

Net sales

286.7

billion yen

Ordinary income

21.5

billion yen



Shinjiro Mishima

President and CEO



Ducted variable-pitch propeller and flapped rudder

Operating Results for FY2009

With the delivery of 32 new vessels, and the impact of the expanded application of percentage-of-completion accounting, consolidated net sales came to 286.7 billion yen, an increase of 58% from a year earlier.

As for earnings, companywide efforts to improve profitability paid off with consolidated ordinary income of 25 billion yen for the year under review, versus a loss in the previous fiscal year.

Consolidated ordinary income (including the effects of goodwill amortization) for our shipbuilding business came to 21.5 billion yen.

Consolidated Operating Results (Billions of yen)		
	FY2008	FY2009
Orders received	101.9	59.4
Net sales	181.4	286.7
Operating income	(15.2)	21.0
Ordinary income	(14.9)	21.5

Business Environment

Following the financial crisis triggered by the collapse Lehman Brothers in the fall of 2008, the bottom fell out of the market for new merchant vessels during FY2009. Now, however, there are signs of a nascent recovery. The medium- to long-term outlook calls for a significant increase in seaborne trade driven by Asia-centered economic growth, thus boosting demand for shipbuilding.

Nevertheless, with shipbuilding capacity (centered in South Korea and China) still exceeding demand, severe conditions are likely to remain with regard to ship pricing, and material and equipment price movements will continue to merit close attention.

Universal Shipbuilding Corporation's Strengths

Universal Shipbuilding has built numerous merchant vessels with outstanding fuel efficiency, and has been highly praised by customers for its advanced development and excellent quality. Furthermore, we are one of only a handful of shipyards capable of building VLCC(Very Large Crude Carriers) and capesize bulk carriers.

That Universal Shipbuilding won the order to build the icebreaker *Shirase*, which was delivered in May 2009, is an endorsement of the ice engineering we have developed over the years, and our construction of three successive Antarctic exploration vessels, including the *Fuji* and the first *Shirase*, shows that our technology is without equal.

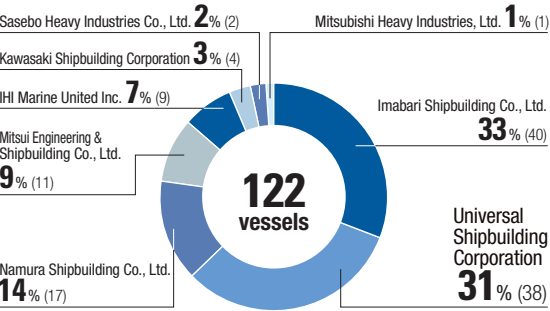
Furthermore, the minesweeper currently under construction in our Keihin Shipyard is an “Only one” product incorporating a construction technology found at no other Japanese com-

pany. Our application of FRP (fiber-reinforced plastic)-sandwich technology to hull structure is a first in Japan.

Initiatives in FY2010

Amid intense competition with Chinese and South Korean rivals, we are pursuing management focused on improving profitability and ability to win orders. More specifically, we are working to cut costs whenever possible on work we are already performing and putting in place systems that will allow us to accelerate the development of, and deliver ahead of our rivals, the environmentally friendly, energy-efficient vessels that are coming into greater demand throughout the world. In taking these steps, we are aiming to establish ourselves and secure stable earnings as the world's top shipbuilder of large tankers and bulk carriers—our two main products. Along the way, we will also continue to consider partnerships with other companies.

Japanese Shipbuilders' Newbuilding Deliveries, 2007-2009, for VLCCs and Bulk Carriers over 150,000 deadweight tons



Shipbuilding dock (Ariake Shipyard)



200,000 DWT type Capesize Bulk Carrier