

**Financial Results for Second Quarter FY 2009  
(for the year ending March 31, 2010)**

**November 2, 2009**

**Kawasaki Heavy Industries, Ltd**



# Table of Contents

---

## **I. Consolidated Results for Second Quarter FY2009**

✧ Summary of Financial Results	1
✧ Details of Change in Profit	2
✧ Details of Change in Profit	3
✧ Financial Results by Segment	4
Shipbuilding	5
Rolling Stock	6
Aerospace	7
Gas Turbines & Machinery	8
Energy & Environmental Engineering	9
Consumer Products & Machinery	10
Hydraulic Machinery	11
Others	12
✧ Financial Condition and Cash Flows	13

## **. Forecast for FY2009**

✧ Consolidated Operating Performance	14
✧ Forecast by Segment	15
✧ R&D/CAPEX/Number of Employees	16

## **. Operating Policy for FY2009**

✧ Company Policy	17
✧ Measures in Individual Businesses	18

# **I. Consolidated Results for Second Quarter FY2009**

# Summary of Financial Results

(¥ Billion)

	FY2008 1H	FY2009 1H		Change		<b>【Orders Received】</b> Significant decrease in Shipbuilding segment that secured no orders for new building ships and in Rolling Stock segment that had no such a large order as there was in the same period last year.  <b>【Net Sales】</b> Significant decline in Consumer Products & Machinery segment due to sales decrease of motorcycles in U.S. and European markets.  <b>【Profits】</b> · Profit declined sharply in comparison with the same period last year due to the adverse impact of sales decrease and the appreciation of the yen, despite implementation of fixed cost reduction especially in mass production businesses. · Operating income and recurring profit exceeded company forecast in Apr.
		Forecast in Apr.	Actual	FY2009 1H vs. FY2008 1H	Actual vs. Forecast in Apr.	
Orders Received	717.2	-	<b>403.0</b>	- 314.2	-	
Net Sales	652.9	570.0	<b>516.0</b>	- 136.8	- 53.9	
Operating Income	24.3	- 12.0	<b>- 6.1</b>	- 30.5	5.8	
Recurring Profit	30.7	- 8.0	<b>- 1.2</b>	- 31.9	6.7	
Net income	12.3	- 6.0	<b>- 6.2</b>	- 18.6	- 0.2	

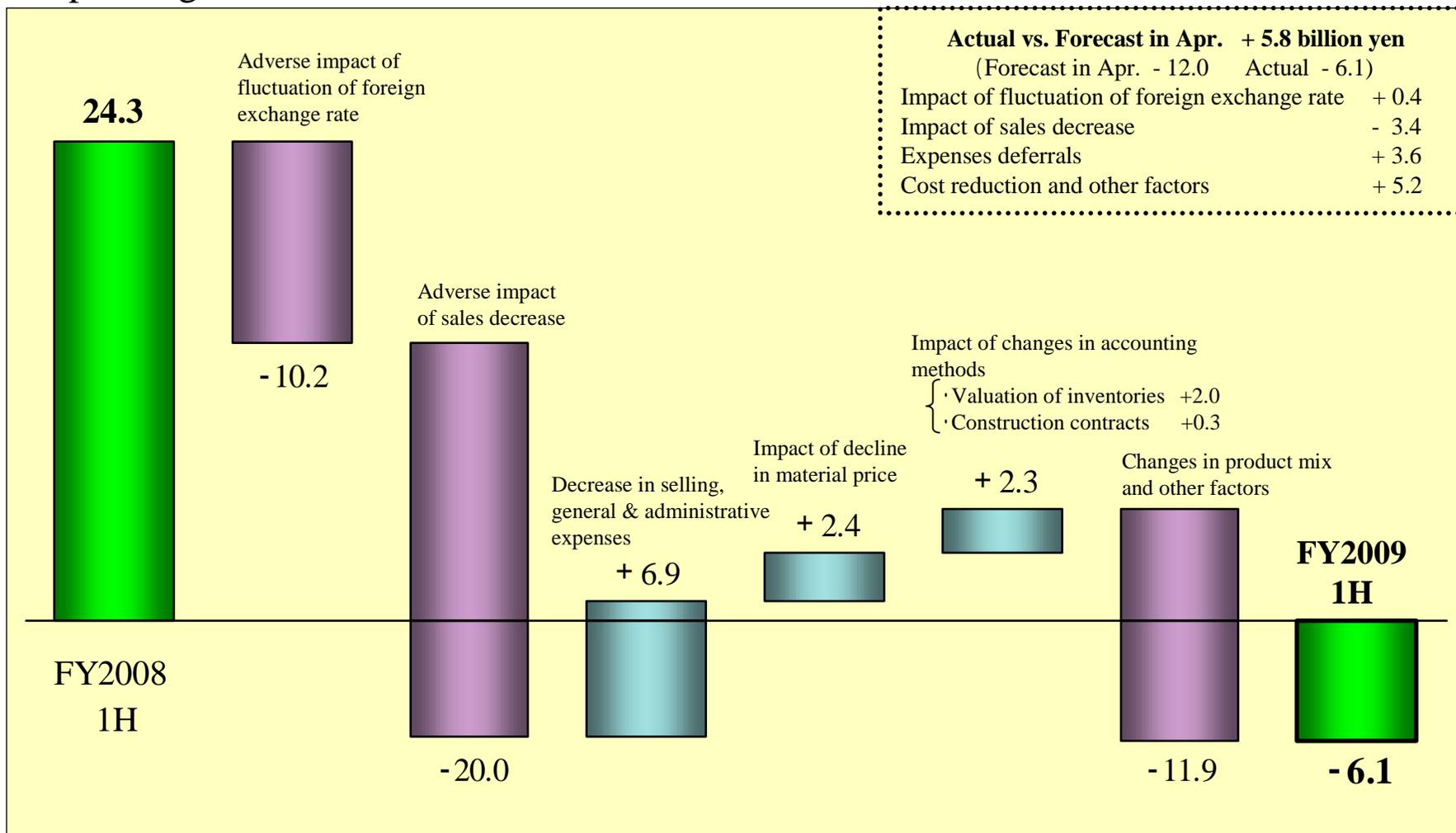
Exchange Rates ( weighted-average )

¥ /US\$	106	95	<b>96</b>
¥ /EUR	159	125	<b>133</b>

# Details of Change in Profit

- FY2009 1H vs. FY2008 1H -

**[Operating Income/loss]** - 30.5 billion yen (FY2008 1H 24.3 billion yen FY2009 1H - 6.1 billion yen)



# Details of Change in Profit

- FY2009 1H vs. FY2008 1H-

## 【Non-operating Income/Expenses】

- 1.4 billion yen (FY2008 1H 6.3 billion yen FY2009 1H 4.9 billion yen)

(¥ Billion)

Net Interest expense ( incl. dividend income )	+ 0.1	( - 0.9	- 0.7 )
Equity in income of unconsolidated subsidiaries and affiliates	- 0.7	( 3.3	2.5 )
Gain and loss on foreign exchange	+ 0.2	( 3.0	3.2 )
Others	- 1.1	( 0.9	- 0.1 )

## 【Extraordinary Income/Losses】

- 0.6 billion yen (FY2008 1H - 5.1 billion yen FY2009 1H - 5.7 billion yen)

(¥ Billion)

Provision for losses on damages suit	- 1.8	<sup>1</sup> ( - 5.1 )	<sup>2</sup> ( - 6.9 )
Others	+ 1.2	( 0	1.2 )

<sup>1</sup> Amount equivalent to fine claimed by Japan Fair Trade Commission in relation to refuse incineration plants

<sup>2</sup> Estimated loss for the company in case of losing a suit for damages by owner of refuse incineration plants

# Financial Results by Segment

(¥ Billion)

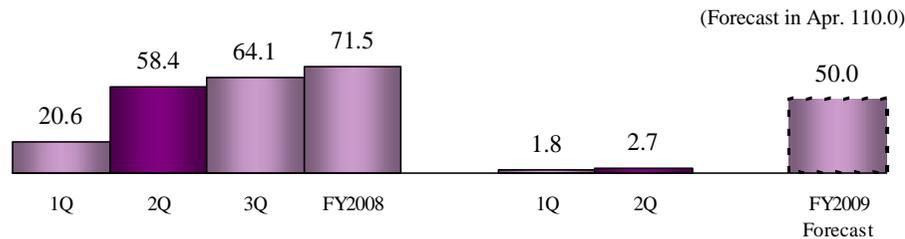
	Orders Received			Net Sales			Operating Income		
	FY2008 1H	<b>FY2009 1H</b>	Change	FY2008 1H	<b>FY2009 1H</b>	Change	FY2008 1H	<b>FY2009 1H</b>	Change
Shipbuilding	58.4	<b>2.7</b>	- 55.7	53.7	<b>65.2</b>	11.5	0.2	<b>1.4</b>	1.1
Rolling Stock	136.0	<b>44.5</b>	- 91.5	83.6	<b>80.1</b>	- 3.5	7.0	<b>3.2</b>	- 3.7
Aerospace	58.3	<b>46.5</b>	- 11.8	95.2	<b>73.3</b>	- 21.9	0.5	<b>2.6</b>	2.0
Gas Turbines & Machinery	119.3	<b>99.8</b>	- 19.4	91.7	<b>83.4</b>	- 8.3	4.7	<b>0.6</b>	- 4.1
Energy & Environmental Engineering	49.0	<b>32.5</b>	- 16.5	46.6	<b>35.7</b>	- 10.9	4.6	<b>1.0</b>	- 3.5
Consumer Products & Machinery	177.6	<b>106.2</b>	- 71.3	177.6	<b>106.2</b>	- 71.3	0.3	<b>- 16.6</b>	- 16.9
Hydraulic Machinery	55.0	<b>27.5</b>	- 27.5	47.2	<b>29.0</b>	- 18.2	5.0	<b>1.9</b>	- 3.0
Others	63.2	<b>42.9</b>	- 20.2	56.8	<b>42.8</b>	- 13.9	1.8	<b>- 0.3</b>	- 2.1
Eliminations and Corporate	-	<b>-</b>		-	<b>-</b>		- 0.1	<b>- 0.3</b>	- 0.1
Total	717.2	<b>403.0</b>	- 314.2	652.9	<b>516.0</b>	- 136.8	24.3	<b>- 6.1</b>	- 30.5

# Shipbuilding

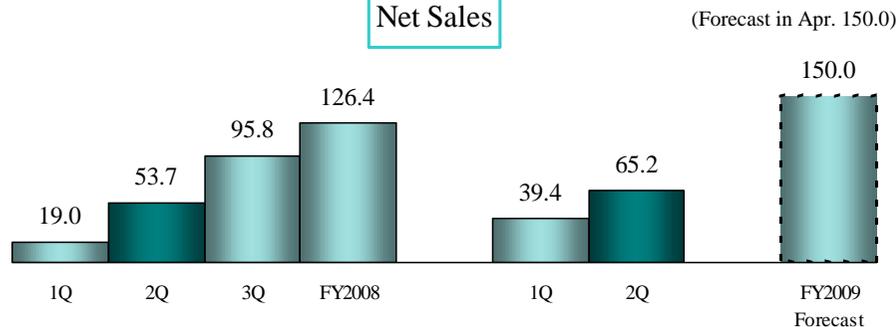
Main Products: LNG Carriers, LPG Carriers, VLCCs, Bulk Carriers, Submarines and others

(Billion ¥ / In accumulated amount)

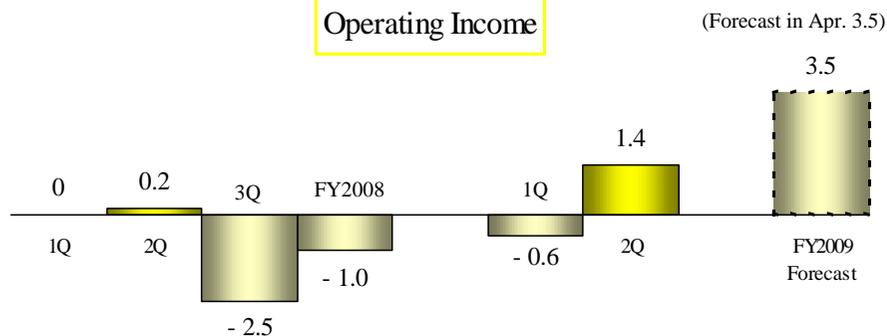
## Orders Received



## Net Sales



## Operating Income



◇ **FY2009 1H** ( vs. FY2008 1H )

### Orders Received:

No orders received of new building ships due to downturn of shipping market

**Net Sales:** Increase in sales units and sales of large-scale vessels

### Operating Income:

Income increased due to sales increase and improvement of profitability by decline of material price, and other factors

<Unit of Orders Received and Sales of New Building Ships>

	Orders Received		Sales	
	FY2008 1H	FY2009 1H	FY2008 1H	FY2009 1H
LNG carriers			5 (5)	4 (4)
LPG carriers	1		2 (1)	2 (2)
VLCC				1 (0)
Bulk carriers	5		2 (0)	7 (5)
Submarines			1 (1)	2 (2)
Total	6		10 (7)	16 (13)

Note: ( ) = Sales units by percentage-of-completion method

◇ **FY2009 Forecast** ( vs. Forecast in Apr. )

- Orders received was revised down through considering decline of demand for new building ships
- Operating income remains unchanged because decline in material price and cost reduction offset the adverse impact of change in assumed foreign exchange rate

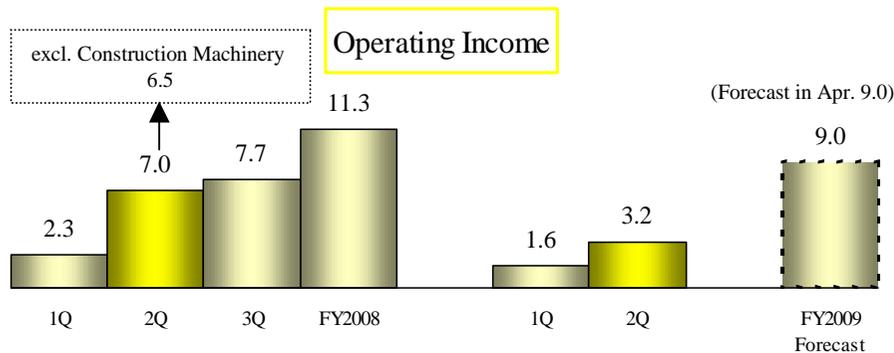
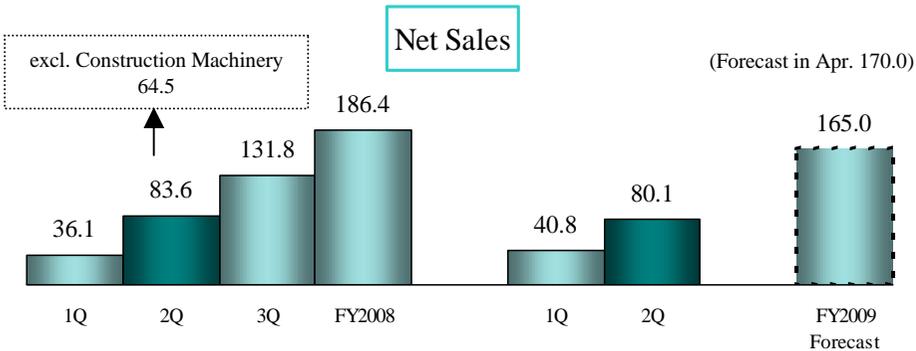
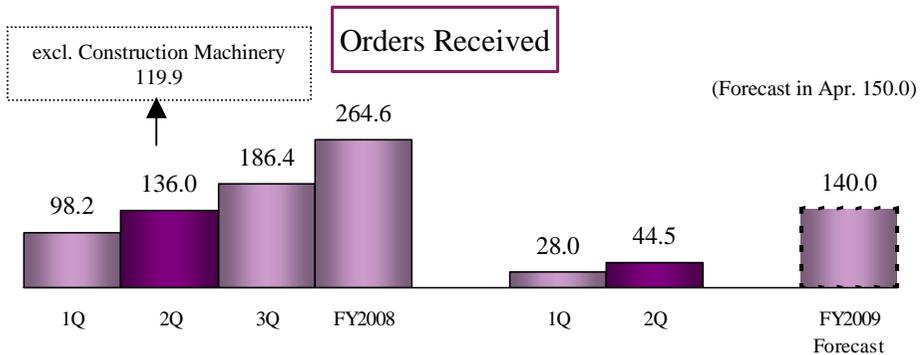
◇ **(For Reference) Joint Venture in China**

NACKS was established in Nantong in Dec. 1995, as a joint venture between KHI and China Ocean Shipping(Group) Company, the biggest shipping company in China. At NACKS, various types of commercial vessels are built for both domestic and overseas customers under the technical support from Kawasaki Shipbuilding Corporation. (NACKS is an equity method affiliate.)

# Rolling Stock

Main Products : Electric train cars (incl. Shinkansen), Electric and diesel locomotives, Passenger coaches, Monorail cars, Platform screen doors

(Billion ¥ / In accumulated amount)



## ◇ FY2009 1H

vs. FY2008 1H which excludes figures of Construction Machinery business unit

### Orders Received :

- 132 cars for Singapore Land Transport Authority
- Decrease in large-scale orders received for Japan Railways

### Net Sales :

Increase in sales for Japan Railways and overseas market

### Operating Income :

Income decreased due to deterioration in profitability for overseas projects by the appreciation of the yen, and other factors

## ◇ FY2009 Forecast ( vs. Forecast in Apr. )

- Net sales was revised down because a part of delivery for overseas projects deferred until the next fiscal year
- Operating income remains unchanged because cost reduction offsets the adverse impact of sales decrease and change in assumed foreign exchange rate

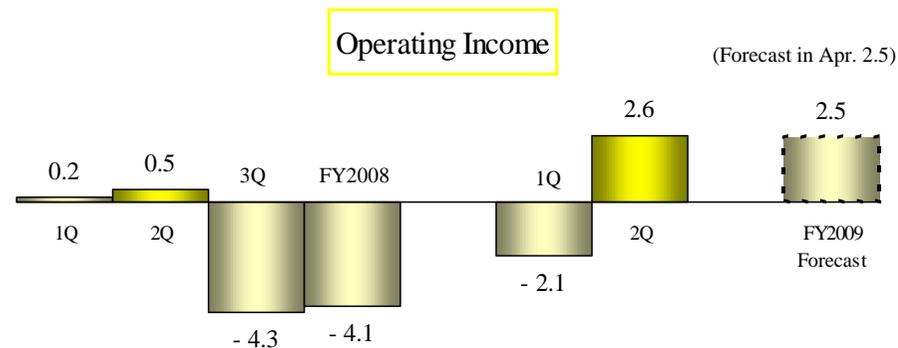
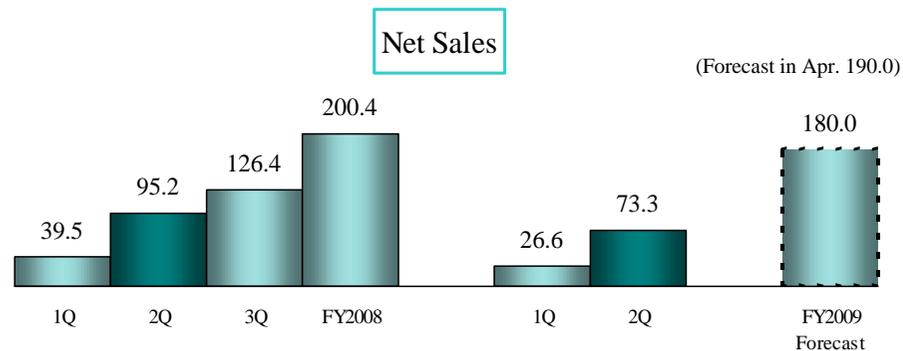
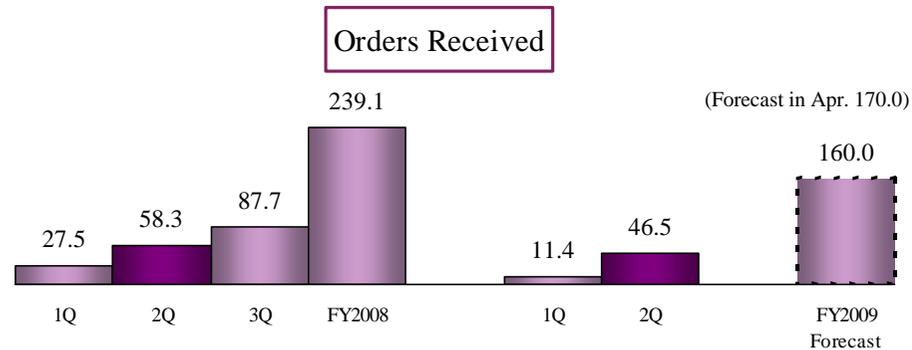
## ◇ (For Reference) The Present Status of New Overseas Projects

- Cargo Trains in India (Delhi ~ Mumbai)
  - Japanese ODA project, working as Japanese consortium
- Ho Chi Minh City Metro
  - Japanese ODA project , working with other companies
- North America
  - Working to receive orders mainly for subway and commuter trains
- High-speed railways
  - There are plans in Brazil, U.S., India, Vietnam and other countries

# Aerospace

Main Products : Aircrafts for Japan Ministry of Defense, Component parts for commercial aircrafts (BOEING , Embraer), Missiles

(Billion ¥ / In accumulated amount)



◇ **FY2009 1H** ( vs. FY2008 1H )

**Orders Received :**

Decrease in orders received for component parts for BOEING including B777

**Net Sales :**

Decrease in sales for Japan Ministry of Defense and component parts for BOEING

**Operating Income :**

Income improved due to expenses deferrals regarding B787 project with the revision of development schedule of the said aircraft, and other factors

◇ **FY2009 Forecast** ( vs. Forecast in Apr. )

- Orders received and net sales were revised down due to expenses deferrals regarding B787 project and production decrease of commercial aircrafts in consequence of economic downturn
- Operating income remains unchanged because the adverse impact of sales decrease and change in assumed foreign exchange rate are offset by decrease in cost with the revision of development schedule of B787 project

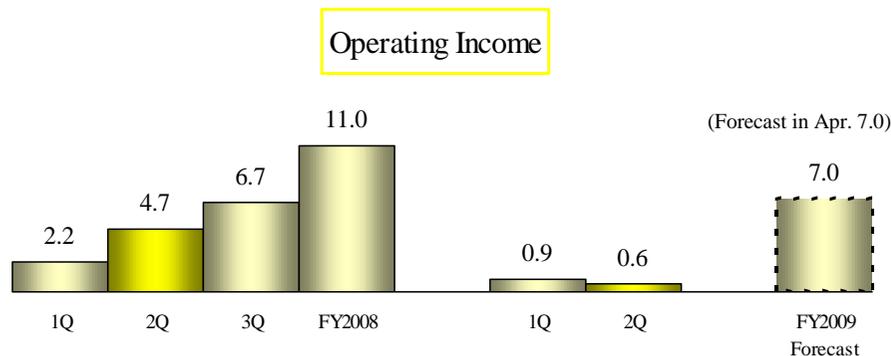
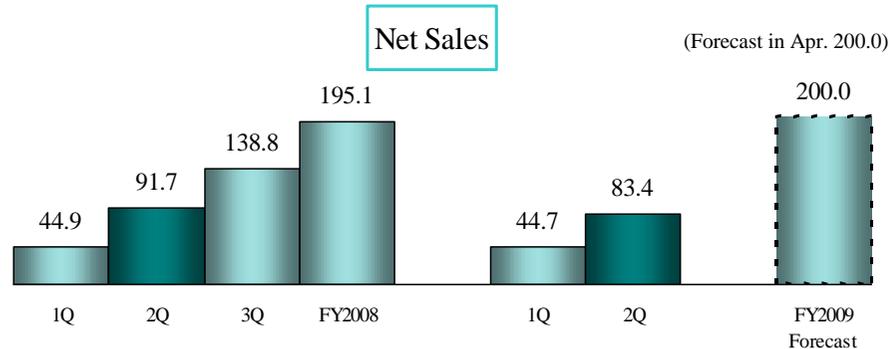
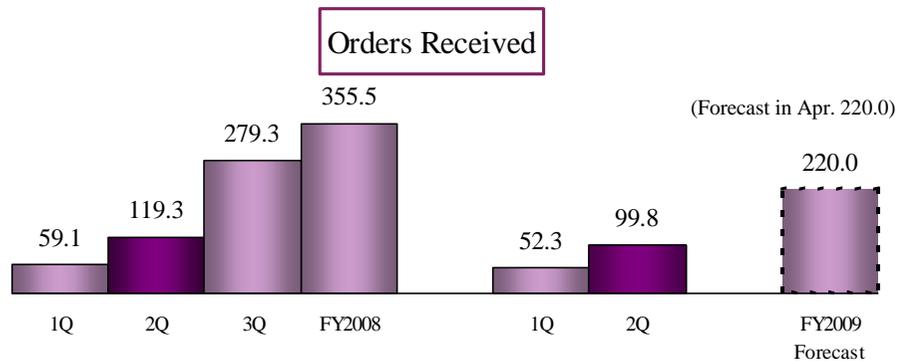
<Sales units of components parts for commercial aircraft> (unit)

	Sales			
	FY2008 1H	FY2008	FY2009 1H	FY2009
B777	42	73	38	77
B767	7	13	4	10
Embraer170/175	30	46	10	21
Embraer190/195	58	112	20	63

# Gas Turbines & Machinery

Main Products : Jet engines, Gas turbine co-generation system, Gas turbines & Steam turbines for marines & land, Diesel engines, Marine propulsion system

(Billion ¥ / In accumulated amount)



◇ **FY2009 1H** ( vs. FY2008 1H )

**Orders Received :**

Decrease in orders received for marine diesel engines and marine propulsion systems

**Net Sales :**

Decrease in sales of gas turbines for naval vessels and gas compression module, despite stable sales of component parts for commercial aircraft engines

**Operating Income :**

Income decreased due to the adverse impact of sales decrease and the appreciation of the yen, and other factors

◇ **FY2009 Forecast** ( vs. Forecast in Apr. )

- Net sales remains unchanged due to increase in sales for industrial gas turbines and aerodynamic machinery despite decrease in sales of marine propulsion systems
- Operating income remains unchanged because the bulk of spare parts sales for jet engines are expected to be posted in the second half of this fiscal year

<Summary of Major Projects for Commercial Aircraft Jet Engines>

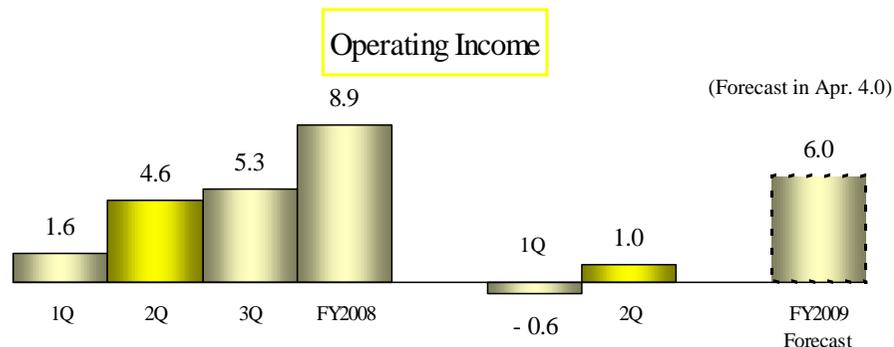
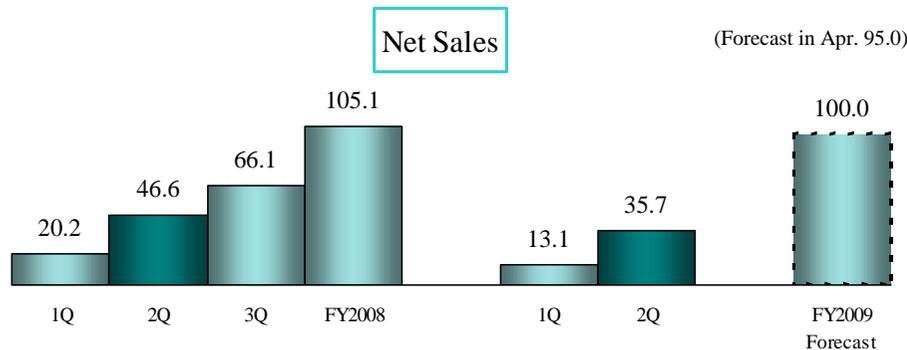
	V2500	Trent1000	TrentXWB
Aircraft	A320 and others	B787	A350
Participation Type	Full Partner	RRSP( )	RRSP( )
Share	Approx. 6%	Approx. 8.5%	Approx. 7%
Responsible Components	Fan case, vane, disc, low-pressure compressor blade	Intermediate pressure compressor (IPC) module	Intermediate pressure compressor (IPC) module

( ) Risk & Revenue Sharing Partner

# Energy & Environmental Engineering

Main Products: Industrial plants (cement, chemical and others), Power plants, LNG & LPG tanks, Municipal refuse incineration plants, Shield machines

(Billion ¥ / In accumulated amount)



◇ **FY2009 1H** ( vs. FY2008 1H )

**Orders Received :**

Decrease in large-scale projects (A large-scale LNG tank project was obtained in the same period last year.)

**Net Sales :**

Decrease in large-scale projects for overseas customers

- ( Overseas large-scale projects for FY2008 )
- Ferronickel plant / Korea
- Urea production facility / Pakistan
- Cement plant / Vietnam

**Operating Income :**

Income decreased due to the adverse impact of sales decline

◇ **FY2009 Forecast** ( vs. Forecast in Apr. )

- Orders received and net sales were revised up due to increase of rehabilitation contracts
- Operating income was revised up due to sales increase and improvement in profitability of some projects

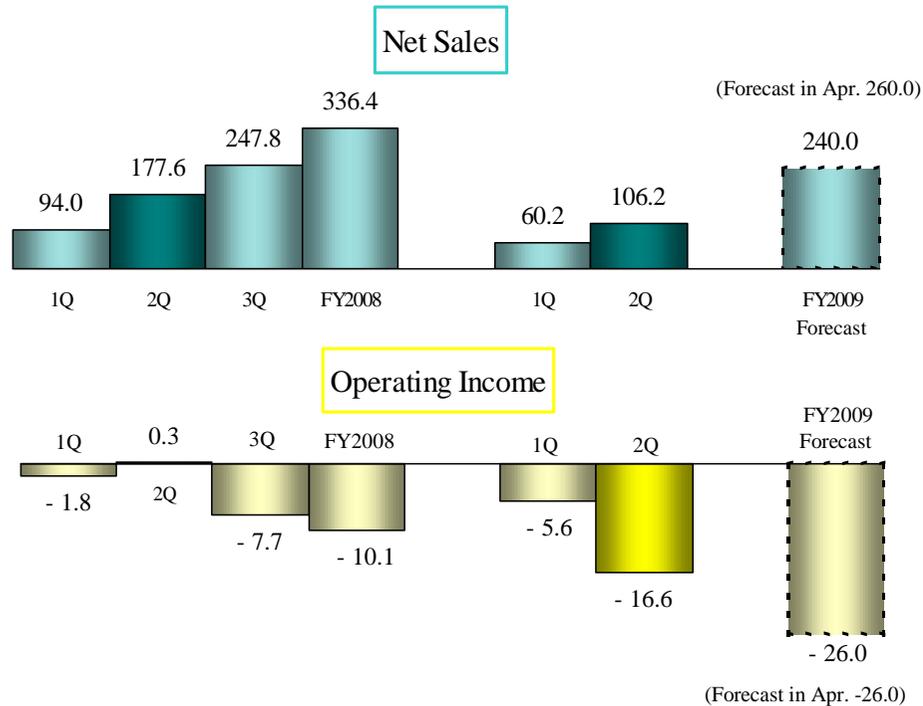
◇ **(For Reference) Joint Ventures in China**

In 2006, KHI started a joint venture with Anhui Conch Cement Company Ltd., China's largest cement manufacturer. KHI has established three joint ventures for the time being and set up an integrated system in China encompassing the design, production, sales and after-sale services of waste heat recovery power generation systems for cement plants and cement producing facilities (Pre-heaters, Rotary Kilns and Roller Mills) with sophisticated technologies it has accumulated. KHI will contribute further to bring technologies for environment and energy conservation in China.

# Consumer Products & Machinery

Main Products: Motorcycles, All-Terrain Vehicles(ATVs), Utility Vehicles, Personal Watercraft, General-Purpose Gasoline Engines, Industrial Robots

(Billion ¥ / In accumulated amount)



## ◇ FY2009 1H ( vs. FY2008 1H )

### Net Sales:

- Decrease in sales of motorcycles due to shrinking of U.S. and European markets
- Decrease in sales of industrial robots

### Operating Income:

Income decreased due to the adverse impact of sales decrease and the appreciation of the yen and other factors, while improvement of marginal profitability and fixed cost reduction and other measures were implemented

## ◇ FY2009 Forecast ( vs. Forecast in Apr. )

- Net sales was revised down due to larger-than-expected decrease in sales of motorcycles in the main market of U.S., and also of industrial robots
- Operating loss remains unchanged because fixed cost reduction and improvement of marginal profitability offset the adverse impact of sales decrease and change in assumed foreign exchange rate

< Sales by Geographic Segment for Consumer Products > (Thousands of unit/Billion ¥)

	FY2008 1H		FY2008		FY2009 1H		FY2009 Forecast	
	Unit	Amount	Unit	Amount	Unit	Amount	Unit	Amount
Domestic	13	9.1	19	14.7	10	8.0	18	13.1
North America	82(41)	61.9	197(118)	134.3	44(30)	31.1	107(67)	75.2
Europe	52	45.8	97	73.2	36	29.0	75	58.6
Other	87	21.5	210	44.9	99	19.1	240	47.1
Total	234	138.3	523	267.1	189	87.2	440	194.0

Note: 1) Sales units and amount include the following products.

Units: Motorcycles, All-Terrain Vehicles(ATV), Utility Vehicles(MULE) and Personal Water Craft(Jet Ski)

Amount: The products mentioned above and parts for those products.

2) Figures in the Parenthesis( ) represent motorcycle sales units.

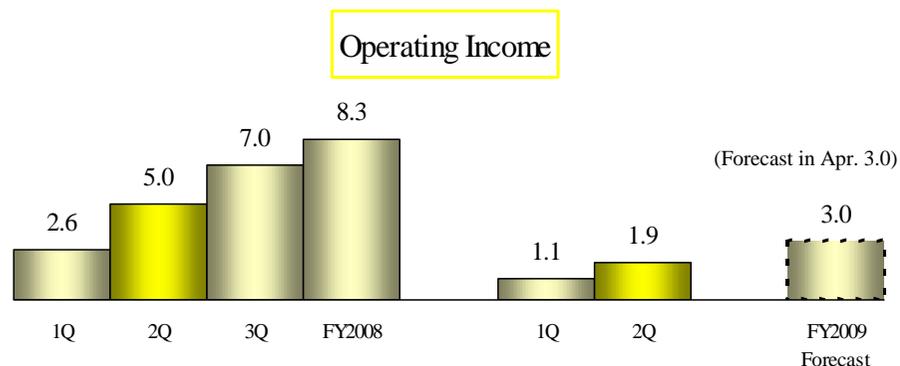
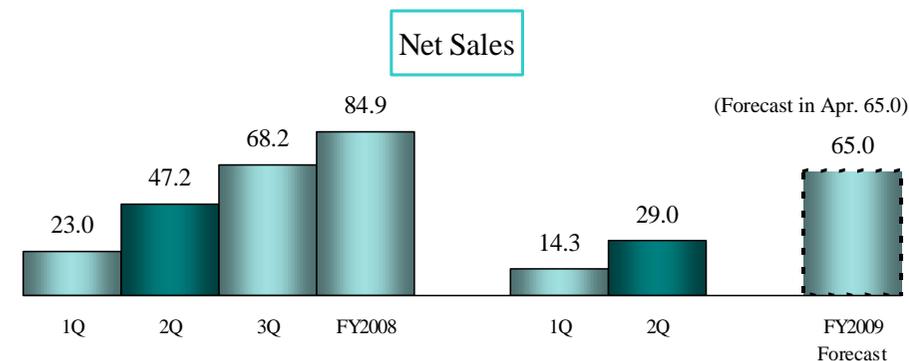
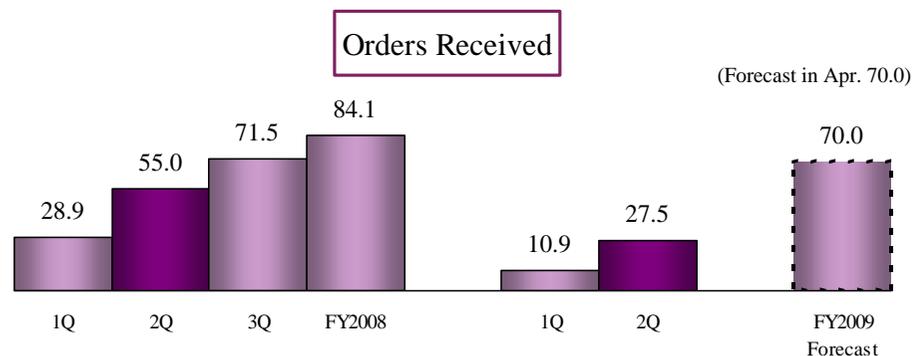
## ◇ For Reference

- A joint venture was established with Kwang Yang Motor Co., Ltd. (KYMCO) of Taiwan for production and sales of general purpose gasoline engines. Production will start in Jan. 2010.
- New motorcycle production plant started up at Kawasaki's Brazilian subsidiary in Oct. 2009.

# Hydraulic Machinery

Main Products : Hydraulic components (pumps, motors & valves), Hydraulic systems for industrial use, Hydraulic marine machinery and others

(Billion ¥ / In accumulated amount)



◇ **First Half FY2009** ( vs. FY2008 1H )

**Orders Received :**

Decrease in orders received due to demand decline for hydraulic components for construction machinery in Japanese, U.S. and European markets.

**Net Sales :**

Decrease in sales of hydraulic components for construction machinery

**Operating Income :**

Income decreased due to the adverse impact of sales decline

◇ **FY2009 Forecast** ( vs. Forecast in Apr. )

Both net sales and operating income remain unchanged because increase in sales of hydraulic components for construction machinery in strong Chinese market offsets sales decrease in Japanese, U.S. and European markets.

◇ **(For Reference) Businesses Development in China**

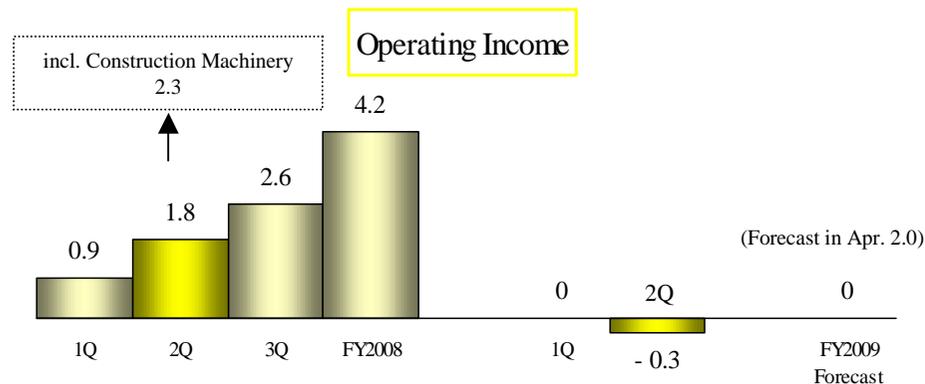
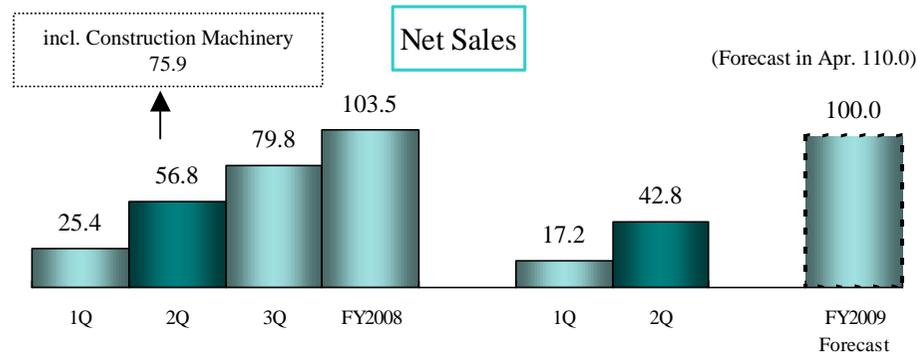
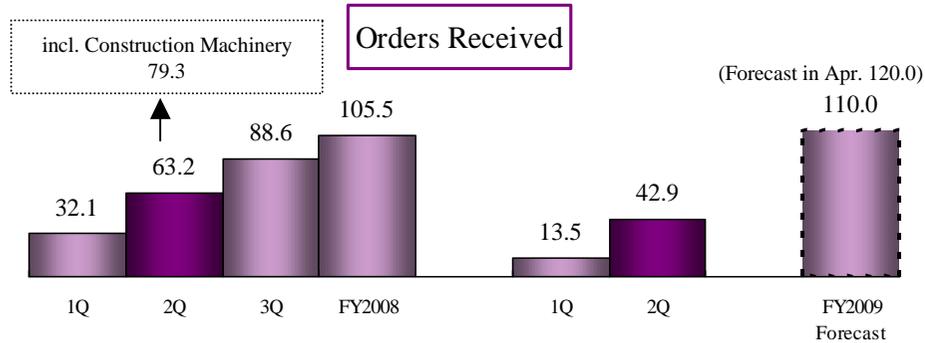
In Aug. 2006, production of hydraulic pumps started at Chinese subsidiary in Suzhou to meet the increasing demand in China.

In Sep. 2008, the production facility was expanded, and in Jan. 2009, production of hydraulic marine machinery started at the same facility.

# Others

Main Products: Construction Machinery and others

(Billion ¥ / In accumulated amount)



◇ **For Reference**

As of Apr. 1, 2009, Construction Machinery business unit was separated and its operations were taken over by a new company named "KCM Corporation".

From FY2009, Construction Machinery business unit is included in "Others" segment.

# Financial Condition and Cash Flows

## 【Financial Condition】

(¥ Billion)

	FY2008 End of Mar.2009	FY2009 End of Sep.2009
Total Assets	1,399.7	<b>1,368.0</b>
Shareholders' Equity (Ratio of shareholders' equity to total assets)	290.4 (20.7%)	<b>284.5</b> <b>(20.8%)</b>
Interest-bearing debt (Net Interest-bearing debt)	389.2 (357.3)	<b>448.9</b> <b>(424.1)</b>
Net Debt Equity Ratio	123%	<b>149%</b>

Note) Interest-bearing debt includes lease obligations.

## 【Cash Flows】

(¥ Billion)

	FY2008 1H	FY2009 1H
Cash flows from operating activities	8.5	<b>- 25.2</b>
Cash flows from investing activities	- 29.5	<b>- 36.4</b>
Free Cash Flows	- 21.0	<b>- 61.6</b>
Cash flows from financing activities	11.8	<b>56.5</b>

## **II. Forecast for FY2009**

# Consolidated Operating Performance

(¥ Billion)

	FY2008	FY2009 Forecast		Change		<b>【Orders Received】</b> Forecast was revised down through considering deterioration in market environment, especially for Shipbuilding and Consumer Products & Machinery segments  <b>【Net Sales】</b> Forecast was revised down through considering demand decline, especially for Consumer Product & Machinery and Aerospace segments  <b>【Profits】</b> · Operating income and recurring profit remain unchanged because the effects of the measures to improve profitability such as fixed cost reduction and improvement in productivity offset the adverse impact of sales decrease and change in assumed foreign exchange rate · However, forecast for net income was revised down due to recognition of extraordinary loss
		in Apr.	in Nov. (Revised)	vs. FY2008	vs. Forecast in Apr.	
Orders Received	1,540.5	1,180.0	<b>1,080.0</b>	- 460.5	- 100.0	
Net Sales	1,338.5	1,240.0	<b>1,200.0</b>	- 138.5	- 40.0	
Operating Income	28.7	5.0	<b>5.0</b>	- 23.7	0	
Recurring Profit	38.8	10.0	<b>10.0</b>	- 28.7	0	
Net Income	11.7	6.0	<b>3.0</b>	- 8.7	- 3.0	

Exchange Rates (actual & assumed)

¥ /US\$	101	95	<b>90</b>
¥ /EUR	142	125	<b>130</b>

Note) Assumed rate is applied to the foreign exchange exposure as of Nov. 2, 2009.

(For Reference)

Impact on profit by FX fluctuation of 1 yen

	(Billion ¥)	
	Operating Income	Recurring Profit
US\$	1.2	0.8
EUR	0.1	0

# Forecast by Segment

(¥ Billion)

	Orders Received			Net Sales			Operating Income		
	FY2008	FY2009 Forecast		FY2008	FY2009 Forecast		FY2008	FY2009 Forecast	
		in Apr.	in Nov. (Revised)		in Apr.	in Nov. (Revised)		in Apr.	in Nov. (Revised)
Shipbuilding	71.5	110.0	50.0	126.4	150.0	150.0	- 1.0	3.5	3.5
Rolling Stock	264.6	150.0	140.0	186.4	170.0	165.0	11.3	9.0	9.0
Aerospace	239.1	170.0	160.0	200.4	190.0	180.0	- 4.1	2.5	2.5
Gas Turbines & Machinery	355.5	220.0	220.0	195.1	200.0	200.0	11.0	7.0	7.0
Energy & Environmental Engineering	83.6	80.0	90.0	105.1	95.0	100.0	8.9	4.0	6.0
Consumer Products & Machinery	336.4	260.0	240.0	336.4	260.0	240.0	- 10.1	- 26.0	- 26.0
Hydraulic Machinery	84.1	70.0	70.0	84.9	65.0	65.0	8.3	3.0	3.0
Others	105.5	120.0	110.0	103.5	110.0	100.0	4.2	2.0	0
<b>Total</b>	<b>1,540.5</b>	<b>1,180.0</b>	<b>1,080.0</b>	<b>1,338.5</b>	<b>1,240.0</b>	<b>1,200.0</b>	<b>28.7</b>	<b>5.0</b>	<b>5.0</b>

# R&D/CAPEX/Number of Employees

(¥ Billion/ Persons)

	FY2008	FY2009 Forecast			
		in Apr.	in Nov.	Change	Reasons for change
R&D Expenses	38.2 (17.6)	40.0	<b>38.0</b> (17.2)	- 2.0	Decrease mainly in Consumer Products & Machinery Segment
CAPEX (Construction Base)	82.4 (38.4)	78.0	<b>71.0</b> (34.3)	- 7.0	Consumer Products & Machinery - 4.5 Shipbuilding - 2.0 Others - 0.5
Depreciation and Amortization	44.3 (20.0)	54.0	<b>52.0</b> (23.5)	- 2.0	
Domestic	24,311 (24,410)	24,600	<b>24,400</b> (24,712)	- 200	Intermediate recruitment plan was revised due to lowering of factory operations
Overseas	7,955 (7,558)	8,400	<b>7,700</b> (7,914)	- 700	Labor reduction in overseas subsidiaries
Number of Employees	32,266 (31,968)	33,000	<b>32,100</b> (32,626)	- 900	

Note) Figures in parenthesis ( ) represent the results of the second quarter

### **III. Operating Policy for FY2009**

# Company Policy

**We have positioned FY2009 as a year for taking emergency measures and implemented the following policies aimed at thoroughly and aggressively consolidating our business and financial positions in all aspects of our operations.**

**1. To implement thoroughgoing risk management measures throughout the Group**

In taking orders and in sales activities, we have fully analyzed and considered profitability and carried out thorough cost control

**2. To lower our breakeven point**

Watching carefully change of market environment, we have given priority to lowering our breakeven point especially in businesses where demand is trending downward by implementing thorough cost reduction initiatives and other measures

**3. To strengthen our financial position**

We have moved ahead with measures to increase the efficiency of cash through recovering receivables as quickly as possible, reviewing investments and other measures, and to improve cash flow by restraining the rise in interest-bearing debt.

**4. To continue to make strategic investments**

- R&D, human resource development, and capital equipment investment in growth businesses fields, such as energy and the environment, and the future technological base of the KHI Group
- Continued investments of human and other resources in the key markets

# Measures in Individual Businesses

## Basic Policy: “Quality followed by Quantity” and “Thoroughness of Risk Management”

Shipbuilding	Solidify the improvement in earnings through optimizing the Kawasaki shipbuilding production systems, including our Chinese operations
Rolling Stock	Strengthen operating systems in the three regions of Japan, North America, and the rest of Asia
Aerospace	Move ahead with major projects: Moving into the mass production of next fixed-wing maritime patrol aircraft(P-1) and completing the development of next transport aircraft (C-X) of Japan Ministry of Defense, and responding to mass production requirements for supplying components for the Boeing787
Gas Turbines & Machinery	<ul style="list-style-type: none"> <li>· Proceed with the development of new jet engines for commercial aircraft</li> <li>· Strengthen our position in the energy and environment- related businesses</li> </ul>
Energy & Environmental Engineering	Accelerate the development of our energy & environment-related businesses
Consumer Products & Machinery	<ul style="list-style-type: none"> <li>· Increase the profitability of motorcycles supplied to the developed countries by boosting the profit margin ratio and reducing fixed costs</li> <li>· Strengthen our development &amp; production systems on a global basis in the aim of boosting the competitiveness of our products</li> <li>· Industrial Robots : Strengthen development capabilities and develop new customers</li> </ul>
Hydraulic Machinery	<ul style="list-style-type: none"> <li>· Make flexible investments of corporate resources while lowering the breakeven point</li> <li>· Strengthen the global pentapolar system (covering Japan, U.S., Europe, China and South Korea)</li> </ul>
Construction Machinery	Improve development and sales capabilities through the alliances with Hitachi Construction Machinery Co., Ltd. and TCM Corporation

# **Kawasaki, Working as One for the Good of the Planet**

## **Cautionary Statement**

The performance outlook and the forecasts stated in this material were prepared by Kawasaki Heavy Industries, Ltd. (hereinafter, KHI) based on the circumstances at the release point, and include potential risks and uncertain factors that relate to economic conditions, foreign currency exchange rates, tax rules, regulations and other factors. Accordingly, please note that the actual operating results, financial position, and business deployment of KHI may sometimes differ considerably from the descriptions in the present projections.