Report of Earnings and Financial Statements for the Year Ended March 31, 2009

April 28, 2009

Listed company's name: **Kawasaki Heavy Industries, Ltd.**
Listed on: 1st sections of TSE, OSE, NSE
Stock code: 7012
URL: http://www.khi.co.jp/
Representative: Tadaharu Ohashi, President
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Scheduled dates:
Ordinary General Meeting of shareholders June 25, 2009
Commencement date of dividend payments June 26, 2009
Submission of financial statements: June 25, 2009

1. Consolidated Financial Results for the Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Amounts rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2009	1,338,597	(10.8)	28,713	(62.6)	38,718	(39.4)	11,727	(66.6)
Year ended March 31, 2008	1,501,097	4.3	76,910	11.2	63,972	30.4	35,141	18.0

	Earnings per share	Earnings per share – diluted	Return on equity	Return on assets	Operating income to net sales
	yen	yen	%	%	%
Year ended March 31, 2009	7.02	6.92	3.8	2.7	2.1
Year ended March 31, 2008	21.08	20.58	11.6	4.6	5.1

For reference: Equity in income of non-consolidated subsidiaries and affiliates:
Year ended March 31, 2009: 8,709 million yen
Year ended March 31, 2008: 7,642 million yen

(2) Financial Condition

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	million yen	million yen	%	yen
March 31, 2009	1,399,770	295,245	20.7	174.10
March 31, 2008	1,378,769	319,037	22.7	187.73

Note: Shareholders' equity: March 31, 2009: 290,440 million yen
March 31, 2008: 313,192 million yen

(3) Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	million yen	million yen	million yen	million yen
Year ended March 31, 2009	(41,256)	(72,283)	107,692	31,413
Year ended March 31, 2008	75,765	(49,090)	(27,391)	38,169

2. Dividends

Record date	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends / Net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of financial year	Full year			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2008	-	0.00	-	5.00	5.00	8,341	23.7	2.7
Year ended March 31, 2009	-	0.00	-	3.00	3.00	5,004	42.6	1.6
Year ending March 31, 2010 (forecast)	-	0.00	-	3.00	3.00		83.4	

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2010

(April 1, 2009 to March 31, 2010)

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For six months ending September 30, 2009	570,000	(12.7)	(12,000)	-	(8,000)	-	(6,000)	-	(3.60)
Full year	1,240,000	(7.3)	5,000	(82.5)	10,000	(74.1)	6,000	(48.8)	3.60

4. Other Information

1) Changes affecting the status of material subsidiaries (scope of consolidation): None

2) Changes in accounting principles, procedures, and methods of presentation applicable to the preparation of consolidated financial statements:
(1) Changes in accordance with revisions to accounting standards: Yes
(2) Changes other than (1) above: None

3) Number of shares issued (common stock)
(1) Number of shares issued at end of period (treasury stock included):
March 31, 2009: 1,669,629,122 shares
March 31, 2008: 1,669,629,122 shares
(2) Number of shares held in treasury at end of period:
March 31, 2009: 1,394,288 shares
March 31, 2008: 1,324,199 shares

For reference:

Overview of Non-Consolidated Financial Results

(1) Operating Results

	Net sales		Operating income		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2009	771,428	(13.3)	(12,061)	-	2,614	(91.7)	(6,109)	-
Year ended March 31, 2008	889,963	(3.2)	43,053	(8.5)	31,705	(6.4)	20,822	(2.3)

	Earnings per share	Earnings per share – diluted
	yen	yen
Year ended March 31, 2009	(3.66)	-
Year ended March 31, 2008	12.49	12.21

(2) Financial Condition

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	million yen	million yen	%	yen
March 31, 2009	977,988	230,799	23.5	138.34
March 31, 2008	922,962	255,366	27.6	153.06

Note: Shareholders' equity: March 31, 2009: 230,799 million yen
March 31, 2008: 255,366 million yen

*** Appropriate Use of Financial Forecasts and Other Important Matters**

Forward-Looking Statements

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation. Actual results may differ from those expressed or implied by forward-looking statements due to a range of factors. For the assumptions underlying the earnings forecasts presented and other information regarding the use of such forecasts, refer to "Consolidated operating results" in "Qualitative Information and Financial Statements," beginning on page4.

Qualitative Information and Financial Statements

Consolidated operating results

During fiscal 2008 (the year ended March 31, 2009), the Japanese economy entered a steep downturn marked by a consumer spending slump, retrenchment in capital spending, an export slowdown, and deterioration in employment conditions amid precipitous yen appreciation in the fiscal third quarter (October 1, 2008 – December 31, 2008) most notably against the euro and US dollar. Although there were signs that economy had bottomed out towards fiscal year end, it remained stagnant.

Much of the global economy, including emerging economies, likewise slowed markedly or sank into recession.

Amid this economic environment, for fiscal 2008 the Kawasaki Heavy Industries (KHI) Group reported a decrease in orders on a consolidated basis of ¥70.1 billion versus fiscal 2007 to ¥1,540.5 billion, despite increases in orders in the Gas Turbines & Machinery and Rolling Stock & Construction Machinery segments.

Turning to revenues, consolidated net sales fell ¥162.5 billion to ¥1,338.5 billion, reflecting lower sales in the Consumer Products & Machinery segment as well as other segments.

Profit-wise, consolidated operating income decreased ¥48.1 billion to ¥28.7 billion and recurring profit decreased ¥25.2 billion to ¥38.7 billion. This was due mainly to the appreciation of the yen in the fiscal second half and sustained high material costs. Net income decreased ¥23.4 billion to ¥11.7 billion.

On a non-consolidated basis, the Group reported orders amounting to ¥1,054.5 billion, net sales of ¥771.4 billion, an operating loss of ¥12.0, and recurring profit of ¥2.6 billion, to finish on a net loss of ¥6.1 billion.

Segment information

Segment information (millions of yen)

	Year ended March 31, 2009		Year ended March 31, 2008		For reference: Orders	
Segment	Net sales	Operating income	Net sales	Operating income	Year ended March 31, 2009	Year ended March 31, 2008
Shipbuilding	1,264	(10)	1,413	32	715	2,513
Rolling Stock & Construction Machinery	1,864	113	1,717	71	2,646	1,832
Aerospace	2,004	(41)	2,373	108	2,391	2,025
Gas Turbines & Machinery	1,951	110	1,854	133	3,555	2,274
Plant & Infrastructure Engineering	1,051	89	1,425	108	836	1,060
Consumer Products & Machinery	3,364	(101)	4,339	196	3,364	4,339
Hydraulic Machinery	849	83	840	91	841	923
Other Operations	1,035	42	1,045	23	1,055	1,139
Eliminations and corporate	—	0	—	2	—	—
Consolidated total	13,385	287	15,010	769	15,405	16,107

Note: Net sales are external sales.

Shipbuilding

The Shipbuilding segment booked new orders for one LPG tanker and five bulk carriers, but its consolidated order bookings nonetheless shrank to ¥71.5 billion in fiscal 2008, a ¥179.8 billion decrease from fiscal 2007, when it benefited from a heavy influx orders for bulk carriers.

Consolidated net sales fell ¥14.9 billion versus fiscal 2007 to ¥126.4 billion, largely reflecting a decline in sales of large vessels.

The decline in sales weighed on profitability, as did the sharp increases in material costs and the yen's appreciation against the dollar. The segment incurred an operating loss of ¥1.0 billion, ¥4.2 billion below its operating income in fiscal 2007.

Rolling Stock & Construction Machinery

Consolidated order bookings increased ¥81.3 billion in fiscal 2008 versus fiscal 2007 to ¥264.6 billion primarily by virtue of a sharp increase in domestic orders for *shinkansen* (bullet trains), electric commuter trains, and locomotives from JR Group and other railway companies. Overseas, the segment received orders for subway cars for the New York City subway system.

Consolidated net sales grew ¥14.7 billion versus fiscal 2007 to ¥186.4 billion as growth in overseas sales of rolling stock offset a decline in sales of construction machinery.

Sales growth boosted operating income to ¥11.3 billion, a ¥4.1 billion increase versus fiscal 2007.

Aerospace

The Aerospace segment won new consolidated orders for parts for the Boeing 777 jetliners and for the P-1 maritime patrol aircraft for Japan's Ministry of Defense, and its consolidated order bookings increased ¥36.6 billion in fiscal 2008 versus fiscal 2007 to ¥239.1 billion.

Consolidated net sales were down ¥36.9 billion versus fiscal 2007 to ¥200.4 billion as a result of declines in sales to Japan's Ministry of Defense and sales of Boeing 777 parts coupled with the yen's appreciation against the dollar.

Profitability-wise, the decrease in sales was compounded by cost increases, including inventory valuation losses. The segment incurred an operating loss of ¥4.1 billion, ¥15.0 billion below its operating income in fiscal 2007.

Gas Turbines & Machinery

In fiscal 2008, consolidated order bookings rose sharply by ¥128.0 billion versus fiscal 2007 to ¥355.5 billion, lifted by growth in orders for aircraft engine parts for Trent XWB aircraft engines, diesel generator systems, and ship propulsion systems.

Consolidated net sales grew ¥9.6 billion versus fiscal 2007 to ¥195.1 billion, driven largely by growth in sales of marine diesel engines.

Despite this sales growth, operating income declined ¥2.3 billion versus fiscal 2007 to ¥11.0 billion, largely as a result of the strong yen and inventory valuation losses.

Plant & Infrastructure Engineering

Despite an influx of orders for LNG storage tanks and various plants, consolidated order bookings decreased ¥22.3 billion in fiscal 2008 versus fiscal 2007 to ¥83.6 billion.

Consolidated net sales fell ¥37.3 billion versus fiscal 2007 to ¥105.1 billion as growth in overseas revenues from nonferrous metals smelting plants was outweighed by declines in revenues from municipal refuse incineration plants.

Operating income fell ¥1.8 billion to ¥8.9 billion due to the decline in sales.

Consumer Products & Machinery

Consolidated net sales fell ¥97.5 billion in fiscal 2008 versus fiscal 2007 to ¥336.4 billion as growth in Asian motorcycle sales was more than offset by a drop in North American and European motorcycle sales, a decline in industrial robot sales to the auto and semiconductor industries, and the yen's progressive appreciation against the dollar and euro.

Due to the decline in sales, due particularly to stagnant sales of large-sized motorcycles, the segment incurred a ¥10.1 billion operating loss, ¥29.8 billion below its operating income in fiscal 2007.

Hydraulic Machinery

Consolidated order bookings fell ¥8.1 billion in fiscal 2008 versus fiscal 2007 to ¥84.1 billion, due primarily to decrease in demand from construction machinery manufacturers.

Consolidated net sales were up ¥800 million versus fiscal 2007 to ¥84.9 billion by virtue of strong sales to the construction machinery industry through mid-year.

Operating income was down ¥700 million versus fiscal 2007 to ¥8.3 billion.

Other Operations

Consolidated net sales fell ¥1.0 billion in fiscal 2008 versus fiscal 2007 to ¥103.5 billion. Operating profit grew ¥1.9 billion versus fiscal 2007 to ¥4.2 billion.

Consolidated Earnings Outlook

We see no signs of a recovery from the economic recession that was triggered by the global financial crises, and we expect difficult business conditions to persist, particularly in mass-production businesses. The Company will nevertheless forge ahead to rebuild its earnings base and bring about sustained growth.

The Company expects consolidated net sales for the fiscal year ending March 31, 2010, of ¥1,240.0 billion. The Company expects sales from the Shipbuilding and Rolling Stock & Construction Machinery segments to increase but sales from the Consumer Products & Machinery segment to decline sharply due to the worsening market environment.

Profit-wise, despite the Company's determined efforts to thoroughly improve profitability throughout its operations by cutting fixed costs and expenses and increasing productivity, the Company expects operating income of ¥5.0 billion, recurring profit of ¥10.0 billion, and net income of ¥6.0 billion due to the impact of the strong yen and decline in sales in mass-production businesses.

Assumed exchange rates are ¥95 to the US dollar and ¥125 to the euro.

Consolidated Financial Condition

Financial Condition

At March 31, 2009, total assets were ¥1,399.7 billion, up 1.5% versus March 31, 2008. Current assets were up 1.3% to ¥995.7 billion. The main reason for the increase in current assets was a rise in inventories, reflecting progress made on projects for which orders have been received. The growth in tangible and intangible fixed assets more than offset the drop in the value of investment securities due to the stock price declines, and total fixed assets grew 1.8% versus March 31, 2008, to ¥403.9 billion.

Current liabilities increased 0.6% versus March 31, 2008, to ¥830.0 billion, and long-term liabilities grew 16.7% to ¥274.5 billion. As a result, total liabilities increased 4.2% to 1,104.5 billion. This was primarily due to a ¥72.5 billion decrease in payables being more than offset by an ¥112.3 billion increase in interest-bearing debt.

Net assets decreased 7.4% versus March 31, 2008, to ¥295.2 billion reflecting a decrease in foreign currency translation adjustments due to the strong yen.

Cash Flows

Net cash used in operating activities in fiscal 2008 was ¥41.2 billion, ¥ 117.0 billion more than in fiscal 2007. Principal cash inflows were depreciation and amortization of ¥44.3 billion and income before income taxes and minority interests of ¥23.6 billion. Principal cash outflows were a decrease in accounts payable of ¥55.0 billion, an increase in inventories of ¥54.7 billion, and income taxes of ¥25.0 billion.

Net cash used in investing activities amounted to ¥72.2 billion, ¥23.1 billion higher than in fiscal 2007. This cash was principally used to acquire property, plant and equipment.

Net cash provided by financing activities was to ¥107.6 billion, ¥ 135.0 billion more than in fiscal 2007. The increase was mainly due to an increase in borrowings.

Cash Flow Ratios

March 31,	2005	2006	2007	2008	2009
Ratio of shareholders' equity to total assets (%)	16.8	18.5	21.3	22.7	20.7
Market-value equity ratio (%)	22.3	50.0	60.9	26.8	23.3
Cash flow to debt ratio (%)	495.4	698.8	663.3	364.8	–
Interest-coverage ratio (times)	11.3	8.5	7.1	9.4	–

Notes:

1. Ratios are calculated as follows:
   Ratio of shareholders' equity to total assets: Shareholders' equity / Total assets
   Market-value equity ratio: Market capitalization / Total assets
   Cashflow to debt ratio: Interest-bearing debt / Cash flow from operating activities
   Interest-coverage ratio: Cash flow from operating activities / Interest paid
2. All indices are calculated using consolidated figures.
3. Market capitalization is calculated by multiplying the closing price of the company's stock by the number of shares issued and outstanding (excluding treasury stock) at the end of the fiscal year.
4. The figure for cash flow from operating activities is taken from cash flow from operating activities on the consolidated statement of cash flows.
5. Interest-bearing debt consists of all interest-bearing debt listed under liabilities on the consolidated balance sheet. Interest paid is the figure for "Cash paid for interest" on the consolidated statement of cash flows.
6. Cash flow from operating activities was negative for the fiscal year ended March 31, 2009, so the cash flow to debt ratio and the interest-coverage ratio are not given for that year.

Dividend Policy and Dividends for the Fiscal Years Through March 31, 2009 and 2010

The Company's basic policy is to continuously pay shareholders a stable dividend commensurate with the Company's earnings while accruing sufficient internal reserves to boost earnings power and strengthen and enhance the Company's operating foundation to enable future growth. In consideration of recent earnings performance, internal reserves, and other relevant factors, the Company intends to pay a dividend of ¥3 per share for the fiscal year ended March 31, 2009.

The Company also intends to pay a dividend of ¥3 per share for the fiscal year ending March 31, 2010.

Business and Other Risks

No additional risks have surfaced since the Company reported on business and other risks in its most recent full-year statutory financial report (filed on June 25, 2008). Information on business and other risks is therefore omitted here.

Status of Group

There have been no material changes in the “Status of Affiliated Companies” or “Chart of Operations (Nature of Operations)” in the Company’s most recent full-year statutory financial report (filed on June 25, 2008). The Company has therefore omitted an updated disclosure.

Management Strategy

(1) Basic Management Strategy

In accord with its mission statement, the Group is pursuing a mission of “Kawasaki, working as one for the good of the planet.” The Group has amassed a diverse wealth of technologies across a broad range of domains, most notably including land, marine, and air transport systems, and energy and environmental engineering. By maximally utilizing and combining these technological assets, the Group aims to harmonize diverse values and reconcile contradictory challenges such as material affluence and preservation of the global environment. As an integrated technology group, the Group is explicitly committed to contributing to the development of society by creating new value. Amid today’s rapidly changing societal and operating environment, the Group’s basic management policy is to enhance corporate value and increase customer satisfaction by maximally capitalizing on its integrated technological capabilities to offer customers exceptional products and services differentiated on the basis of brand or technology, while meeting the expectations of shareholders, customers, employees, and local communities.

(2) Target Management Metrics

In the aim of generating profits that meet investors’ expectations, the Group has adopted ROIC (return on invested capital: earnings before interest and taxes ÷ invested capital), a measure of capital efficiency, as its target metric of operating performance. While seeking to maximize ROIC, the Group will also endeavor to strengthen its financial condition through earnings growth and improvement in invested-capital efficiency. In the aim of strengthening its earnings power, the Group has adopted the ratio of recurring profit to net sales as a second target performance metric pursuant to its Global K medium-term business plan.

(3) Medium-to-long-term Management Strategy

Under its Global K medium-term business plan for the five years through fiscal 2011, the Company aims to develop into a highly profitable global company and realize its aforementioned corporate vision based on the core management principles of “quality followed by quantity,” “selectivity and concentration,” and “creation of new value.”

In the first half of the Global K plan’s term, the Company made steady progress in building up its overall earnings foundation by implementing various initiatives based on the above core management principles to improve individual businesses’ profitability and reform or discontinue unprofitable businesses. Since fiscal 2009, however, the Company has been beset by an adverse operating environment amid the global recession triggered by US subprime mortgage defaults. In response to such a challenging environment, the Company is pursuing various initiatives in accord with the above basic policies.

(4) Management Priorities

Through fiscal 2008, the Group was generally on schedule in achieving its earnings targets toward realization of the Global K plan’s vision through business expansion and growth. However, the Group’s operating environment has since turned increasingly adverse as severe repercussions from the financial market turmoil and credit crunch triggered by US subprime mortgage problems have fed through to the real economy. Japan in particular is projected to experience the most severe economic contraction of any developed country. Despite such adversity, the Group will maintain sound operations as a manufacturer.

To do so in an environment of temporarily heightened business risk, the Group recognizes the importance of conducting operations with an even stronger commitment to risk management and the concept of “quality followed by quantity,” while also upholding the Global K plan’s policies. The Group will closely monitor the market environment and place priority on lowering its breakeven sales level, improving cash flow, and streamlining its balance sheet. In businesses where contraction in demand is a concern, the Group will assess risk more rigorously and screen order bookings and investment proposals more selectively. Meanwhile, the Group will proceed as planned in funneling resources into growth businesses (e.g., energy, environmental engineering) and R&D programs essential to lay the technological foundation for the Group's future. The Group will also continue to strategically invest in priority markets, giving due consideration to selection of investment opportunities and the speed and magnitude of resource deployment.

The Group aims to strengthen individual businesses' earnings power by implementing the following measures specific to each business.

(1) Rolling Stock: With a large backlog of orders from North America and elsewhere, the rolling stock business will strengthen its operations in its three major markets: Japan, North America, and Asia.
(2) Aerospace: The aerospace business will advance several major projects, including preparing for mass production of the Boeing 787 and the P-1 maritime patrol aircraft, and completing development of the next transport aircraft.
(3) Gas Turbines & Machinery: The gas turbine & machinery business will strengthen its competitiveness by boosting its overall productivity, proceeding with development of a new model of jet engine for commercial aircraft, and strengthening its energy and environmental engineering operations by developing new products, including new models of industrial gas turbines and highly efficient gas engines.
(4) Consumer Products & Machinery: Faced with headwinds in the form of a global recession, the consumer products & machinery business will strengthen its development and production operations on a global basis in the aim of boosting its products' competitiveness and improving the profitability of motorcycles targeted at developed-country markets, its highest-priority business.
(5) Plant & Infrastructure Engineering: The plant & infrastructure engineering business, led by subsidiary Kawasaki Plant Systems, Ltd., will accelerate development of the energy-related and environmental businesses designated in the Global K medium-term plan.
(6) Shipbuilding: With its sights set on winning new orders, the shipbuilding business will solidify improvement in earnings through such means as optimizing the Kawasaki Shipbuilding Corporation's production systems, including Chinese operations.
(7) Hydraulic Machinery: The hydraulic machinery business will strengthen its pentapolar global operations (based in Japan, the US, Europe, China, and Korea) and nimbly invest enterprise resources while lowering its breakeven sales level.
(8) Industrial Robots: The industrial robot business will strengthen its development capabilities and cultivate new customers.
(9) Construction Machinery: The construction machinery business will strengthen its development and sales capabilities through its alliance with Hitachi Construction Machinery Co., Ltd., and TCM Corporation.

Needless to add, the Group's business activities such as those described above are predicated on compliance with applicable laws. The Group has prescribed internal corporate ethics regulations and is endeavoring to ensure that all personnel are knowledgeable about applicable laws with which they must comply. Toward this end, the Group conducts sequential education programs, distributes a variety of guidebooks, and has established compliance committees within various organizational units. The Group is also carrying out organizational initiatives to ensure legal compliance, mainly in the organizational units in charge of operating divisions and the head office. Meanwhile, the Group is endeavoring to establish a corporate culture that always places utmost priority on information disclosure and transparency.

The Group thus aims to enhance corporate value and establish reliable Kawasaki brands by strengthening its earnings power across all its businesses and ensuring rigorous compliance with applicable laws.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash on hand and in banks	39,875	31,955
Trade receivables	417,934	402,341
Inventories	439,309	-
Merchandise and finished products	-	69,609
Work in process	-	325,578
Raw materials and supplies	-	81,253
Deferred tax assets	25,250	33,232
Other current assets	64,053	54,937
Allowance for doubtful receivables	(4,140)	(3,111)
Total current assets	982,282	995,796
Fixed assets		
Net property, plant and equipment		
Buildings and structures	100,982	105,817
Machinery and equipment	68,371	76,944
Land	64,457	64,287
Leased assets	-	690
Construction in progress	9,938	19,572
Other	16,178	16,805
Total property, plant and equipment	259,927	284,117
Intangible assets		
Goodwill	-	1,106
Other	16,053	18,466
Total intangible assets	16,053	19,573
Investments and other assets		
Investments in securities	47,189	24,865
Long-term loans	2,005	559
Deferred tax assets	38,336	42,773
Other	34,319	33,272
Allowance for doubtful receivables	(1,344)	(1,187)
Total investments and other assets	120,506	100,283
Total fixed assets	396,487	403,974
Total assets	1,378,769	1,399,770
Liabilities		
Current liabilities		
Trade payables	430,999	358,478
Short-term borrowings	120,162	157,082
Current position of lease obligations	-	272
Income taxes payable	16,836	8,710
Deferred tax liabilities	269	931
Accrued bonuses	19,263	14,241
Provision for product warranties	6,733	7,638
Provision for losses on construction contracts	8,836	20,930
Provision for losses on damages suit	2,245	7,410
Advances from customers	124,679	125,762
Current portion of bonds	17,518	20,000
Commercial paper	-	30,000
Other	76,998	78,547
Total current liabilities	824,541	830,006

Long-term liabilities		
Bonds payable	60,990	40,990
Long-term debt	77,776	140,715
Lease obligations	-	227
Deferred tax liabilities	5,433	2,938
Provision for environmental measures	2,167	3,980
Employees' retirement and severance benefits	81,927	79,969
Other	6,895	5,697
Total long-term liabilities	235,190	274,518
Total liabilities	1,059,732	1,104,525
Net assets		
Shareholders' equity		
Common stock	104,328	104,328
Capital surplus	54,290	54,281
Retained earnings	151,401	154,272
Treasury stock	(459)	(467)
Total shareholders' equity	309,560	312,415
Valuation and translation adjustments		
Net unrealized gains (losses) on securities	10,292	3,139
Gains (losses) on hedging items	5,217	(263)
Foreign currency translation adjustment	(11,878)	(24,850)
Total valuation and translation adjustments	3,631	(21,974)
Minority interests	5,845	4,804
Total net assets	319,037	295,245
Total net assets and liabilities	1,378,769	1,399,770

(2) Consolidated Statements of Income

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Net sales	1,501,097	1,338,597
Cost of sales	1,262,032	1,146,944
Gross profit	239,064	191,652
Selling, general and administrative expenses		
Salaries and benefits	43,112	41,879
Advertising expenses	14,650	12,966
R&D expenses	36,228	38,256
Provision for doubtful receivables	-	359
Other	68,163	69,477
Total selling, general and administrative expenses	162,154	162,939
Operating income	76,910	28,713
Non-operating income		
Interest income	3,654	3,141
Dividend income	1,350	1,210
Gain on sale of marketable and investment securities	465	620
Equity income of non-consolidated subsidiaries and affiliates	7,642	8,709
Foreign exchange gain, net	-	10,373
Other	4,733	3,784
Total non-operating income	17,845	27,838
Non-operating expenses		
Interest expense	7,980	6,658
Foreign exchange loss	11,548	-
Loss on valuation of securities	-	1,875
Other	11,254	9,298
Total non-operating expenses	30,783	17,832
Recurring profit	63,972	38,718
Extraordinary income		
Gain on sale of business	-	594
Gain on contribution of securities to the pension trust	1,375	-
Gain on sale of affiliates' shares	292	-
Total extraordinary income	1,668	594
Extraordinary losses		
Provision for losses on damages suit	2,245	5,165
Loss on contribution of securities to the pension trust	-	4,492
Provision for environmental measures	2,167	1,812
Loss on impairment of fixed assets	2,763	1,399
Loss on sale of investments in affiliates	408	-
Other	-	2,818
Total extraordinary losses	7,585	15,688
Income before income taxes and minority interests	58,055	23,625
Income taxes		
Current	23,270	16,783
Deferred	(1,260)	(6,021)
Total income taxes	22,010	10,761
Minority interests in net income of consolidated subsidiaries	903	1,135
Net income	35,141	11,727

Consolidated Statement of Changes in Shareholders' Equity

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Shareholders' equity		
Common stock		
Balance at end of previous year	103,187	104,328
Changes during the period		
Issuance of new shares	1,141	-
Total changes during the period	1,141	-
Balance at end of year	104,328	104,328
Capital surplus		
Balance at end of previous year	53,179	54,290
Changes during the period		
Issuance of new shares	1,112	-
Treasury stock disposed	18	(9)
Other	(19)	-
Total changes during the period	1,111	(9)
Balance at end of year	54,290	54,281
Retained earnings		
Balance at end of previous year	125,798	151,401
Changes during the period		
Cash dividend	(8,297)	(8,341)
Net income for the year	35,141	11,727
Other	(1,241)	(514)
Total changes during the period	25,602	2,871
Balance at end of year	151,401	154,272
Treasury stock		
Balance at end of previous year	(55)	(459)
Changes during the period		
Treasury stock purchased	(488)	(31)
Treasury stock disposed	79	23
Other	4	-
Total changes during the period	(404)	(7)
Balance at end of year	(459)	(467)
Total shareholders' equity		
Balance at end of previous year	282,110	309,560
Changes during the period		
Issuance of new shares	2,254	-
Cash dividend	(8,297)	(8,341)
Net income for the year	35,141	11,727
Treasury stock purchased	(488)	(31)
Treasury stock disposed	97	14
Other	(1,256)	(514)
Total changes during the period	27,450	2,854
Balance at end of year	309,560	312,415
Valuation and translation adjustments		
Net unrealized gain (loss) on securities		
Balance at end of previous year	19,342	10,292
Changes during the period		
Net changes in items other than shareholders' equity	(9,049)	(7,152)
Total changes during the period	(9,049)	(7,152)
Balance at end of year	10,292	3,139
Gains (losses) on hedging items		
Balance at end of previous year	(1,607)	5,217
Changes during the period		
Net changes in items other than shareholders' equity	6,824	(5,480)

Total changes during the period	6,824	(5,480)
Balance at end of year	5,217	(263)
Foreign currency translation adjustments		
Balance at end of previous year	(9,417)	(11,878)
Changes during the period		
Net changes in items other than shareholders' equity	(2,461)	(12,987)
Total changes during the period	(2,461)	(12,987)
Balance at end of year	(11,878)	(24,850)
Total Valuation and translation adjustments		
Balance at end of previous year	8,317	3,631
Changes during the period		
Net changes in items other than shareholders' equity	(4,686)	(25,621)
Total changes during the period	(4,686)	(25,621)
Balance at end of year	3,631	(21,974)
Minority interests		
Balance at end of previous year	4,949	5,845
Changes during the period		
Net changes in items other than shareholders' equity	895	(1,040)
Total changes during the period	895	(1,040)
Balance at end of year	5,845	4,804
Total net assets		
Balance at end of previous year	295,377	319,037
Changes during the period		
Issuance of new shares	2,254	-
Cash dividend	(8,297)	(8,341)
Net income for the year	35,141	11,727
Treasury stock purchased	(488)	(31)
Treasury stock disposed	97	14
Other	(1,256)	(514)
Net changes in items other than shareholders' equity	(3,790)	(26,661)
Total changes during the period	23,659	(23,807)
Balance at end of year	319,037	295,245

(3) Consolidated Cash Flow Statement

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Cash flow from operating activities		
Income before income taxes and minority interests	58,055	23,625
Depreciation and amortization	37,455	44,334
Loss on impairment of fixed assets	2,763	1,399
Increase (decrease) in employees' retirement and severance benefits	7,124	2,314
Increase (decrease) in accrued bonuses	1,451	(5,335)
Increase (decrease) in allowance for doubtful receivables	(406)	(849)
Increase (decrease) in provision for product warranties	-	1,161
Increase (decrease) in provision for losses on construction contracts	(3,497)	12,201
Increase (decrease) in provision for losses on damages suit	(153)	5,165
Increase (decrease) in provision for environmental measures	2,167	1,812
Loss on disposal of inventories	1,350	2,382
(Gain) loss on sale of marketable and investment securities	(348)	(620)
Loss on valuation of securities	-	1,875
(Gain) loss on sale of property, plant, and equipment	1,397	164
(Gain) loss on contribution of securities to the pension trust	(1,375)	4,492
Investment gain on equity method	(7,642)	(8,709)
Interest and dividend income	(5,004)	(4,351)
Interest expense	7,980	6,658
(Increase) decrease in trade receivables	(11,102)	5,398
(Increase) decrease in inventories	(19,045)	(54,708)
(Increase) decrease in other current assets	(10,724)	(2,709)
Increase (decrease) in trade payables	26,870	(55,077)
Increase (decrease) in advances received	1,849	8,274
Increase (decrease) in other current liabilities	7,757	(8,867)
Other	(3,315)	2,916
Subtotal	93,606	(17,050)
Cash received for interest and dividends	9,607	8,926
Cash paid for interest	(8,035)	(6,480)
Cash paid for income taxes	(19,413)	(25,064)
Cash paid for suspension of activities for participation in Moto GP	-	(1,587)
Net cash provided by operating activities	75,765	(41,256)
Cash flow from investing activities		
(Increase) decrease in time deposits with maturities over three months	(1,634)	705
Acquisition of property, plant and equipment	(45,598)	(68,059)
Proceeds from sale of property, plant and equipment	468	2,902
Acquisition of intangible assets	(5,237)	(6,400)
Proceeds from sale of intangible assets	55	14
Acquisition of investments in securities	(1,183)	(3,043)
Proceeds from sale of investments in securities	5,730	1,795
Acquisition of equity interest in subsidiaries resulting in change in scope of consolidation	-	(1,241)
(Increase) decrease in short-term loans receivable	(277)	(33)
Additions to long-term loans receivable	(989)	(165)
Proceeds from collection of long-term loans receivable	94	1,474
Other	(516)	(233)
Net cash used for investing activities	(49,090)	(72,283)
Cash flow from financing activities		
Increase (decrease) in short-term borrowings, net	13,098	67,880
Proceeds from long-term debt	3,327	73,551
Repayment of long-term debt	(14,817)	(7,499)
Redemption of bonds payable	(20,000)	(17,518)
Acquisition of treasury stock	(479)	(16)
Cash dividends paid	(8,262)	(8,320)
Cash dividends paid to minority interests	(259)	(361)
Other	-	(22)
Net cash used for financing activities	(27,391)	107,692
Effect of exchange rate changes	(501)	(908)
Increase (decrease) in cash and cash equivalents due to changes	(1,217)	(6,755)
Cash and cash equivalents at beginning of year	39,228	38,169

Increase in cash and cash equivalents due to changes in fiscal periods of consolidated subsidiaries	158	-
Cash and cash equivalents at end of year	38,169	31,413

(5) Events or circumstances that raise material doubt regarding the going-concern assumption

Not applicable

(6) Basis of Preparation of Financial Statements

Other than the information in (7) "Changes in Basis of Preparation of Financial Statements," no material changes have been made in the information in the Company's most recent full-year statutory financial report (filed on June 25, 2008). The Company has therefore omitted an updated disclosure.

(7) Changes in Basis of Preparation of Financial Statements

1. Change in the scope of consolidation

(1) Change in the scope of consolidation

Seven companies became consolidated subsidiaries. Earth Technica Co., Ltd. (previously accounted for under the equity method), Earth Technica's subsidiary Fukae Powtec Co., Ltd., and another company were added as consolidated subsidiaries because the Company acquired additional shares in Earth Technica. Khitkan Co., Ltd., (previously accounted for under the equity method) was also added as a consolidated subsidiary because the Company acquired additional shares in that company. Additionally, the Company established three new consolidated subsidiaries.

Five companies ceased to be consolidated subsidiaries. Four former consolidated subsidiaries were excluded from the scope of consolidation because they merged with other consolidated subsidiaries. The remaining company was excluded because it was liquidated.

(2) Number of consolidated subsidiaries after change

97 companies

2. Change in application of the equity method

(1) Non-consolidated subsidiaries which are accounted for under the equity method:

None

(2) Associated companies which are accounted for under the equity method:

1) Change in associated companies which are accounted for under the equity method:

Six companies ceased to be equity-method subsidiaries/affiliates. Earth Technica Co., Ltd., Earth Technica's subsidiary Fukae Powtec Co., Ltd., and another company ceased to be equity-method subsidiaries/affiliates because the Company acquired additional shares in Earth Technica. Khitkan Co., Ltd., also ceased to be accounted for under the equity method because the Company acquired additional shares in that company. The remaining two companies ceased to be equity-method subsidiaries/affiliates because the Company sold them.

2) Number of associated companies accounted for under the equity method after change

12 companies

3. Changes in accounting standards

Valuation standards / methods for principal assets

Inventories

The Company previously valued ordinary held-for-sale inventories mainly at cost by the specific identification, moving average, and FIFO methods. Effective the fiscal year ended March 31, 2009, the Company switched to valuing inventories mainly at cost (writing down inventories' carrying value to reflect impairment of the goods' utility) by the specific identification, moving average, and FIFO methods when it adopted the *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, as revised July 5, 2006).

Due to this change, gross profit, operating income, recurring profit, and income before income taxes and minority interests for the fiscal year ended March 31, 2009, were each 4,074 million yen lower.

The effects on segment information are stated in the relevant sections.

4. Changes in Accounting Policies

(1) Adoption of the *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements*

Effective the fiscal year ended March 31, 2009, the Company adopted the *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* (ASBJ Practical Issues Task Force Report No. 18, May 17, 2006).

This change did not affect income/loss for the fiscal year ended March 31, 2009.

(2) Adoption of the accounting standard for lease transactions (lessee)

Previously, finance leases for which ownership of the leased assets does not transfer to the lessees were not capitalized but accounted for in the same manner as operating leases. Effective the fiscal year ended March 31, 2009, the Company adopted the *Accounting Standard for Lease Transactions* (ASBJ Statement No.13, 1st Committee of the Business Accounting Council, June 17, 1993; revised March 30, 2007) and the *Guidance on Accounting Standard for Lease Transactions* (ASBJ Statement Guidance No.16, Accounting System Committee, Japanese Institute of Certified Public Accountants, January 18, 1994; revised March 30, 2007). Accordingly, such finance leases are now accounted for in the same manner as purchase/sale transactions.

Leased assets of which ownership does not transfer to the lessees were depreciated with the straight-line method assuming the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

Finance leases for which ownership of the leased assets does not transfer to the lessees entered into on or before March 31, 2008, continue to be accounted for in the same manner as operating leases.

This change did not materially affect income/loss for the fiscal year ended March 31, 2009.

(3) Adoption of the accounting standard for lease transactions (lessor)

Previously, finance leases for which ownership of the leased assets does not transfer to the lessees were not capitalized but accounted for in the same manner as operating leases. Effective the fiscal year ended March 31, 2009, the Company adopted the *Accounting Standard for Lease Transactions* (ASBJ Statement No.13, 1st Committee of the Business Accounting Council, June 17, 1993; revised March 30, 2007) and the *Guidance on Accounting Standard for Lease Transactions* (ASBJ Statement Guidance No.16, Accounting System Committee, Japanese Institute of Certified Public Accountants, January 18, 1994; revised March 30, 2007). Accordingly, such finance leases are now accounted for in the same manner as purchase/sale transactions.

Finance leases for which ownership of the leased assets does not transfer to the lessees entered into on or before March 31, 2008, continue to be accounted for in the same manner as operating leases.

This change did not materially affect income/loss for the fiscal year ended March 31, 2009.

Changes in the Presentation of Accounts
Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

Consolidated Balance Sheets
In accord with the *Cabinet Office Ordinance on Partial Revision of the Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements etc.* (Cabinet Office Ordinance No. 50, August 7, 2008), effective the fiscal year ended March 31, 2009, assets that were presented as "inventories" in the fiscal year ended March 31, 2008, are divided and presented as "merchandise and finished products," "work in process," and "raw materials and supplies." "Merchandise and finished products," "work in process," and "raw materials and supplies" included in "inventories" in the fiscal year ended March 31, 2008, were 62,386 million yen, 296,265 million yen, and 80,656 million yen, respectively.

Consolidated Statements of Income
"Loss on valuation of securities" in non-operating expenses was presented separately because the amount exceeded 10% of total non-operating expenses.
Valuation loss on marketable and investment securities for the fiscal year ended March 31, 2008, was 59 million yen in total and included in "other" in non-operating expenses.

Consolidated Cash Flow Statements
"Increase (decrease) in provision for product warranties" and "loss on valuation of securities" in cash flow from operating activities were presented separately. The former to ensure clear disclosure of the Group's cash flows; the latter due to its increased importance. "Increase (decrease) in provision for product warranties" and "loss on valuation of securities" for the fiscal year ended March 31, 2008, were 1,755 million yen and 59 million yen, respectively, and included in "other" in cash flow from operating activities.

Additional Information
The Company and its consolidated subsidiaries in Japan have revised machinery's useful life pursuant to 2008 amendments to the tax code. Due to this change, operating income, recurring profit, and income before income taxes and minority interests were each 1,690 million yen lower.
The effects on segment information are stated in the relevant sections.

(8) Notes on Financial Statements

Consolidated Balance Sheets
Year ended March 31, 2009 (March 31, 2009)
Information is omitted here as its disclosure in this report is not of material importance.

Consolidated Statements of Income
Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)
*1. "Gain on sale of business" represents the gain on sale of consolidated subsidiary Kawasaki Life Corporation's golf course management business.
2. "Loss on contribution of securities to the pension trust" was a loss incurred by additional contribution of investment securities held by the Company to the pension trust.
3. Loss on impairment of fixed assets
(1) Outline asset groups in which loss on impairment of fixed assets was recognized

Purpose	Location	Type
Assets held for business	Sodegaura city, Chiba	Machinery, equipment, etc.

(2) Method for asset grouping
Asset grouping is based on line of business, and principle assets held for lease and idle assets are treated as independent asset groups.
(3) Reason for recognition of loss on impairment of fixed assets
The book values of some assets were written down to recoverable amounts due to

deteriorating business income, market price declines, and/or diminishing prospective utility.

(4) Calculation of recoverable amount

Recoverable amounts are measured by net sales price or utility value. Net sales price is calculated based on assessment by a real estate appraiser or on fixed assets' tax-assessment values . Utility value is calculated based on expected future cash flows.

(5) Loss on impairment of fixed assets

A write-down of 1,399 million yen, mainly for machinery and equipment, was recorded as loss on impairment of fixed assets in extraordinary losses.

4. Other items (extraordinary losses) comprised a loss associated with suspension of Moto GP racing activities.

Notes on consolidated statements of income other than those presented above are omitted here, as their disclosure in this report is not of material importance.

Information Omitted

Notes on the consolidated statements of changes in shareholders' equity, the consolidated cash flow statements, lease transactions, related-party transactions, tax-effect accounting, securities, derivative transactions, retirement benefits, stock-based compensation, business combinations, and other matters are omitted here, as their disclosure in this report is not of material importance

Segment Information

1) Information by industry segment

Year ended March 31, 2008 (April 1, 2007 – March 31, 2008)

Millions of yen

	Sales and operating income (loss)					Assets, depreciation/amortization, and capital expenditures		
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Assets	Depreciation /amortization	Capital expenditures
Shipbuilding	141,397	1,567	142,965	139,712	3,252	134,576	2,458	4,160
Rolling Stock & Construction Machinery	171,738	726	172,465	165,292	7,172	161,585	3,578	6,454
Aerospace	237,348	1,644	238,993	228,117	10,875	281,516	6,232	6,154
Gas Turbines & Machinery	185,486	16,940	202,426	189,034	13,392	188,133	3,765	5,391
Plant & Infrastructure Engineering	142,547	13,746	156,293	145,454	10,839	132,174	1,926	1,318
Consumer Products & Machinery	433,962	8,243	442,206	422,536	19,669	315,308	13,517	19,366
Hydraulic Machinery	84,027	8,724	92,752	83,635	9,117	53,347	2,658	4,801
Other	104,588	40,233	144,822	142,468	2,353	164,445	1,699	1,674
Total	1,501,097	91,827	1,592,925	1,516,252	76,672	1,431,087	35,836	49,320
Eliminations/ corporation	-	(91,827)	(91,827)	(92,065)	237	(52,318)	1,618	1,217
Consolidated total	1,501,097	-	1,501,097	1,424,186	76,910	1,378,769	37,455	50,538

Notes: 1. Method of segmentation
Business segmentation is based on the categorization used by management.

2. Major products by industry segment

Industry segment	Major products
Shipbuilding	Ships and vessels
Rolling Stock & Construction Machinery	Rolling stock, construction machinery, snowplows
Aerospace	Aircrafts
Gas Turbines & Machinery	Jet engines, general-purpose gas turbine generators, movers
Plant & Infrastructure Engineering	Industrial equipment, boilers, environmental equipment, steel structures
Consumer Products & Machinery	Motorcycles, personal watercraft, all-terrain vehicles (ATV), utility vehicles, general-purpose gasoline engines, industrial robots
Hydraulic Machinery	Industrial hydraulic products
Other	Commercial activities, sales/order agency and intermediary activities, management of welfare facilities

3. “Eliminations/corporation” includes working funds (cash on hand and in banks) of the Company, fixed assets shared by all the segments, deferred tax assets and long-term investment funds (investment in securities), together totaling 115,075 million yen.

4. Figures for “Eliminations/corporation” under “Depreciation/amortization” include depreciation expenses on fixed assets shared by all the segments, and figures for “Eliminations/corporation” under “Capital expenditure” include expenses related to fixed assets shared by all the segments.

5. Change in inventory valuation method

In accord with the amendment of the Corporate Tax Act in 2008, effective the fiscal year ended March 31, 2008, the Company and its consolidated subsidiaries in Japan switched their depreciation method for property, plant and equipment acquired on or after April 1, 2007, to the depreciation method described in the Corporate Tax Act as amended.

Further, property, plant and equipment acquired on or before March 31, 2007, is depreciated in accord with the Corporate Tax Act before amendment to 5% of their acquisition cost; and the difference between 5% of the acquisition cost and the memorandum price is then depreciated using the straight-line method over five years from the following accounting year and recorded in depreciation expense.

Due to this change, compared with what they would have been under the previous accounting method, operating expenses for the fiscal year ended March 31, 2008, in the Shipbuilding business were 362 million yen higher; in the Rolling Stock & Construction Machinery business, 314 million yen higher; in the Aerospace business, 708 million yen higher; in the Gas Turbines & Machinery business, 526 million yen higher; in the Plant & Infrastructure Engineering business, 172 million yen higher; in the Consumer Products & Machinery business, 1,371 million yen higher; in the Hydraulic Machinery business, 259 million yen higher; in Other businesses, 208 million yen higher. Operating income in each segment was lower by the same amounts.

6. Change of segment name

Effective the fiscal year ended March 31, 2009, the Japanese name of the Plant, Infrastructure, & Steel Structures Engineering segment was changed to Plant & Infrastructure Engineering due to the decreased importance of the steel-structures engineering to that business (the English name remains Plant & Infrastructure Engineering). There was no effect on sales or operating income/loss by segment.

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

Millions of yen

	Sales and operating income (loss)					Assets, depreciation/amortization, and capital expenditures		
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Assets	Depreciation /amortization	Capital expenditures
Shipbuilding	126,426	1,761	128,188	129,207	(1,018)	139,016	3,986	7,115
Rolling Stock & Construction Machinery	186,454	1,367	187,822	176,452	11,369	200,481	5,139	6,147
Aerospace	200,424	1,873	202,298	206,475	(4,177)	331,670	6,659	20,380
Gas Turbines & Machinery	195,156	18,315	213,471	202,446	11,025	203,902	4,606	10,176
Plant & Infrastructure Engineering	105,178	13,852	119,030	110,059	8,971	113,157	1,716	1,270
Consumer Products & Machinery	336,459	4,037	340,497	350,640	(10,142)	268,013	14,957	24,297
Hydraulic Machinery	84,919	8,523	93,443	85,053	8,389	60,429	3,729	10,539
Other	103,579	42,143	145,722	141,466	4,256	149,478	1,846	1,173
Total	1,338,597	91,876	1,430,473	1,401,802	28,671	1,466,151	42,642	81,099
Eliminations/ corporation	-	(91,876)	(91,876)	(91,918)	41	(66,380)	1,691	1,350
Consolidated total	1,338,597	-	1,338,597	1,309,883	28,713	1,399,770	44,334	82,450

Notes: 1. Method of segmentation
Business segmentation is based on the categorization used by management.

2. Major products by industry segment

Industry segment	Major products
Shipbuilding	Ships and vessels
Rolling Stock & Construction Machinery	Rolling stock, construction machinery, snowplows
Aerospace	Aircrafts
Gas Turbines & Machinery	Jet engines, general-purpose gas turbine generators, movers
Plant & Infrastructure Engineering	Industrial equipment, boilers, environmental equipment, steel structures
Consumer Products & Machinery	Motorcycles, personal watercraft, all-terrain vehicles (ATV), utility vehicles, general-purpose gasoline engines, industrial robots
Hydraulic Machinery	Industrial hydraulic products
Other	Commercial activities, sales/order agency and intermediary activities, management of welfare facilities

3. “Eliminations/corporation” includes working funds (cash on hand and in banks) of the Company, fixed assets shared by all the segments, deferred tax assets, and long-term investment funds (investment in securities), together totaling 96,934 million yen.

4. Figures for “Eliminations/corporation” under “Depreciation/amortization” include depreciation expenses for fixed assets shared by all the segments, and figures for “Eliminations/corporation” under “Capital expenditure” include expenses related to fixed assets shared by all the segments.

5. Change in inventory valuation standard and method

The Company previously valued ordinary held-for-sale inventories mainly at cost by the specific identification, moving average, and FIFO methods. Effective the first quarter of the fiscal year ended March 31, 2009, the Company switched to valuing inventories mainly at cost (writing down of inventories' carrying value to reflect impairment of the goods' utility) by the specific identification, moving average, and FIFO methods when it adopted the *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, as revised July 5, 2006). Due to this change, operating income for the fiscal year ended March 31, 2009, in the Rolling Stock & Construction Machinery business was 516 million yen lower; in the Aerospace business, 1,226 million yen lower; in the Gas Turbines & Machinery business, 1,677 million yen lower; in the Plant & Infrastructure Engineering business, 29 million yen lower; in the Consumer Products & Machinery business, 486 million yen lower; in the Hydraulic Machinery business, 103 million yen lower; and in the Other businesses, 34 million yen lower.

6. Change in useful life for property, plant and equipment

The Company and some of its consolidated subsidiaries in Japan have revised machinery's useful life and asset groupings pursuant to 2008 amendments to the tax code. Due to this change, operating income for the fiscal year ended March 31, 2009, in the Shipbuilding business was 543 million yen lower; in the Rolling Stock & Construction Machinery business, 473 million yen lower; in the Aerospace business, 271 million yen lower; in the Gas Turbines & Machinery business, 260 million yen lower; in the Plant & Infrastructure Engineering business, 53 million yen lower; in the Consumer Products & Machinery business, 205 million yen lower; in the Other businesses, 48 million yen lower; while in the Hydraulic Machinery business, it was 166 million yen higher.

2) Information by geographic area

Year ended March 31, 2008 (April 1, 2007 – March 31, 2008)

Millions of yen

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Assets
Japan	1,058,487	307,546	1,366,033	1,291,102	74,931	1,103,513
North America	267,559	25,201	292,761	293,276	(515)	191,075
Europe	131,608	5,320	136,928	132,449	4,479	83,928
Asia	33,296	24,751	58,048	56,597	1,451	37,917
Other areas	10,145	246	10,392	10,117	274	3,333
Total	1,501,097	363,067	1,864,164	1,783,542	80,622	1,419,768
Eliminations/corporate	-	(363,067)	(363,067)	(359,355)	(3,711)	(40,999)
Consolidated total	1,501,097	-	1,501,097	1,424,186	76,910	1,378,769

Notes: 1. Classification method of geographic segment: by geographic proximity

2. Major countries or regions in each segment other than Japan:

North America	The U.S.A. and Canada
Europe	The Netherlands, the United Kingdom, and Germany
Asia	Thailand, Indonesia, the Philippines, and Korea
Other areas	Australia and Brazil

3. "Eliminations/corporation" includes working funds (cash on hand and in banks) of the Company, fixed assets shared by all the segments, deferred tax assets, and long-term investment funds (investment in securities), together totaling 115,075 million yen.

4. Change in inventory valuation method

In accord with the amendment of the Corporate Tax Act in 2008, effective the fiscal year ended March 31, 2008, the Company and its consolidated subsidiaries in Japan switched their depreciation method for property, plant and equipment acquired on or after April 1, 2007, to the depreciation method described in the Corporate Tax Act as amended.

Further, property, plant and equipment acquired on or before March 31, 2007, is depreciated in accord with the Corporate Tax Act before amendment to 5% of their acquisition cost; and the difference between 5% of the acquisition cost and the memorandum price is then depreciated using the straight-line method over five years from the following accounting year and recorded in depreciation expense.

Due to this change, compared with what it would have been under the previous accounting method, operating expenses for the fiscal year ended March 31, 2008 in Japan was 3,924 million yen higher, and operating income in Japan was lower by the same amount.

Year ended March 31, 2009 (April 1, 2008– March 31, 2009)

Millions of yen

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Assets
Japan	974,453	247,019	1,221,473	1,208,066	13,406	1,169,702
North America	220,855	24,499	245,355	246,742	(1,386)	182,268
Europe	90,897	4,563	95,460	94,753	707	59,216
Asia	43,328	41,818	85,146	80,593	4,552	38,421
Other areas	9,062	250	9,312	8,945	367	2,970
Total	1,338,597	318,151	1,656,748	1,639,101	17,647	1,452,578
Eliminations/corporate	-	(318,151)	(318,151)	(329,217)	11,065	(52,808)
Consolidated total	1,338,597	-	1,338,597	1,309,883	28,713	1,399,770

Notes: 1. Classification method of geographic segment: by geographic proximity

2. Major countries or regions in each segment other than Japan:

North America	The U.S.A. and Canada
Europe	The Netherlands, the United Kingdom, and Germany
Asia	Thailand, Indonesia, the Philippines, and Korea
Other areas	Australia and Brazil

3. "Eliminations/corporation" includes working funds (cash on hand and in banks) of the Company, fixed assets shared by all the segments, deferred tax assets, and long-term investment funds (investment in securities), together totaling 96,934 million yen.

4. Change in inventory valuation standard and method

The Company previously valued ordinary held-for-sale inventories mainly at cost by the specific identification, moving average, and FIFO methods. Effective the first quarter of the fiscal year ended March 31, 2009, the Company switched to valuing inventories mainly at cost (writing down inventories' carrying value to reflect impairment of the goods' utility) by the specific identification, moving average, and FIFO methods when it adopted the *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, as revised July 5, 2006). Due to this change, operating income for the fiscal year ended March 31, 2009, in Japan was 4,074 million yen lower.

5. Change in useful life for property, plant and equipment

The Company and some of its consolidated subsidiaries on Japan have revised machinery's useful life and asset groupings pursuant to 2008 amendments to the tax code. Due to this change, operating income for the fiscal year ended March 31, 2009, in Japan was 1,690 million yen lower.

2. Overseas sales

Year ended March 31, 2008 (April 1, 2007 – March 31, 2008)

Millions of yen

	Overseas sales	Consolidated net sales	Ratio of overseas sales to consolidated sales (%)
North America	358,716	-	23.8
Europe	153,612	-	10.2
Asia	161,905	-	10.7
Other areas	148,315	-	9.8
Total	822,550	1,501,097	54.7

Notes: 1. "Overseas sales" includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.
2. Classification method of geographic segment: by geographic proximity
3. Major countries or regions in each segment:

North America	The U.S.A. and Canada
Europe	The United Kingdom, France, the Netherlands, Germany, and Italy
Asia	China, Korea, Taiwan, Vietnam, and the Philippines
Other areas	Panama, Brazil, Bahamas, and Australia

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

Millions of yen

	Overseas sales	Consolidated net sales	Ratio of overseas sales to consolidated sales (%)
North America	309,979	-	23.1
Europe	116,298	-	8.6
Asia	174,310	-	13.0
Other areas	130,050	-	9.7
Total	730,637	1,338,597	54.5

Notes: 1. "Overseas sales" includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.
2. Classification method of geographic segment: by geographic proximity
3. Major countries or regions in each segment:

North America	The U.S.A. and Canada
Europe	The United Kingdom, France, the Netherlands, Germany, and Italy
Asia	China, Korea, the Philippines, Taiwan, and Indonesia
Other areas	Panama, Bahamas, Brazil, and Australia

Per-share Data

	As of March 31, 2008	As of March 31, 2009
Net assets per share (yen)	187.73	174.10
Earnings per share – basic (yen)	21.08	7.02
Earnings per share – diluted (yen)	20.58	6.92

Notes:

1. Net assets per share is computed based on the following data.

Millions of yen, except number of shares

	As of March 31, 2008	As of March 31, 2009
Total net assets on consolidated balance sheets	319,037	295,245
Amounts excluded from total net assets	5,845	4,804
Of which: Minority interests	*5,845*	*4,804*
Net assets attributable to the common shares	313,192	290,440
Number of common shares used to compute net assets per share (thousand shares)	1,668,304	1,668,234

2. Both basic and diluted earnings per share are computed based on the following data.

Millions of yen, except number of shares and earnings per share

	As of March 31, 2008	As of March 31, 2009
Earnings per share – basic		
Net income	35,141	11,727
Earnings not attributable to common shareholders	-	-
Net income allocated to the common stocks	35,141	11,727
Weighted-average number of common shares (thousand shares)	1,666,850	1,668,271
Earnings per share – diluted		
Net income adjustment	96	77
Of which: Interest expense etc.	*96*	*77*
Increase in common shares (thousand shares)	45,289	35,747
Of which:		
Convertible bonds (thousand shares)	*24,341*	*18,037*
Bonds with stock acquisition rights (thousand shares)	*20,948*	*17,709*
Summary of non-diluting residual securities not included in the computation of diluted earnings per share	-	-

Material subsequent events

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

Not applicable

Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash on hand and in banks	18,823	9,607
Notes receivable-trade	1,494	1,595
Accounts receivable-trade	242,641	266,188
Work in process	228,894	238,757
Raw materials and supplies	45,909	50,006
Advance payments	16,289	20,318
Prepaid expenses	302	442
Deferred tax assets	6,351	16,536
Other current assets		
Short-term loans	20,041	26,417
Accounts receivable, other	12,749	11,096
Accrued income	24	33
Derivative assets	17,392	9,900
Other	2,900	3,003
Total other current assets	53,108	50,451
Allowance for doubtful receivables	(935)	(947)
Total current assets	612,879	652,956
Fixed assets		
Net property, plant and equipment		
Buildings	46,045	48,646
Structures	9,155	9,389
Machinery and equipment	30,416	35,497
Vessels	2	1
Aircraft	200	137
Vehicles	649	666
Tools, furniture and fixtures	9,547	10,721
Land	34,441	34,509
Leased assets	-	547
Construction in progress	3,410	15,271
Total property, plant and equipment	133,869	155,389
Intangible assets		
Software	3,793	3,474
License production and licensee's execution right	398	114
Other	7,064	10,169
Total intangible assets	11,256	13,758
Investments and other assets		
Investments in securities	43,417	22,482
Shares of affiliates	88,494	95,491
Investments in capital of affiliates	1,826	2,873
Long-term loans	10	13
Long-term loans to affiliates	4,446	3,371
Long-term loans to employees	288	258
Claims in bankruptcy and rehabilitation	197	180
Deferred tax assets	21,000	26,712
Other	5,903	6,214
Allowance for doubtful receivables	(629)	(1,713)
Total investments and other assets	164,956	155,883
Total fixed assets	310,082	325,031
Total assets	922,962	977,988

Liabilities		
Current liabilities		
Notes payable-trade	34,066	25,797
Accounts payable-trade	267,340	214,072
Short-term borrowings	87,934	118,968
Current portion of long-term debt	3,527	8,974
Current position of lease obligations	-	119
Accounts payable, other	10,639	18,851
Accrued expenses	25,411	26,954
Income taxes payable	5,817	983
Advances from customers	35,639	48,373
Deposits received	1,007	1,792
Unearned revenue	30	18
Accrued bonuses	10,797	6,756
Provision for product warranties	724	1,007
Provision for losses on construction contracts	2,882	10,985
Provision for losses on damages suit	2,245	7,410
Other current liabilities		
Current portion of bonds payable	10,000	20,000
Current portion of convertible bonds payable	7,518	-
Commercial paper	-	30,000
Notes payable-facilities	1,223	2,080
Other	1,424	3,308
Total current liabilities	508,229	546,455
Long-term liabilities		
Bonds payable	50,000	30,000
Convertible bond	7,038	7,038
Bonds with stock acquisition rights	3,952	3,952
Long-term debt	70,155	134,711
Lease obligations	-	2
Long-term accounts payable, other	485	374
Provision for environmental measures	1,386	2,945
Employees' retirement and severance benefits	25,823	21,238
Other	524	471
Total long-term liabilities	159,366	200,732
Total liabilities	667,596	747,188
Net assets		
Shareholders' equity		
Common stock	104,328	104,328
Capital surplus		
Legal capital surplus	52,058	52,058
Other capital surplus	48	39
Total capital surplus	52,107	52,098
Retained earnings		
Other retained earnings		
Provision foe special depreciation	174	146
Provision for advanced depreciation of fixed assets	6,734	6,798
Provision for special account for advanced depreciation of fixed assets	-	384
Retained earnings brought forward	77,859	62,988
Total retained earnings	84,769	70,318
Treasury stock	(459)	(467)
Total shareholders' equity	240,745	226,277
Valuation and translation adjustments		
Net unrealized gains (losses) on securities	9,237	2,872
Gains (losses) on hedging items	5,383	1,649
Total valuation and translation adjustments	14,620	4,522
Total net assets	255,366	230,799

Total net assets and liabilities	922,962	977,988

(2) Non-consolidated Statements of Income

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Net sales	889,963	771,428
Cost of sales	784,062	718,187
Gross profit	105,900	53,241
Selling, general and administrative expenses		
Salaries and benefits	12,435	12,110
Depreciation and amortization	769	778
Allowance for doubtful receivables	-	7
R&D expenses	32,230	32,849
Unallocated expenses	5,649	5,430
Contract expense	3,778	3,148
Other	7,983	10,978
Total selling, general and administrative expenses	62,847	65,302
Operating income (loss)	43,053	(12,061)
Non-operating income		
Interest income	1,059	1,002
Dividend income	6,640	12,077
Gain on sale of marketable and investment securities	394	11
Foreign exchange gains, net	-	11,213
Reversal of allowance for doubtful receivables	151	128
Other	804	1,101
Total non-operating income	9,051	25,534
Non-operating expenses		
Interest expense	2,944	3,465
Interest on bonds	1,617	1,008
Foreign exchange losses	8,525	-
Loss on valuation of securities	-	1,777
Other	7,312	4,608
Total non-operating expenses	20,399	10,859
Recurring profit	31,705	2,614
Extraordinary income		
Gain on sale of investments in affiliates	1,522	-
Gain on contribution of securities to the pension trust	1,375	-
Gain on cancellation of shares due to absorption	189	-
Total extraordinary income	3,088	-
Extraordinary losses		
Provision for losses on damages suit	2,245	5,165
Loss on impairment of fixed assets	2,662	-
Provision for environmental measures	1,386	1,558
Loss on contribution of securities to the pension trust	-	4,492
Provision for doubtful accounts of affiliates	-	1,230
Loss on valuation of stock of affiliates	-	452
Other	-	2,818
Total extraordinary losses	6,294	15,716
Income (loss) before income taxes	28,499	(13,102)
Income taxes		
Current	8,743	2,030
Deferred	(1,066)	(9,023)
Total income taxes	7,677	(6,992)
Net income (loss)	20,822	(6,109)

(3) Non-consolidated Statement of Changes in Shareholders' Equity

	Millions of yen	
	Year ended March 31, 2008	Year ended March 31, 2009
Shareholders' equity		
Common stock		
Balance at end of previous year	103,187	104,328
Changes during the period		
Issuance of new shares	1,141	-
Total changes during the period	1,141	-
Balance at end of year	104,328	104,328
Capital surplus		
Capital reserve		
Balance at end of previous year	50,945	52,058
Changes during the period		
Issuance of new shares	1,112	-
Total changes during the period	1,112	-
Balance at end of year	52,058	52,058
Other capital surplus		
Balance at end of previous year	49	48
Changes during the period		
Treasury stock disposed	(1)	(9)
Total changes during the period	(1)	(9)
Balance at end of year	48	39
Retained earnings		
Other retained earnings		
Provision for special depreciation		
Balance at end of previous year	423	174
Changes during the period		
Reversal of provision for special depreciation	(251)	(33)
Provision for special depreciation	2	5
Total changes during the period	(249)	(28)
Balance at end of year	174	146
Provision for advanced depreciation of fixed assets		
Balance at end of previous year	6,963	6,734
Changes during the period		
Reversal of provision for advanced depreciation of fixed assets	(228)	(64)
Provision for advanced depreciation of fixed assets	-	128
Total changes during the period	(228)	63
Balance at end of year	6,734	6,798
Provision for special account for advanced depreciation of fixed assets		
Balance at end of previous year	-	-
Changes during the period		
Reversal of provision for special account for advanced depreciation of fixed assets	-	-
Provision for special account for advanced depreciation of fixed assets	-	384
Total changes during the period	-	384
Balance at end of year	-	384
Retained earnings brought forward		
Balance at end of previous year	64,857	77,859
Changes during the period		
Cash dividend	(8,297)	(8,341)
Net income	20,822	(6,109)
Reversal of provision for special depreciation	251	33
Provision for special depreciation	(2)	(5)
Reversal of provision for advanced depreciation of fixed assets	228	64

Provision for advanced depreciation of fixed assets	-	(128)
Provision for special account for advanced depreciation of fixed assets	-	(384)
Total changes during the period	13,002	(14,871)
Balance at end of year	77,859	62,988
Treasury stock		
Balance at end of previous year	(45)	(459)
Changes during the period		
Treasury stock purchased	(488)	(31)
Treasury stock disposed	74	23
Total changes during the period	(414)	(7)
Balance at end of year	(459)	(467)
Total shareholders' equity		
Balance at end of previous year	226,382	240,745
Changes during the period		
Issuance of new shares	2,254	-
Cash dividend	(8,297)	(8,341)
Net income for the year	20,822	(6,109)
Treasury stock purchased	(488)	(31)
Treasury stock disposed	73	14
Total changes during the period	14,363	(14,468)
Balance at end of year	240,745	226,277
Valuation and translation adjustments		
Net unrealized gain (loss) on securities		
Balance at end of previous year	17,810	9,237
Changes during the period		
Net changes in items other than shareholders' equity	(8,573)	(6,364)
Total changes during the period	(8,573)	(6,364)
Balance at end of year	9,237	2,872
Gains (losses) on hedging items		
Balance at end of previous year	(1,062)	5,383
Changes during the period		
Net changes in items other than shareholders' equity	6,446	(3,733)
Total changes during the period	6,446	(3,733)
Balance at end of year	5,383	1,649
Total valuation and translation adjustments		
Balance at end of previous year	16,747	14,620
Changes during the period		
Net changes in items other than shareholders' equity	(2,127)	(10,098)
Total changes during the period	(2,127)	(10,098)
Balance at end of year	14,620	4,522
Total net assets		
Balance at end of previous year	243,129	255,366
Changes during the period		
Issuance of new shares	2,254	-
Cash dividend	(8,297)	(8,341)
Net income for the year	20,822	(6,109)
Treasury stock purchased	(488)	(31)
Treasury stock disposed	73	14
Net changes in items other than shareholders' equity	(2,127)	(10,098)
Total changes during the period	12,236	(24,566)
Balance at end of year	255,366	230,799

(4) Events or circumstances that raise material doubt regarding the going-concern assumption

Not applicable

6. Other

(1) Corporate officer changes

Refer to the Company's press release of February 23, 2009, titled "Directors and Executive Officers to Change."

(2) Orders and sales (consolidated)

1) Orders received

	Year ended March 31, 2008 (A)		Year ended March 31, 2009 (B)		Change (B-A)	
	million yen	% of total	million yen	% of total	million yen	%
Shipbuilding	251,331	15.6	71,512	4.6	(179,818)	(71.5)
Rolling Stock & Construction Machinery	183,254	11.3	264,603	17.1	81,349	44.3
Aerospace	202,505	12.5	239,176	15.5	36,671	18.1
Gas Turbines & Machinery	227,422	14.1	355,517	23.0	128,095	56.3
Plant & Infrastructure Engineering	106,045	6.5	83,648	5.4	(22,397)	(21.1)
Consumer Products & Machinery	433,962	26.9	336,459	21.8	(97,503)	(22.4)
Hydraulic Machinery	92,334	5.7	84,142	5.4	(8,192)	(8.8)
Other	113,900	7.0	105,528	6.8	(8,371)	(7.3)
Total	1,610,756	100.0	1,540,589	100.0	(70,167)	(4.3)

Note: The Consumer Products & Machinery segment's orders received are equal to its net sales as production is based mainly on estimated demand.

2) Net sales

	Year ended March 31, 2008 (A)		Year ended March 31, 2009 (B)		Change (B-A)	
	million yen	% of total	million yen	% of total	million yen	%
Shipbuilding	141,397	9.4	126,426	9.4	(14,971)	(10.5)
Rolling Stock & Construction Machinery	171,738	11.4	186,454	13.9	14,715	8.5
Aerospace	237,348	15.8	200,424	14.9	(36,924)	(15.5)
Gas Turbines & Machinery	185,486	12.3	195,156	14.5	9,670	5.2
Plant & Infrastructure Engineering	142,547	9.4	105,178	7.8	(37,368)	(26.2)
Consumer Products & Machinery	433,962	28.9	336,459	25.1	(97,503)	(22.4)
Hydraulic Machinery	84,027	5.5	84,919	6.3	891	1.0
Other	104,588	6.9	103,579	7.7	(1,009)	(0.9)
Total	1,501,097	100.0	1,338,597	100.0	(162,500)	(10.8)

3) Order backlog

	Year ended March 31, 2008 (A)		Year ended March 31, 2009 (B)		Change (B-A)	
	million yen	% of total	million yen	% of total	million yen	%
Shipbuilding	414,175	27.0	356,937	21.0	(57,238)	(13.8)
Rolling Stock & Construction Machinery	431,376	28.1	478,565	28.1	47,188	10.9
Aerospace	248,332	16.1	286,600	16.8	38,268	15.4
Gas Turbines & Machinery	245,961	16.0	405,196	23.8	159,234	64.7
Plant & Infrastructure Engineering	135,288	8.8	112,162	6.6	(23,125)	(17.0)
Consumer Products & Machinery	-	-	-	-	-	-
Hydraulic Machinery	29,316	1.9	28,539	1.6	(777)	(2.6)
Other	29,211	1.9	31,160	1.8	1,948	6.6
Total	1,533,663	100.0	1,699,162	100.0	165,499	10.7

(3) Orders and sales (non-consolidated)

Orders, net sales and order backlog by industry segment

1) Orders received

	Year ended March 31, 2008 (A)		Year ended March 31, 2009 (B)		Change (B-A)	
	million yen	% of total	million yen	% of total	million yen	%
Rolling Stock & Construction Machinery	132,390	14.8	209,304	19.8	76,913	58.0
Aerospace	182,698	20.4	222,684	21.1	39,985	21.8
Gas Turbines & Machinery	225,411	25.2	345,796	32.7	120,385	53.4
Plant & Infrastructure Engineering	32,087	3.5	28,977	2.7	(3,110)	(9.6)
Consumer Products & Machinery	318,770	35.7	247,740	23.4	(71,029)	(22.2)
Total	891,357	100.0	1,054,503	100.0	163,145	18.3
Export orders received	564,718	63.3	553,607	52.4	(11,111)	(1.9)

Note: The Consumer Products & Machinery segment's orders received are equal to its net sales as production is based mainly on estimated demand.

2) Net sales

	Year ended March 31, 2008 (A)		Year ended March 31, 2009 (B)		Change (B-A)	
	million yen	% of total	million yen	% of total	million yen	%
Rolling Stock & Construction Machinery	138,681	15.5	129,779	16.8	(8,902)	(6.4)
Aerospace	220,263	24.7	182,995	23.7	(37,267)	(16.9)
Gas Turbines & Machinery	175,886	19.7	184,540	23.9	8,653	4.9
Plant & Infrastructure Engineering	36,361	4.0	26,373	3.4	(9,988)	(27.4)
Consumer Products & Machinery	318,770	35.8	247,740	32.1	(71,029)	(22.2)
Total	889,963	100.0	771,428	100.0	(118,534)	(13.3)
Net export sales	521,756	58.6	455,912	59.0	(65,844)	(12.6)

3) Order backlog

	Year ended March 31, 2008 (A)		Year ended March 31, 2009 (B)		Change (B-A)	
	million yen	% of total	million yen	% of total	million yen	%
Rolling Stock & Construction Machinery	282,620	33.4	355,432	31.7	72,811	25.7
Aerospace	232,666	27.5	271,872	24.2	39,205	16.8
Gas Turbines & Machinery	274,496	32.4	434,666	38.7	160,170	58.3
Plant & Infrastructure Engineering	55,924	6.6	58,485	5.2	2,560	4.5
Consumer Products & Machinery	-	-	-	-	-	-
Total	845,707	100.0	1,120,456	100.0	274,748	32.4
Export order backlog	459,867	54.3	549,261	49.0	89,394	19.4

Supplementary information on earnings forecasts for the fiscal year ending March 31, 2010

(1) Consolidated earnings outlook

Billions of yen

	Outlook for the year ending March 31, 2010 (A)	Year ended March 31, 2009 (B)	Change (A-B)
Net sales	1,240.0	1,338.5	(98.5)
Operating income	5.0	28.7	(23.7)
Recurring profit	10.0	38.7	(28.7)
Net income	6.0	11.7	(5.7)

Orders received	1,180.0	1,540.5	(360.5)
Before-tax ROIC (%)	2.6%	4.5%	(1.9)%
R&D expenses	40.0	38.2	1.8
Capital expenditures	78.0	82.4	(4.4)
Depreciation/amortization	54.0	44.3	9.7
Number of employees at end of period *Number of employees outside of Japan included therein	33,000 8,400*	32,266 7,955*	734 445*

Notes: 1. The expected foreign exchange rate used for the outlook: ¥95=US$1, ¥125=1 Euro

2. Before-tax ROIC = (income before income taxes + interest expense) / invested capital

3. Capital expenditure represents the total of newly recorded property, plant and equipment and newly recorded intangible assets. Depreciation/amortization represents depreciation/amortization expenses for property, plant and equipment and intangible assets.

(2) Outlook by industry segment

1) Net sales and operating income (loss)

Billions of yen

	Outlook for the year ending March 31, 2010 (A)		Year ended March 31, 2009 (B)		Change (A – B)	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Shipbuilding	150.0	3.5	126.4	(1.0)	23.6	4.5
Rolling Stock & Construction Machinery	170.0	9.0	150.3	12.3	19.7	(3.3)
Aerospace	190.0	2.5	200.4	(4.1)	(10.4)	6.6
Gas Turbines & Machinery	200.0	7.0	195.1	11.0	4.9	(4.0)
Plant & Infrastructure Engineering	95.0	4.0	105.1	8.9	(10.1)	(4.9)
Consumer Products & Machinery	260.0	(26.0)	336.4	(10.1)	(76.4)	(15.9)
Hydraulic Machinery	65.0	3.0	84.9	8.3	(19.9)	(5.3)
Other	110.0	2.0	139.6	3.3	(29.6)	(1.3)
Total	1,240.0	5.0	1,338.5	28.7	(98.5)	(23.7)

2) Orders received

Billions of yen

	Outlook for the year ending March 31, 2010 (A)	Year ended March 31, 2009 (B)	Change (A – B)
Shipbuilding	110.0	71.5	38.5
Rolling Stock & Construction Machinery	150.0	235.0	(85.0)
Aerospace	170.0	239.1	(69.1)
Gas Turbines & Machinery	220.0	355.5	(135.5)
Plant & Infrastructure Engineering	80.0	83.6	(3.6)
Consumer Products & Machinery	260.0	336.4	(76.4)
Hydraulic Machinery	70.0	84.1	(14.1)
Other	120.0	135.0	(15.0)
Total	1,180.0	1,540.5	(360.5)

Notes: The construction machinery business, which was previously included in the Rolling Stock & Construction Machinery segment, was spun-off in April 2009 to become KCM Corporation. Hitachi Construction Machinery Co., Ltd., subsequently invested capital in, entered into business alliance with, KCM Corporation. As a result, said business's relationship with the Rolling Stock & Construction Machinery segment was weakened, and it was therefore included in the "Other" segment in the above segment outlook.

For reference, the construction machinery business's sales, income (loss), and orders received for the year ended March 31, 2009, were included in "Other" above. Therefore, the above figures differ from those for sales and operating income (loss) presented in "Segment information" in the notes on financial statements, and for net sales and orders presented in the "Orders and sales (consolidated)" section.