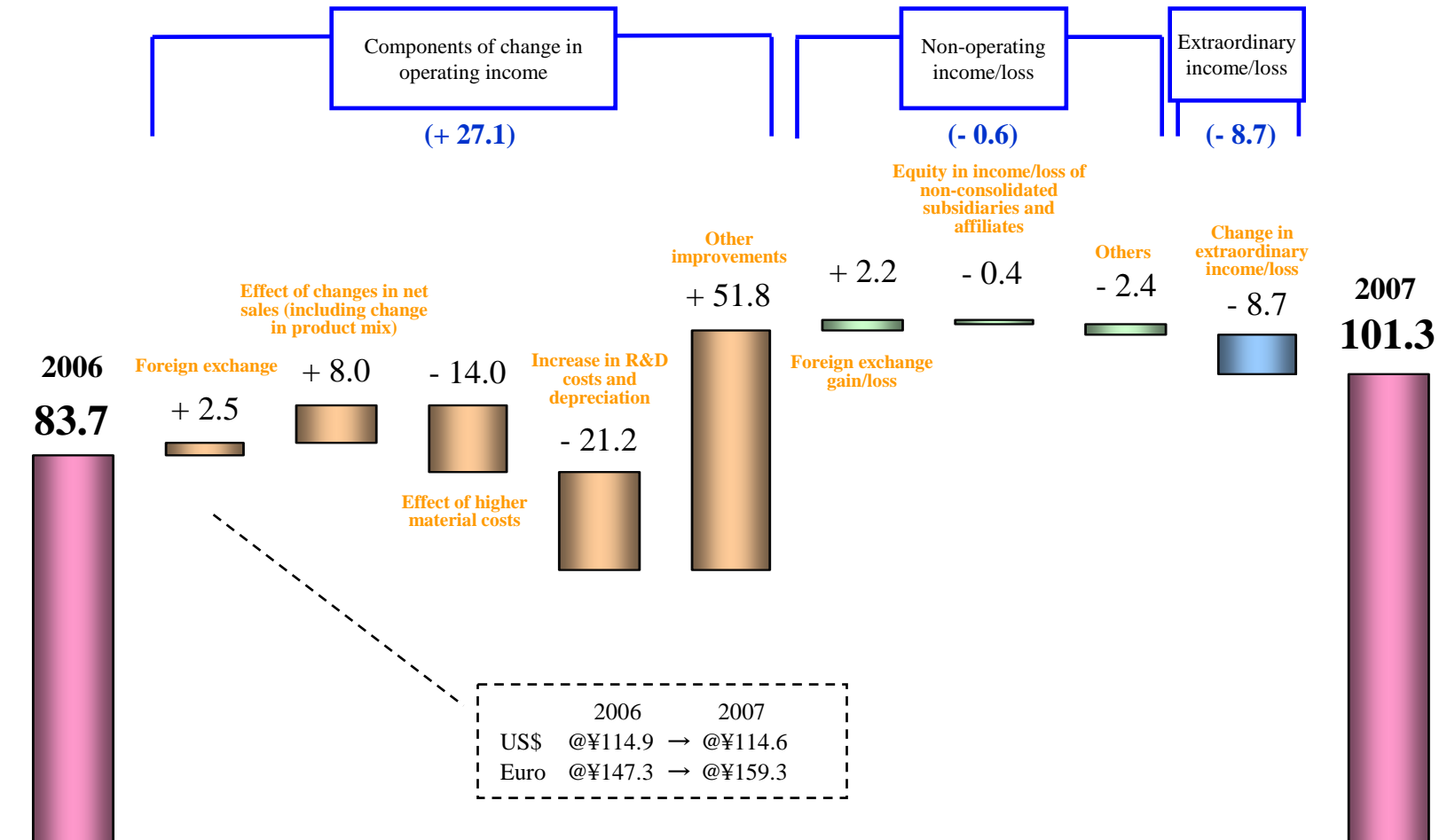
- Sales rose in the Mass and Medium-Lot Manufactured Machinery segment, where overseas sales remained solid, as well as in the Power Systems, Shipbuilding & Ocean Development, and Aerospace segments. Although sales declined in the Machinery & Steel Structure segment, overall net sales were up from the previous year.

Net income ⇒ Up ¥12.4 billion YoY (¥48.8 bn → ¥61.3 bn)

- Operating income, ordinary income and net income all increased from the previous year, thanks to an increase in earnings and profitability associated with the higher sales, which offset a rise in material and R&D costs.

Components of Change in 2007 Income before Income Taxes

Up ¥17.6 billion YoY (¥83.7 bn → ¥101.3 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (+ ¥26.4 billion YoY (¥83.0 bn → ¥109.5 bn))

(In billion yen)

	2006	2007	Change
Operating income	108.9	136.0	+ 27.1
Foreign exchange gains	- 12.9	- 10.7	+ 2.2
Net interest loss	- 4.8	- 5.7	- 0.9
Equity in gain of non-consolidated subsidiaries and affiliates	8.6	8.2	- 0.4
Other	- 16.7	- 18.2	- 1.5
Non-operating income	-25.8	- 26.5	- 0.6
Ordinary income	83.0	109.5	+ 26.4

- Extraordinary Income (- ¥8.7 billion YoY (¥0.6 bn → - ¥8.1 bn))

(In billion yen)

	2006	2007	Change
Gain on sale of property and equipment	9.7	18.4	+ 8.7
Gain on sale of investment securities	8.9	-	- 8.9
Gain on sale of businesses	-	3.6	+ 3.6
Extraordinary income	18.6	22.1	+ 3.4
Special expenses related to business improvement and restructuring	- 10.7	- 30.2	- 19.5
Valuation losses on investment securities	- 5.2	-	+ 5.2
Revision of retirement pension benefit ratio, etc.	- 2.0	-	+ 2.0
Extraordinary loss	- 18.0	- 30.2	- 12.2
Extraordinary income/loss	0.6	- 8.1	- 8.7

Financial Results for 2007 by Business Segment

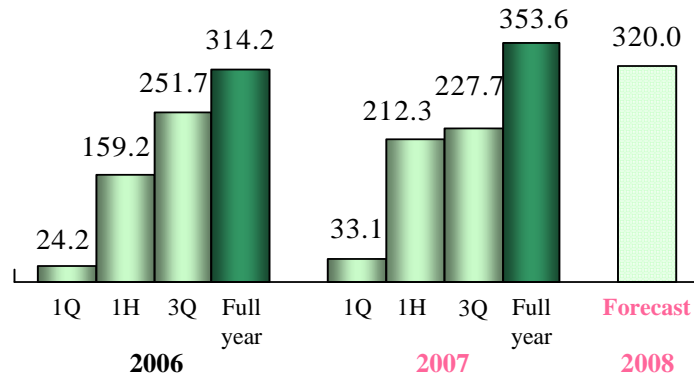
(In billion yen)

	Orders received		Net sales		Operating income	
	2006	2007	2006	2007	2006	2007
Shipbuilding & Ocean Development	314.2	353.6	247.1	283.9	- 5.3	4.0
Power Systems	1,008.2	1,214.9	890.7	946.9	56.7	58.2
Machinery & Steel Structures	469.0	557.3	511.6	472.5	2.9	11.3
Aerospace	543.3	615.8	495.0	500.5	14.4	14.6
GM & SV	437.5	465.2	431.1	474.4	16.6	20.8
Air-Con	197.4	212.1	198.5	211.8	3.2	6.2
Industrial	221.7	224.3	219.3	227.2	11.4	12.9
Mass and Medium-Lot Manufactured machinery	856.6	901.7	849.0	913.6	31.3	40.0
Others	83.0	71.7	74.8	85.4	8.8	7.6
Total	3,274.7	3,715.2	3,068.5	3,203.0	108.9	136.0

< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

Orders Received



Orders received: Up ¥39.3 billion YoY

- Demand for shipbuilding remained strong, and orders were received for a total of 32 new vessels during the fiscal year under review, including 13 car carriers, seven container carriers, four patrol vessels and four roll-on/roll-off vessels.

[Number of ships orders received]

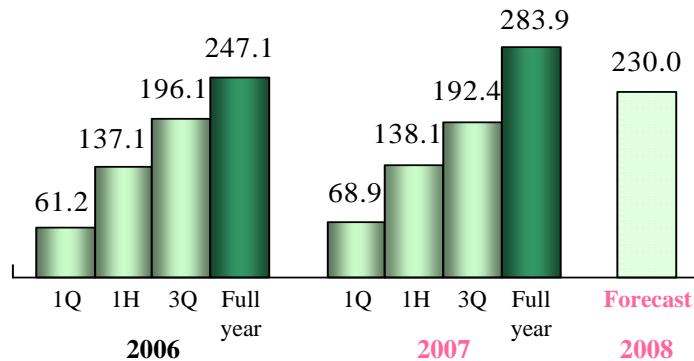
2006: 23 (1Q:2 2Q:10 3Q:7 4Q:4)

2007: 32 (1Q:4 2Q:17 3Q:4 4Q:7)

[Backlog of ship orders] 71

(Including 26 car carriers, 14 container carriers, nine LPG carriers, seven LNG carriers)

Net Sales



Net sales/Earnings: Both net sales and earnings were up ¥36.8 billion and ¥9.4 billion year on year, respectively

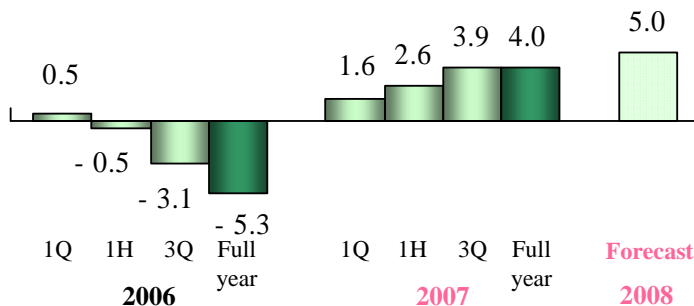
- We delivered a total of 22 vessels, including seven container carriers, five LNG carriers, three car carriers, two LPG carriers and two ferries.

[Number of ships delivered]

2006: 21 (1Q:5 2Q:7 3Q:4 4Q:5)

2007: 22 (1Q:6 2Q:3 3Q:4 4Q:9)

Operating Income

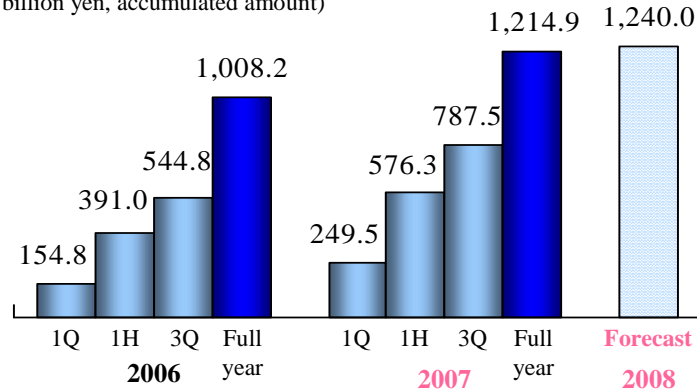


- Earnings rose ¥9.4 billion from the previous year and moved into the black, driven by improved profitability reflecting a recovery in vessel prices and other factors, offsetting the rise in material costs.

< Power Systems >

(In billion yen, accumulated amount)

Orders Received



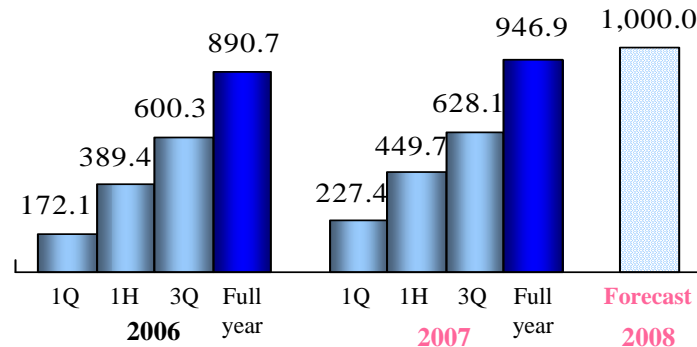
Orders received: Up ¥206.6 billion YoY

- Orders increased significantly from the previous year, attributable to continued demand for the construction of power plants overseas and growth in orders for wind turbines in the United States, in addition to firm orders for business and industrial powers systems in Japan.

[Wind turbines (Output-based)]

2006: 1,167MW (1Q:0MW, 2Q:346MW, 3Q:366MW, 4Q:455MW)
 2007: 1,575MW (1Q:679MW, 2Q:672MW, 3Q:202MW, 4Q:22MW)

Net Sales



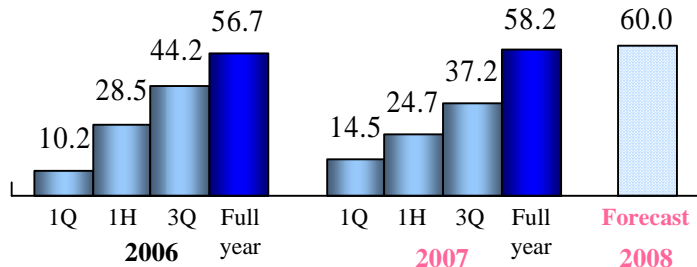
[Gas turbine order backlog (Non-consolidated)]

2006:1Q:78 2Q:71 3Q:58 4Q:60
 2007:1Q:61 2Q:66 3Q:65 4Q:72

Net sales/Earnings: Increased earnings (+ ¥1.5 billion YoY) on increased sales (+ ¥56.2 billion YoY)

- Net sales increased from the previous year, on the strength of orders for wind turbines in the United States and the construction of power systems in Japan and overseas.

Operating Income

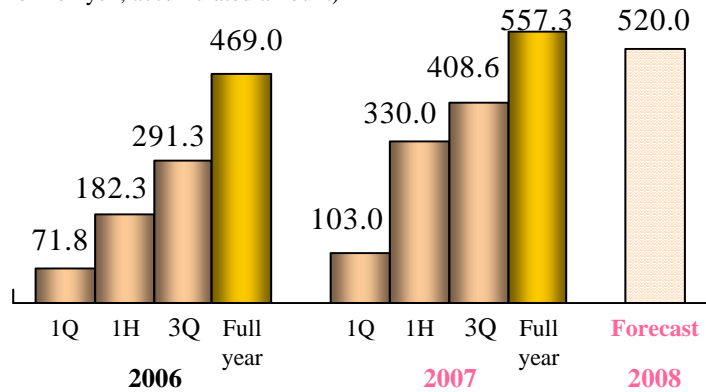


- Earnings exceeded the level of a year ago, as the increased profit associated with higher sales offset factors such as higher material and R&D costs.

< Machinery & Steel Structures >

(In billion yen, accumulated amount)

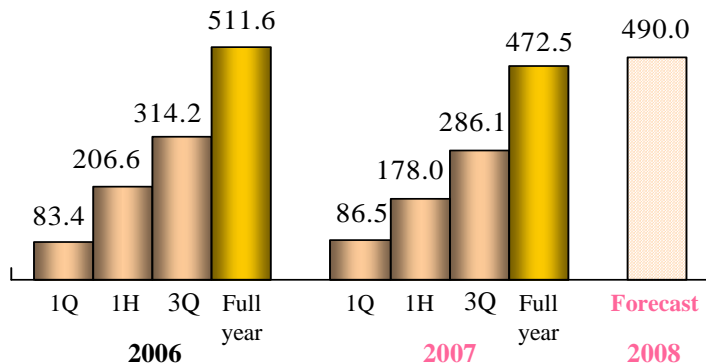
Orders Received



Orders received: Up ¥88.3 billion YoY

- Orders were up from the previous, year mainly as a result of demand for large overseas projects in steel machinery and chemical plants.

Net Sales

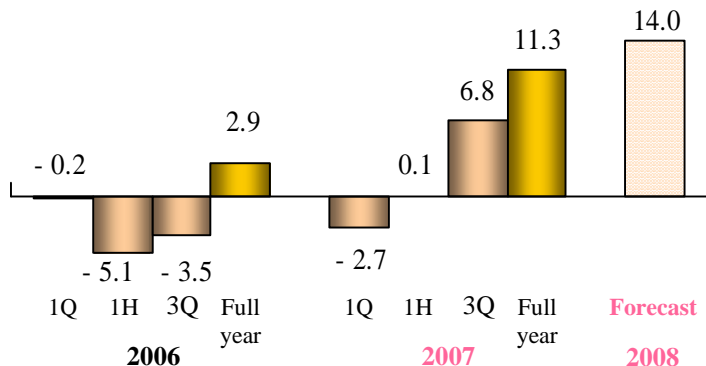


Net sales/Earnings: Net sales were down ¥39.1 billion, but earnings rose ¥8.4 billion year on year

- Net sales declined from the previous year's high.

- Earnings increased ¥8.4 billion year on year, thanks to improved profitability.

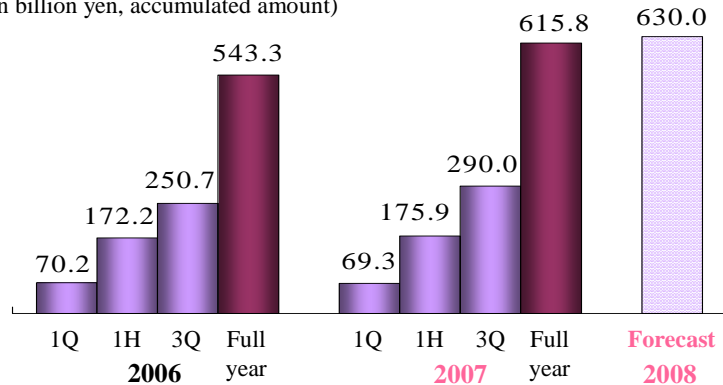
Operating Income



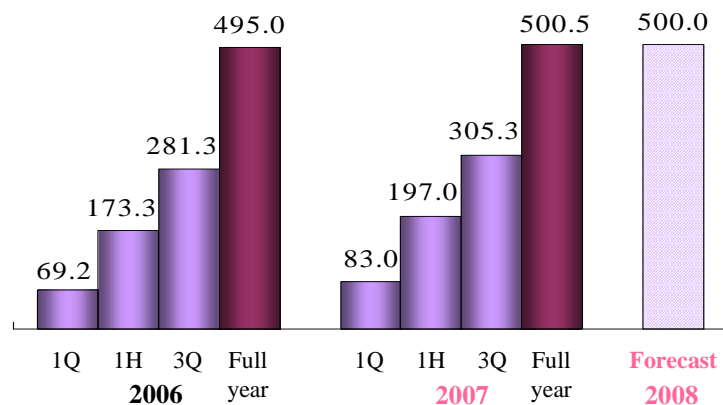
< Aerospace >

(In billion yen, accumulated amount)

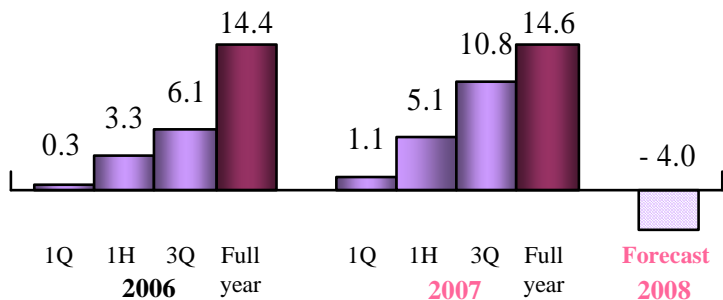
Orders Received



Net Sales



Operating Income



Orders received: Up ¥72.4 billion YoY

- Orders increased in all defense-related products, with orders for the F-2 support fighter rising by several units. Orders for space systems benefited from stronger demand for the H-II A rocket, while demand for commercial transport aircraft remained firm.

Net sales/Earnings: Increased earnings (+ ¥0.2 billion YoY) on increased sales (+ ¥5.5 billion YoY)

- Net sales were up year on year, as sales of defense-related products increased while demand for commercial transport aircraft such as the B777 remained robust.

[Number of B777s delivered]

2006: 75 (1Q:15, 2Q:17, 3Q:21, 4Q:22)

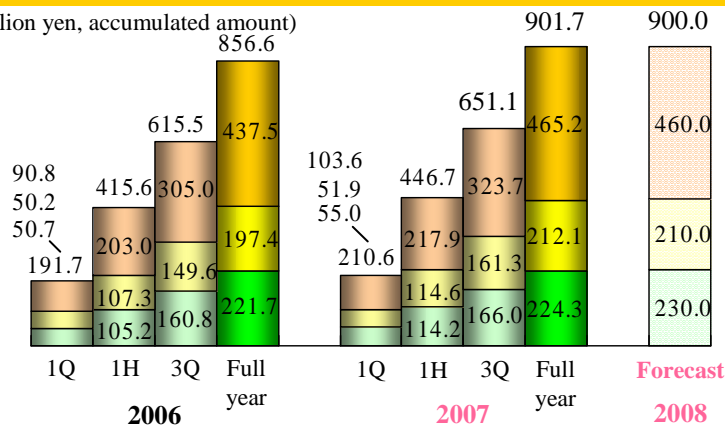
2007: 81 (1Q:19, 2Q:21, 3Q:19, 4Q:22)

- Earnings slightly exceeded the level of a year earlier, owing to improved profitability, overcoming negatives such as an increase in depreciation due to system changes.

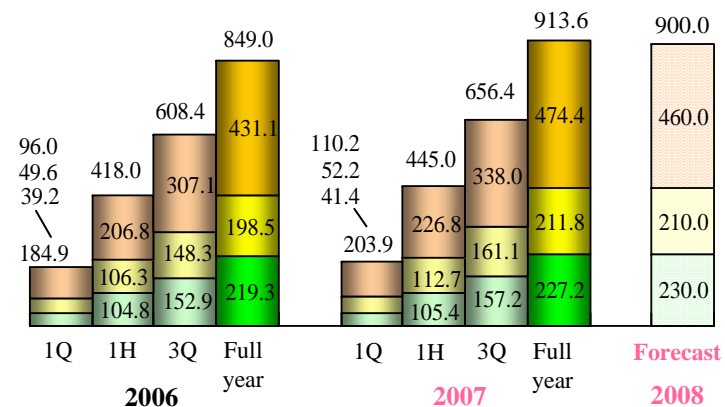
< Mass and Medium-Lot Manufactured Machinery >

(In billion yen, accumulated amount)

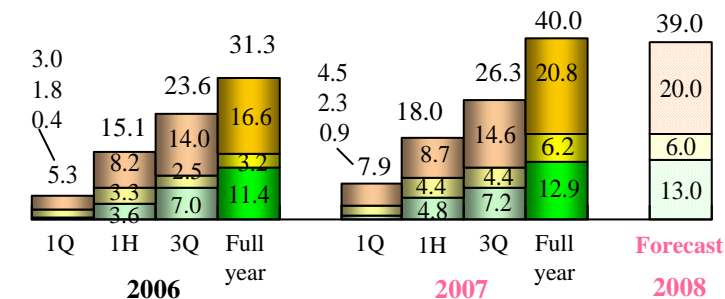
Orders Received



Net Sales



Operating Income



Orders received: Up ¥45.0 billion YoY

- GM & SV: Orders for turbochargers, engines and forklifts increased, particularly in Europe.
- Air-Con: Orders for air-conditioners for commercial and residential use rose overseas.
- Industrial: Orders remained nearly flat, with just a slight rise from the previous year.

Net sales/Earnings: Increased earnings (+ ¥8.6 billion YoY) on increased sales (+ ¥64.5 billion YoY)

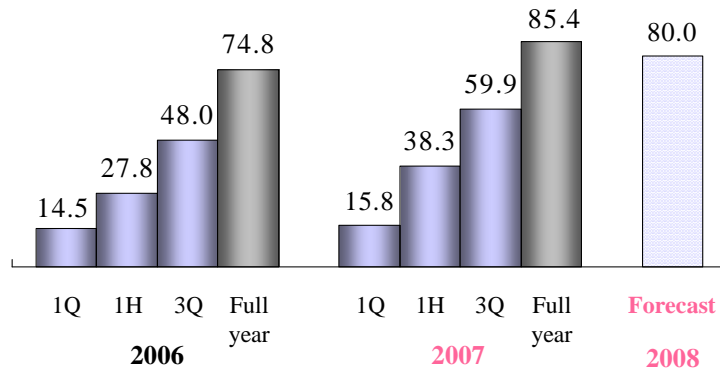
- GM & SV: Orders for turbochargers, engines and forklifts increased, particularly in Europe.
- Air-Con: Orders for air-conditioners for commercial and residential use rose overseas.
- Industrial: Orders remained nearly flat, with just a slight rise from the previous year.

Earnings in the Mass and Medium-Lot Manufactured Machinery segment increased from the previous year, mainly as a result of higher profits associated with the effect of the exchange rate and higher sales, offsetting rising material costs.

< Others >

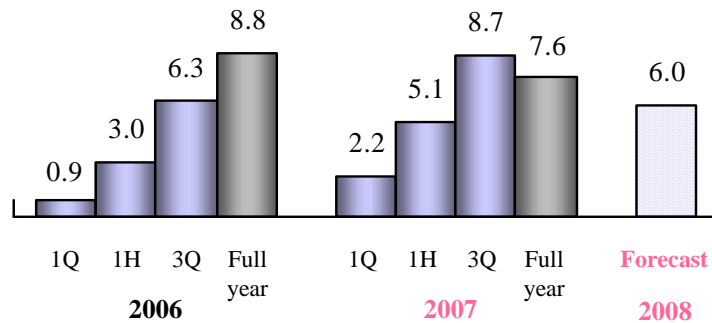
(In billion yen, accumulated amount)

Net Sales



- Real estate and construction
- Information and communication systems, etc.

Operating Income



Balance Sheets

(In billion yen)

	As of March 31, 2007	As of March 31, 2008	Change
Assets			
Trade receivables	1,166.7	1,086.5	- 80.1
Inventories	1,048.5	1,164.8	+ 116.2
Other current assets	572.0	685.4	+ 113.4
Total current assets	2,787.3	2,936.8	+ 149.5
Total fixed assets	1,604.5	1,580.2	- 24.2
Total assets	4,391.8	4,517.1	+ 125.2
Liabilities and shareholders' equity			
Trade payables	746.5	733.5	- 13.0
Advances received	394.9	469.2	+ 74.3
Other current liabilities	665.8	623.1	- 42.7
Total current liabilities	1,807.4	1,825.8	+ 18.4
Total long-term liabilities	1,138.0	1,250.8	+ 112.8
Total liabilities	2,945.4	3,076.7	+ 131.2
Net assets			
Shareholders' capital	1,208.9	1,251.4	+ 42.4
Valuation and translation adjustments	219.0	168.7	- 50.2
Others (Minority interests, etc.)	18.4	20.2	+ 1.8
Total net assets	1,446.4	1,440.4	- 6.0
Total liabilities and net assets	4,391.8	4,517.1	+ 125.2

Cash Flows, Interest-Bearing Debts

Cash flows

(In billion yen)

	2006	2007	Change
Cash flows from operating activities	158.7	161.8	+ 3.1
Cash flows from investing activities	- 158.6	- 193.0	- 34.4
Free cash flows	0.0	- 31.2	- 31.3
Cash flows from financing activities	48.7	71.2	+ 22.4

Interest-bearing debt

(In billion yen)

	As of March 31, 2007	As of March 31, 2008	Change
Interest-bearing debt	1,273.5	1,365.3	+ 91.8

Overview of 2007

- Cash flows from operating activities increased ¥3.1 billion from the previous year, to ¥161.8 billion.
- Cash flows from investing activities increased ¥34.4 billion, to ¥193.0 billion, reflecting active capital investment.
- As a result, free cash flow was minus ¥31.2 billion (a ¥31.3 billion decrease from the end of the previous fiscal year)
- Interest-bearing debt increased by ¥91.8 billion from the end of the previous fiscal year.

Supplementary Information (1)

1. Foreign Exchange Rates

(Yen/US\$)

	2003		2004		2005		2006		2007	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Average rates for recording sales	119.1	113.0	110.7	108.7	109.5	111.3	113.7	114.9	116.9	114.6
(Reference) Rates at end of period	111.3	105.7	111.1	107.4	113.2	117.5	117.9	118.1	115.4	100.2

2. R&D Expenses

(In billion yen)

	2003	2004	2005	2006	2007
R&D Expenses	99.5	124.0	100.7	106.3	107.9

3. Depreciation and Amortization-Capital Expenditure

(In billion yen)

	2003	2004	2005	2006	2007
Depreciation	99.8	99.1	100.8	106.7	129.2
Capital Expenditure	109.8	112.2	140.5	175.9	191.4

Supplementary Information (2)

4. Employees

(Number of employees)

	2003	2004	2005	2006	2007
(Consolidated)					
Shipbuilding & Ocean Development	5,707	5,531	5,388	5,285	5,196
Power Systems	13,665	13,749	14,218	15,070	15,978
Machinery & Steel Structures	8,121	7,839	8,998	8,246	7,662
Aerospace	7,374	7,314	7,712	8,211	8,724
Mass & Medium-Lot Manufactured Machinery	16,203	16,154	16,930	17,032	17,489
Others	8,879	8,653	8,966	9,096	9,054
Total	59,949	59,240	62,212	62,940	64,103
(Non-consolidated) Total	34,396	33,500	32,627	32,552	33,089

5. Overseas Sales by Region

(In billion yen)

	2003	2004	2005	2006	2007
(Consolidated)					
North America	262.1 (29%)	265.5 (25%)	322.5 (26%)	371.8 (25%)	435.8 (28%)
Central & South America	95.1 (11%)	147.1 (14%)	108.5 (9%)	123.7 (9%)	222.9 (14%)
Asia	324.6 (36%)	416.8 (40%)	522.4 (42%)	437.4 (30%)	452.2 (29%)
Middle East	40.8 (5%)	28.1 (3%)	57.2 (5%)	257.8 (18%)	168.8 (11%)
Europe	119.6 (13%)	162.3 (15%)	182.8 (15%)	237.4 (16%)	258.8 (17%)
Other	50.2 (6%)	29.3 (3%)	32.2 (3%)	34.3 (2%)	22.4 (1%)
Total	892.6 (100%)	1,049.3 (100%)	1,225.9 (100%)	1,462.6 (100%)	1,561.1 (100%)

Europe includes Russia and Eastern Europe from 2004.

< Reference > [Non-consolidated] Summary of Financial Results for 2007

(In billion yen)

	2006	2007	Change
Orders received	2,586.6	2,903.1	+ 316.4
Net sales	2,426.6	2,471.1	+ 44.4
Operating income	71.6	94.9	+ 23.2
Ordinary income	57.4	68.2	+ 10.8
Extraordinary income	1.6	- 14.0	- 15.6
Net income before income taxes	59.0	54.2	- 4.8
Net income	39.5	34.4	- 5.1

II. Forecast for 2008

Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. As such, those projection simply risks and insecurity. For this reason, investors are recommended not to depend solely on these projections for making investment decision. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan.

Summary of Forecast for 2008

(In billion yen)

	2007 (Actual)	2008 (Forecast)
Orders received	3,715.2	3,700.0
Net sales	3,203.0	3,200.0
Operating income	136.0	120.0
Ordinary income	109.5	90.0
Net income	61.3	54.0

- ◇ Assumes foreign exchange rates of undetermined amount ¥100 to the U.S. dollar and ¥150 to the Euro (US\$ 4.7 billion, Euro 0.1 billion undetermined)

Forecast for 2008 by Business Segment

(In billion yen)

	Orders received		Net sales		Operating income	
	2007	2008 Forecast	2007	2008 Forecast	2007	2008 Forecast
Shipbuilding & Ocean Development	353.6	320.0	283.9	230.0	4.0	5.0
Power Systems	1,214.9	1,240.0	946.9	1,000.0	58.2	60.0
Machinery & Steel Structures	557.3	520.0	472.5	490.0	11.3	14.0
Aerospace	615.8	630.0	500.5	500.0	14.6	- 4.0
GM & SV	465.2	460.0	474.4	460.0	20.8	20.0
Air-Con	212.1	210.0	211.8	210.0	6.2	6.0
Industrial	224.3	230.0	227.2	230.0	12.9	13.0
Mass & Medium-Lot Manufactured machinery	901.7	900.0	913.6	900.0	40.0	39.0
Others	71.7	90.0	85.4	80.0	7.6	6.0
Total	3,715.2	3,700.0	3,203.0	3,200.0	136.0	120.0