

Financial Results for Third Quarter FY2011

February 3, 2012

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I. Third Quarter FY2011 Financial Results

Summary of Third Quarter Financial Results

(In billion yen)

| | FY2010-3Q | FY2011-3Q | Change |
|----------------------------|-----------|-----------|---------|
| Orders received | 1,873.7 | 2,111.8 | +238.1 |
| Net sales | 2,087.7 | 1,958.9 | - 128.7 |
| Operating income | 80.8 | 98.0 | +17.2 |
| Ordinary income | 50.8 | 69.5 | +18.7 |
| Extraordinary income | -3.0 | 16.1 | +19.2 |
| Income before income taxes | 47.7 | 85.7 | +37.9 |
| Net income | 17.9 | 32.7 | +14.7 |

Orders received ⇒ Up ¥238.1 billion YoY (¥1,873.7 bn → ¥2,111.8 bn)

-Orders overall increased from a year ago, except Aerospace Systems, mainly with rises in Power Systems, which posted large-scale orders, and Shipbuilding & Ocean Development, etc.

Net Sales ⇒ Down ¥128.7 billion YoY (¥2,087.7 bn → ¥1,958.9 bn)

-Net sales declined from a year ago, mainly as a result of falling sales in Machinery & Steel Infrastructure Systems and Power Systems, which had recorded strong sales figures in the previous fiscal year, offsetting higher sales in mass and medium lot machineries including General Machinery & Special Vehicles, etc.

Net Income ⇒ Up ¥14.7 billion YoY (¥17.9 bn → ¥32.7 bn)

-Net income rose from a year ago, mainly because of further improvements in profitability, especially in General Machinery & Special Vehicles and Power Systems, etc. and the posting of extraordinary income from the sale of the head office building, although the stronger yen, business structure improvement expenses and the effect of tax reform relating to reduction in corporation tax rate had a negative impact.

Third Quarter Financial Results by Segment

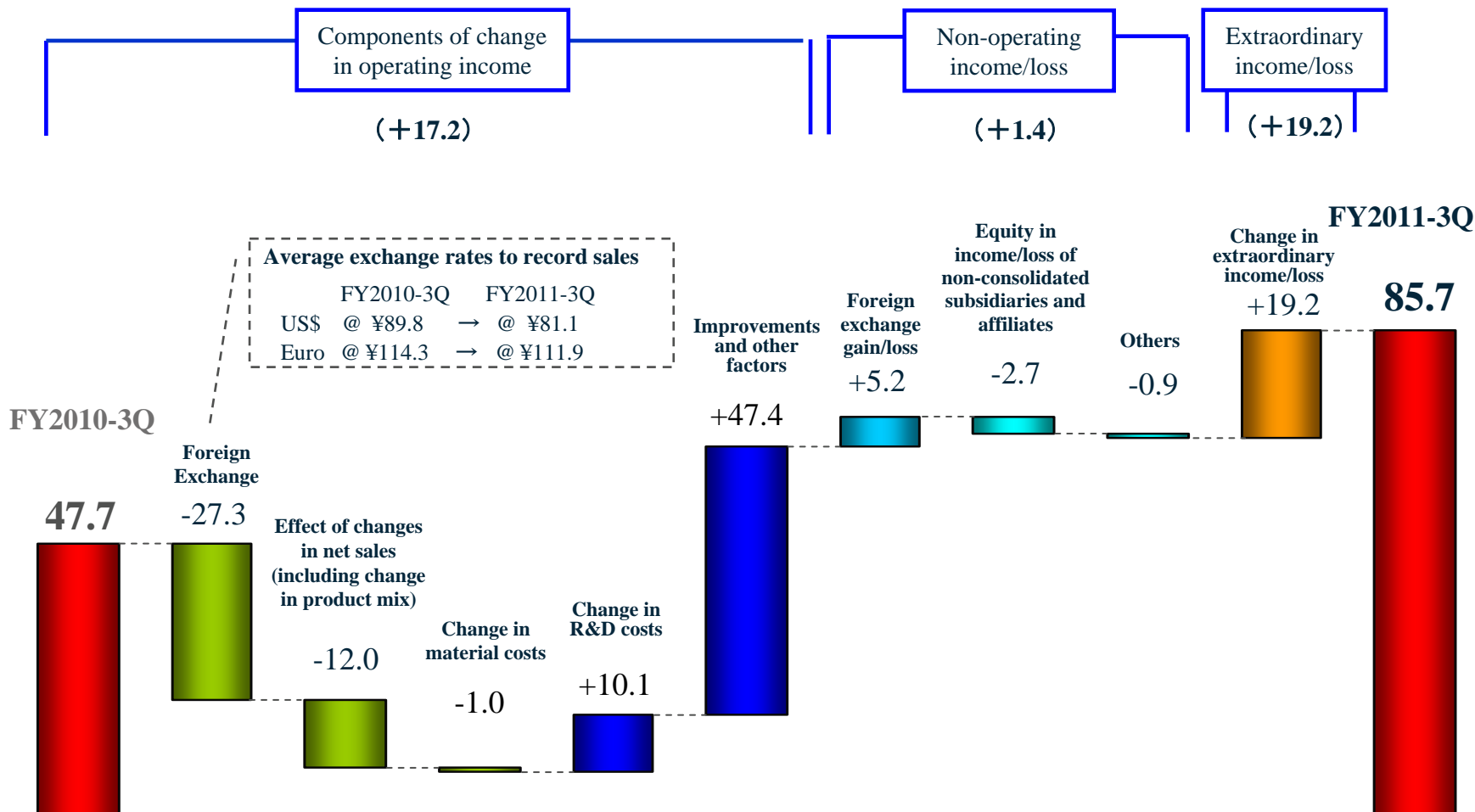


(In billion yen)

| | Orders received | | | Net sales | | | Operating income | | |
|--|-----------------|----------------|---------------|----------------|----------------|----------------|------------------|-------------|--------------|
| | FY2010-3Q | FY2011-3Q | Change | FY2010-3Q | FY2011-3Q | Change | FY2010-3Q | FY2011-3Q | Change |
| Shipbuilding & Ocean Development | 71.9 | 163.8 | +91.8 | 215.0 | 235.0 | +20.0 | 4.5 | - 5.1 | - 9.6 |
| Power Systems | 713.5 | 930.1 | +216.6 | 735.5 | 665.9 | - 69.5 | 64.8 | 76.8 | +11.9 |
| Machinery & Steel Infrastructure Systems | 288.3 | 365.1 | +76.8 | 426.9 | 266.3 | - 160.5 | 22.7 | 12.4 | - 10.2 |
| Aerospace Systems | 378.4 | 200.0 | - 178.4 | 304.2 | 331.3 | +27.0 | - 5.6 | - 0.3 | +5.2 |
| General Machinery & Special Vehicles | 228.7 | 265.6 | +36.9 | 241.1 | 281.5 | +40.3 | - 10.5 | 3.4 | +13.9 |
| Air-Conditioning & Refrigeration Systems | 121.1 | 121.2 | +0.1 | 117.5 | 119.9 | +2.4 | 0.0 | 1.9 | +1.9 |
| Machine Tool | 33.5 | 41.8 | +8.3 | 25.9 | 35.1 | +9.1 | 0.1 | 2.2 | +2.0 |
| Others | 62.6 | 56.7 | - 5.8 | 59.2 | 54.9 | - 4.2 | 4.8 | 6.6 | +1.8 |
| Others | 217.2 | 219.9 | +2.6 | 202.6 | 210.0 | +7.3 | 4.9 | 10.8 | +5.8 |
| Eliminations or Corporate | - 24.5 | - 32.8 | - 8.3 | - 37.8 | - 31.3 | +6.5 | - | - | - |
| Total | 1,873.7 | 2,111.8 | +238.1 | 2,087.7 | 1,958.9 | - 128.7 | 80.8 | 98.0 | +17.2 |

Components of Change in Income before Income Taxes

Up ¥37.9 billion YoY (¥47.7 bn → ¥85.7 bn)



▪ **Ordinary Income** (Up ¥18.7 billion YoY (¥50.8 bn → ¥69.5 bn))

(In billion yen)

| | FY2010-3Q | FY2011-3Q | Change |
|--|--------------|--------------|---------------|
| Operating income | 80.8 | 98.0 | + 17.2 |
| Foreign exchange gains | -18.7 | -13.5 | + 5.2 |
| Net interest loss | -11.1 | -9.5 | + 1.6 |
| Equity in gain of non-consolidated subsidiaries and affiliates | 3.6 | 0.8 | - 2.7 |
| Others | -3.6 | -6.2 | - 2.5 |
| Non-operating income | -29.9 | -28.4 | + 1.4 |
| Ordinary income | 50.8 | 69.5 | + 18.7 |

▪ **Extraordinary Income** (Up ¥19.2 billion YoY (- ¥3.0 bn → ¥16.1 bn))

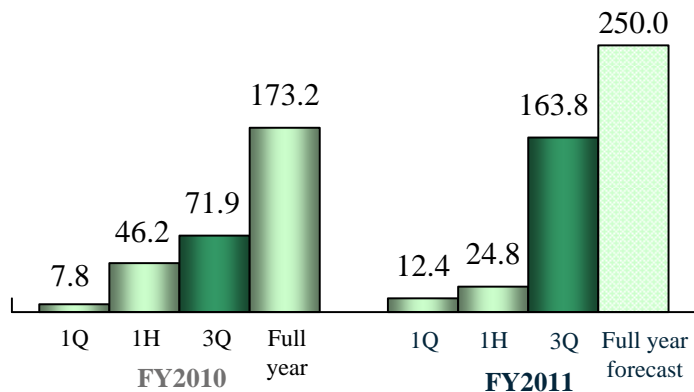
(In billion yen)

| | FY2010-3Q | FY2011-3Q | Change |
|---|--------------|---------------|---------------|
| Gain on sales of fixed assets | - | 28.0 | + 28.0 |
| Gain on sales of investment securities | 2.8 | - | - 2.8 |
| Extraordinary gain | 2.8 | 28.0 | + 25.1 |
| Business structure improvement expenses | - | - 9.1 | - 9.1 |
| Loss on revaluation of investment securities | - 3.8 | - 2.6 | + 1.2 |
| Effect of the application of the accounting standard for asset retirement obligations | - 2.0 | - | + 2.0 |
| Extraordinary loss | - 5.9 | - 11.8 | - 5.9 |
| Extraordinary income/loss | - 3.0 | 16.1 | + 19.2 |

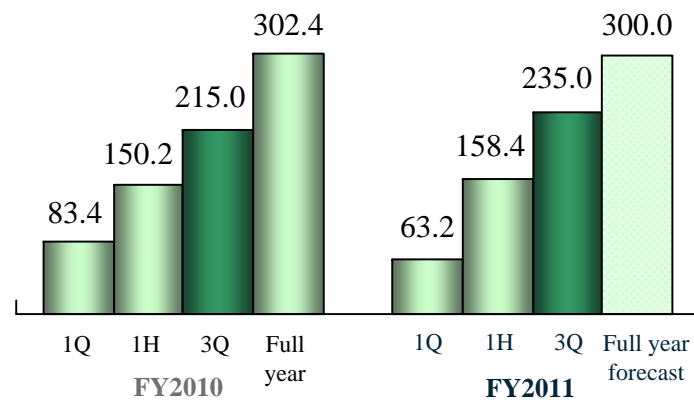
< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

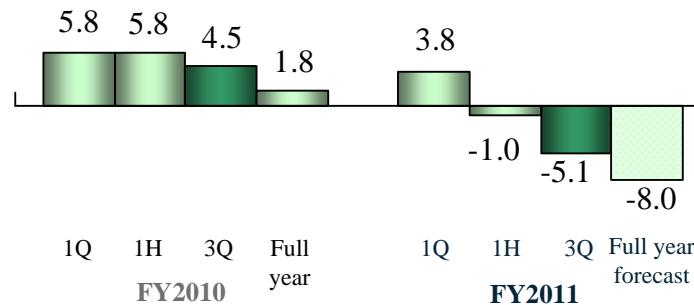
Orders Received



Net Sales



Operating Income



Orders received : Up ¥91.8 billion YoY

-Although the orders environment for new commercial ships remained difficult, orders increased from a year ago given orders for cruise ships and LNG carriers.

-Negotiations involving LNG carriers are becoming more active reflecting heightened demand for LNG. We are proactively negotiating to receive orders.

[Number of ships orders received]

FY2010-3Q: 7 (1Q: 0, 2Q: 4, 3Q: 3)

FY2011-3Q: 6 (1Q: 0, 2Q: 2, 3Q: 4)

[Backlog of ship orders] 42

(6 patrol vessels, 5 pure car carriers, 4 ferries, 4 LPG carriers,

3 LNG carriers, 2 cruise ships and others)

Net sales/Earnings : Decreased earnings (- ¥9.6

billion YoY) on increased sales (+ ¥20.0 billion YoY)

-We delivered a total of 17 vessels, including 6 pure car carriers, 3 container ships, 3 VLCCs, 1 roll-on/roll-off vessel, 1 LPG carrier and 3 patrol vessels.

[Number of ships delivered]

FY2010-3Q: 17 (1Q: 8, 2Q: 6, 3Q: 3)

FY2011-3Q: 17 (1Q: 8, 2Q: 6, 3Q: 3)

-Earnings decreased from a year ago, due mainly to the effects of the stronger yen and a revision of the reserve for losses on construction contracts.

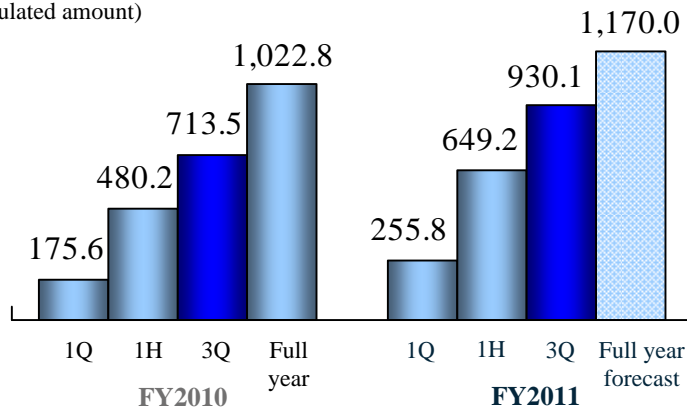
Full-year forecast :

Orders received: Orders received was revised from ¥210.0 billion to ¥250.0 billion.

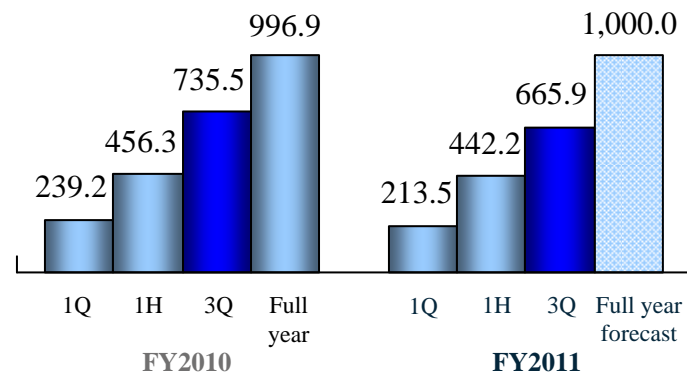
Operating income: Operating income was revised from ¥0.0 billion to - ¥8.0 billion.

(In billion yen, accumulated amount)

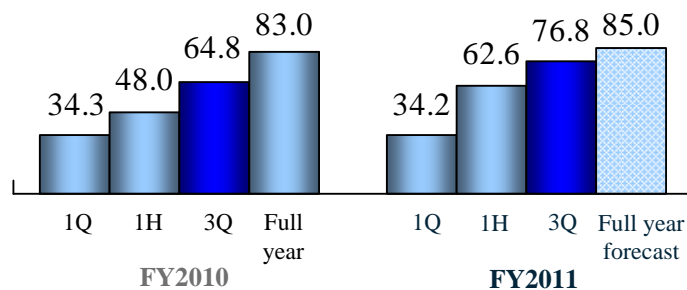
Orders Received



Net Sales



Operating Income



Orders received : Up ¥216.6 billion YoY

- Orders increased from a year ago, given orders for large-scale coal-fired power generation plant projects in Taiwan and gas turbine combined cycle (GTCC) systems in Japan, to offset power shortages, and in emerging countries.
- We are responding proactively to negotiations, involving thermal power plants, which are becoming more active especially in emerging countries.

[Gas turbine orders]

FY2010-3Q : 11units (Geographic distribution : Asia 7, Domestic 4)

FY2011-3Q : 18units (Geographic distribution : Asia 9, Domestic 6, North America 3)

[Backlog of Gas turbine orders (Non-consolidated)]

FY2010-3Q: 46 (FY2010: 51)

FY2011-3Q: 59

Net sales/Earnings : Increased earnings (+ ¥11.9 billion YoY) on decreased sales (- ¥69.5 billion YoY)

- Sales declined from a year ago, mainly attributable to the postponement of the completion of periodical inspections of nuclear power plants due to the effect of the earthquake.
- Earnings were negatively affected by the stronger yen, but exceeded the year-ago level, reflecting primarily further improvement in the profitability of overseas plant construction, among other factors.

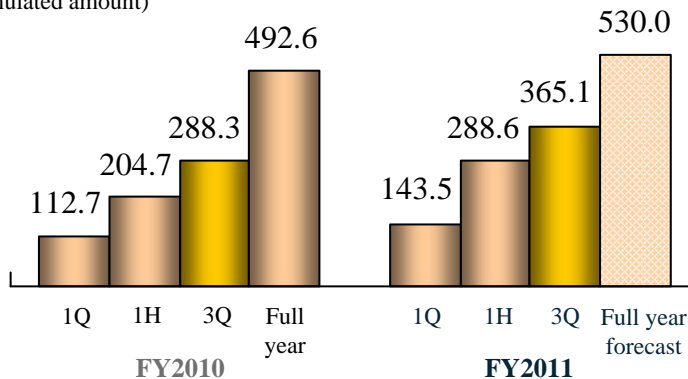
Full-year forecast :

Orders received: Orders received was revised from ¥1,100.0 billion to ¥1,170.0 billion.

< Machinery & Steel Infrastructure Systems >

(In billion yen, accumulated amount)

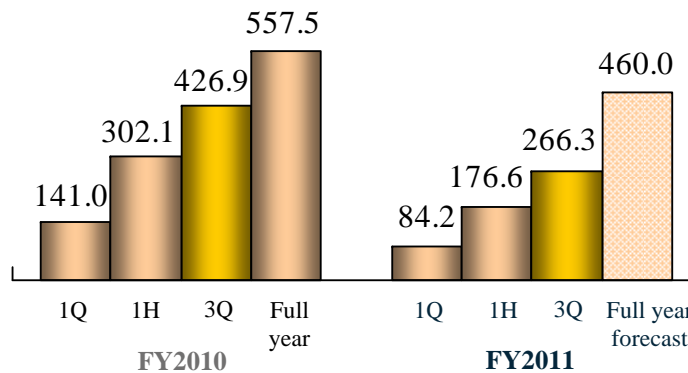
Orders Received



Orders received : Up ¥76.8 billion YoY

- Orders increased from a year ago, mainly reflecting orders for chemical plants in Malaysia, steel manufacturing machinery in India and China, and compressors in Australia for world's first floating LNG facility, etc.
- We are actively conducting negotiations involving compressors for gas business fields, including LNG plants, which are expected to grow, and overseas chemical plants.

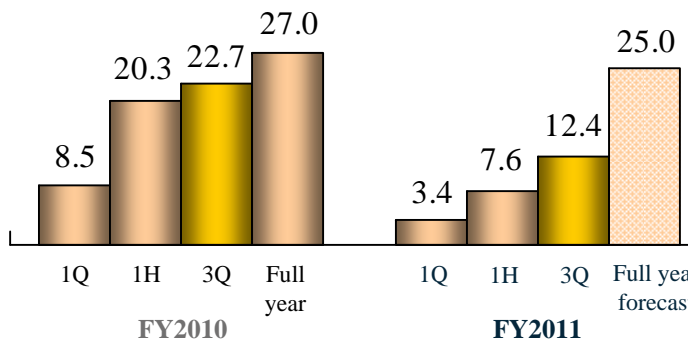
Net Sales



Net sales/Earnings : Decreased earnings (- ¥10.2 billion YoY) on decreased sales (- ¥160.5 billion YoY)

- Sales declined from a year ago, with sales falling in chemical plants and transportation systems, which had recorded large sales in the previous fiscal year.
- Earnings decreased from a year ago, affected by large falls in sales and the impacts of the stronger yen, although business restructuring is progressing.

Operating Income



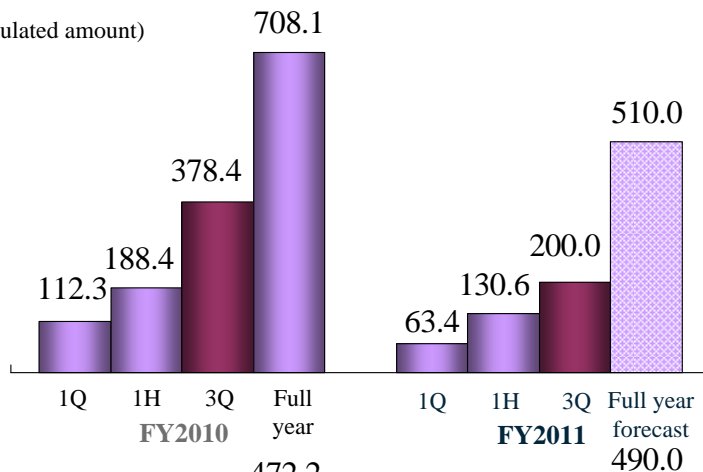
Full-year forecast :

Orders received: Orders received was revised from ¥610.0 billion to ¥530.0 billion.

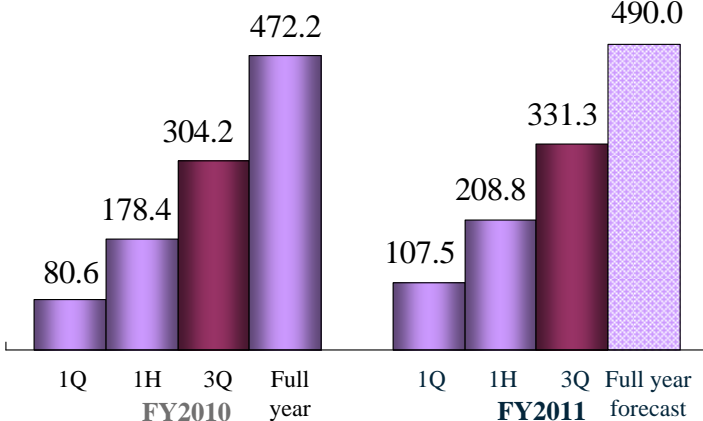
< Aerospace Systems >

(In billion yen, accumulated amount)

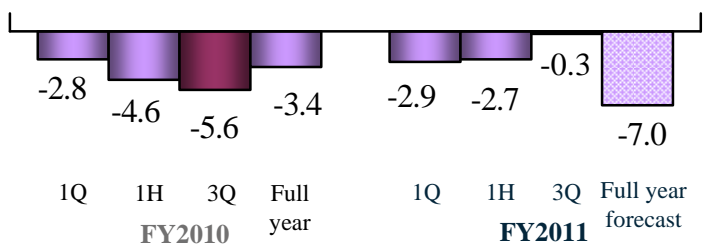
Orders Received



Net Sales



Operating Income



Orders received : Down ¥178.4 billion YoY

-Orders fell from a year ago, with the absence of large-scale orders for commercial aircrafts.

Net sales/Earnings : Increased earnings (+ ¥5.2 billion YoY) on increased sales (+ ¥27.0 billion YoY)

-Sales increased from a year ago as a result of rises in sales related to defense and commercial aircrafts.

[Number of B777s delivered]

FY2010-3Q: 46 (1Q: 16, 2Q: 16, 3Q: 14, 4Q: 17)

FY2011-3Q: 64 (1Q: 22, 2Q: 19, 3Q: 23)

[Number of B787s delivered]

FY2010-3Q: 11 (1Q: 4, 2Q: 4, 3Q: 3, 4Q: 6)

FY2011-3Q: 18 (1Q: 7, 2Q: 4, 3Q: 7)

-Earnings were adversely affected by the stronger yen, but losses fell from a year ago, mainly reflecting the decrease in R&D expenses.

Full-year forecast :

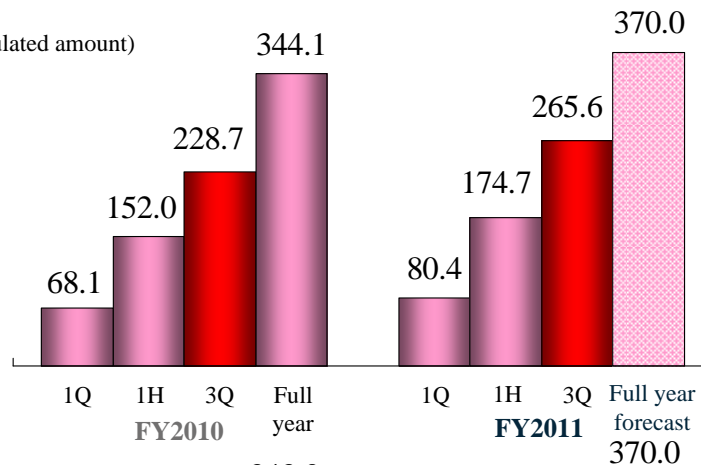
Orders received: Orders received was revised from ¥470.0 billion to ¥510.0 billion.

Operating income: Operating income was revised from - ¥10.0 billion to - ¥7.0 billion.

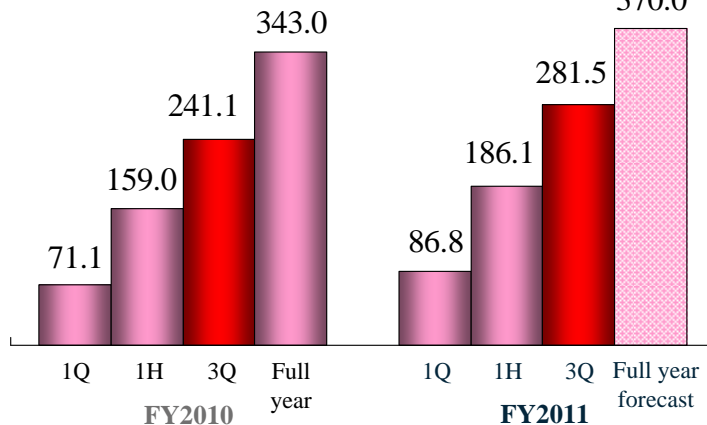
< General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

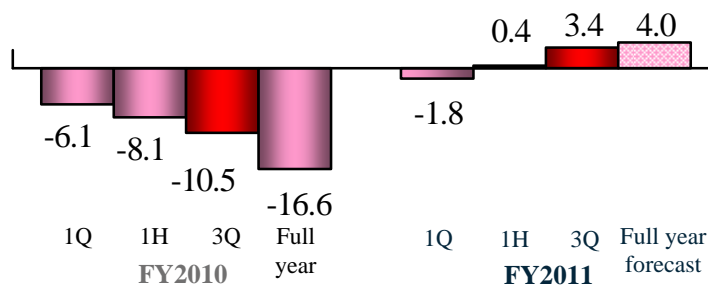
Orders Received



Net Sales



Operating Income



Orders received/Net sales : Up ¥36.9 billion/¥40.3 billion YoY respectively

-Orders and sales increased from a year ago mainly with rises in generator sets for Japan and Asia, forklift trucks for Europe and North America and turbochargers for auto manufacturers in Europe and Japan.

Earnings : Up ¥13.9 billion YoY

-Earnings moved into the black, mainly attributable to the leveraging effect of higher sales and accelerated activities for the improvement of profitability, including the focus of target models to our strengths, which offset the adverse effects of the stronger yen.

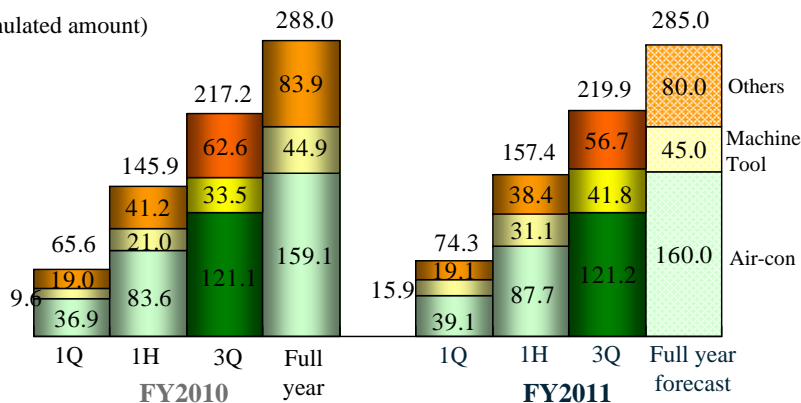
Full-year forecast :

Orders received / Net sales: Revised from ¥360.0 billion to ¥370.0 billion respectively.

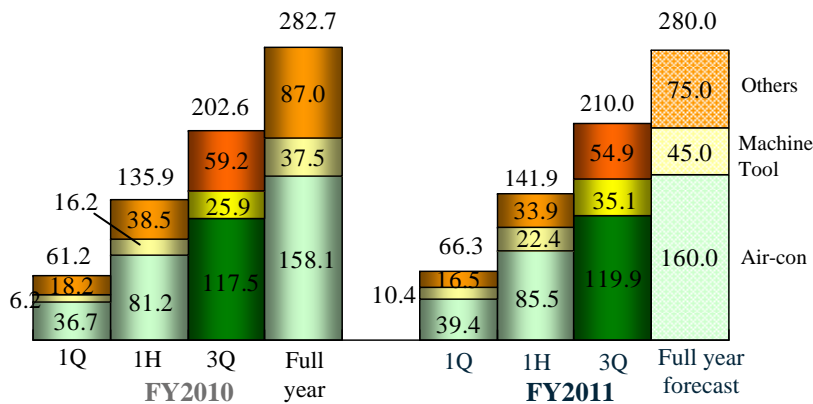
Operating income: Operating income was revised from ¥0.0 billion to ¥4.0 billion.

(In billion yen, accumulated amount)

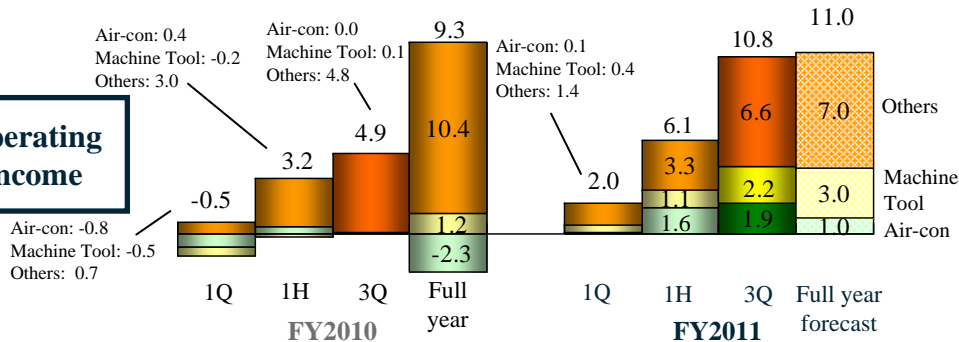
Orders Received



Net Sales



Operating Income



Air-Conditioning & Refrigeration Systems

Orders received/Net sales :

Up ¥0.1 billion/¥2.4 billion YoY respectively

-Orders and sales increased from a year ago with rises in commercial air-conditioners and residential air-conditioners, etc.

Earnings : Up ¥1.9 billion YoY

-Earnings increased from a year ago, mainly attributable to the leveraging effect of higher sales.

Full-year forecast :

Orders received / Net sales: Revised from ¥170.0 billion to ¥160.0 billion respectively.

Operating income: Operating income was revised from ¥2.0 billion to ¥1.0 billion.

Machine Tool

Orders received/Net sales :

Up ¥8.3 billion/¥9.1 billion YoY respectively

-Orders and sales grew at a healthy pace, mainly thanks to such factors as recovering demand for gear cutting machines, and increased from a year ago.

Earnings : Up ¥2.0 billion YoY

-Earnings increased from a year ago, mainly because of the leveraging effect of higher sales.

Full-year forecast :

Operating income: Operating income was revised from ¥2.0 billion to ¥3.0 billion.

Others

- Real estate and construction

- Information and communication systems

Full-year forecast :

Operating income: Operating income was revised from ¥6.0 billion to ¥7.0 billion.

(In billion yen)

| | As of March 31, 2011 | As of December 31, 2011 | Changes |
|---|-------------------------|----------------------------|---------|
| Assets | | | |
| Trade receivables | 852.6 | 890.4 | +37.7 |
| Inventories | 1,116.2 | 1,174.3 | +58.1 |
| Other current assets | 606.7 | 607.2 | +0.4 |
| Total current assets | 2,575.6 | 2,671.9 | +96.3 |
| Total fixed assets | 1,413.3 | 1,291.0 | -122.3 |
| Total assets | 3,989.0 | 3,962.9 | -26.0 |
| Liabilities | | | |
| Trade payables | 619.1 | 595.8 | -23.3 |
| Advance payments received on contracts | 330.2 | 380.9 | +50.7 |
| Other current liabilities | 584.6 | 678.9 | +94.2 |
| Total current liabilities | 1,534.0 | 1,655.7 | +121.6 |
| Total long-term liabilities | 1,142.2 | 1,010.2 | -131.9 |
| Total liabilities | 2,676.3 | 2,665.9 | -10.3 |
| Net assets | | | |
| Stockholders' equity | 1,279.2 | 1,295.1 | +15.9 |
| Valuation, translation adjustments and others | -17.1 | -48.9 | -31.7 |
| Others (Minority interests, etc.) | 50.6 | 50.6 | +0.0 |
| Total net assets | 1,312.6 | 1,296.9 | -15.7 |
| Total liabilities and net assets | 3,989.0 | 3,962.9 | -26.0 |
| Interest-bearing debt outstanding | 1,325.6 | 1,262.7 | -62.9 |

(1) Segment Information by Geographic Distribution

(In billion yen)

| | FY2010-3Q | | FY2011-3Q | |
|---------------------------|-----------|------------------|-----------|------------------|
| | Net sales | Operating income | Net sales | Operating income |
| Japan | 1,897.1 | 75.9 | 1,804.8 | 88.1 |
| North America | 177.3 | 2.2 | 126.2 | 4.0 |
| Asia | 91.2 | 2.0 | 110.2 | 4.8 |
| Europe | 81.7 | -1.1 | 95.1 | -0.7 |
| Central & South America | 13.5 | 1.3 | 10.6 | 1.5 |
| Oceania | 4.3 | 0.2 | 4.1 | 0.2 |
| The Middle East | - | - | 0.0 | - 0.0 |
| Africa | - | - 0.0 | - | - |
| Eliminations or Corporate | - 177.6 | - | -192.2 | - |
| Total | 2,087.7 | 80.8 | 1,958.9 | 98.0 |

(2) Overseas Net Sales

(In billion yen)

| | FY2010-3Q | | FY2011-3Q | |
|-------------------------|-----------|--------|-----------|--------|
| Asia | 281.7 | (26%) | 261.2 | (31%) |
| North America | 256.8 | (24%) | 221.6 | (26%) |
| Europe | 157.4 | (14%) | 155.9 | (18%) |
| Central & South America | 160.0 | (15%) | 106.9 | (13%) |
| The Middle East | 79.4 | (7%) | 51.0 | (6%) |
| Africa | 144.6 | (13%) | 40.1 | (5%) |
| Oceania | 9.2 | (1%) | 11.3 | (1%) |
| Total | 1,089.3 | (100%) | 848.2 | (100%) |

(3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

| | FY2010-3Q | FY2011-3Q | FY2011(Forecast) |
|---------------------|-----------|-----------|------------------|
| Depreciation | 98.5 | 92.1 | 130.0 |
| Capital Expenditure | 89.9 | 80.6 | 120.0 |

(4) R&D Expenses

(In billion yen)

| | FY2010-3Q | FY2011-3Q | FY2011(Forecast) |
|--------------|-----------|-----------|------------------|
| R&D Expenses | 81.2 | 71.3 | 130.0 |

II. Forecast for FY2011

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 projections involve 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 FY2011

(In billion yen)

| | FY2010 (Actual) | FY2011 (Previous forecast) '11.10.31 | FY2011 (Forecast) |
|------------------|--------------------|--|----------------------|
| Orders received | 2,995.4 | 3,000.0 | 3,070.0 |
| Net sales | 2,903.7 | 2,850.0 | 2,850.0 |
| Operating income | 101.2 | 110.0 | 110.0 |
| Ordinary income | 68.1 | 70.0 | 70.0 |
| Net income | 30.1 | 35.0 | 20.0 |

◇ Assumption of currency exchange rate for the portion yet to be fixed

<undetermined amount>

US\$: 1.8 billion

Euro: 0.4 billion

<exchange rate>

US\$ 1.00 = ¥77 (previous forecast: US\$ 1.00 = ¥80)

Euro 1.00 = ¥100 (previous forecast: Euro 1.00 = ¥110)

Forecast for FY2011 by Business Segment

(In billion yen)

| | Orders received | | | Net sales | | | Operating income | | |
|--|--------------------|---|----------|--------------------|---|----------|--------------------|---|----------|
| | FY2010 (Actual) | FY2011 Forecast | | FY2010 (Actual) | FY2011 Forecast | | FY2010 (Actual) | FY2011 Forecast | |
| | | Previous forecast (^{'11.10.31}) | forecast | | Previous forecast (^{'11.10.31}) | forecast | | Previous forecast (^{'11.10.31}) | forecast |
| Shipbuilding & Ocean Development | 173.2 | 210.0 | 250.0 | 302.4 | 300.0 | 300.0 | 1.8 | 0.0 | -8.0 |
| Power Systems | 1,022.8 | 1,100.0 | 1,170.0 | 996.9 | 1,000.0 | 1,000.0 | 83.0 | 85.0 | 85.0 |
| Machinery & Steel Infrastructure Systems | 492.6 | 610.0 | 530.0 | 557.5 | 460.0 | 460.0 | 27.0 | 25.0 | 25.0 |
| Aerospace Systems | 708.1 | 470.0 | 510.0 | 472.2 | 490.0 | 490.0 | -3.4 | -10.0 | -7.0 |
| General Machinery & Special Vehicles | 344.1 | 360.0 | 370.0 | 343.0 | 360.0 | 370.0 | -16.6 | 0.0 | 4.0 |
| Air-Conditioning & Refrigeration Systems | 159.1 | 170.0 | 160.0 | 158.1 | 170.0 | 160.0 | -2.3 | 2.0 | 1.0 |
| Machine Tool | 44.9 | 45.0 | 45.0 | 37.5 | 45.0 | 45.0 | 1.2 | 2.0 | 3.0 |
| Others | 83.9 | 80.0 | 80.0 | 87.0 | 75.0 | 75.0 | 10.4 | 6.0 | 7.0 |
| Others | 288.0 | 295.0 | 285.0 | 282.7 | 290.0 | 280.0 | 9.3 | 10.0 | 11.0 |
| Eliminations or Corporate | -33.6 | -45.0 | -45.0 | -51.2 | -50.0 | -50.0 | - | - | - |
| Total | 2,995.4 | 3,000.0 | 3,070.0 | 2,903.7 | 2,850.0 | 2,850.0 | 101.2 | 110.0 | 110.0 |



Our Technologies, Your Tomorrow

