

CONSOLIDATED BALANCE SHEETS

Mitsubishi Heavy Industries, Ltd. and Consolidated Subsidiaries

As of March 31, 2018 and 2017

| ASSETS | Millions of yen | | Thousands of U.S. dollars |
|---|-------------------|-------------------|---------------------------|
| | 2018 | 2017 | 2018 |
| Current assets: | | | |
| Cash and deposits | ¥ 313,458 | ¥ 248,040 | \$ 2,950,470 |
| Trade receivables | 1,232,742 | 1,180,143 | 11,603,369 |
| Merchandise and finished products | 173,152 | 178,884 | 1,629,819 |
| Work in process | 899,839 | 989,336 | 8,469,870 |
| Raw materials and supplies | 139,822 | 157,330 | 1,316,095 |
| Deferred tax assets | 108,954 | 114,274 | 1,025,545 |
| Indemnification asset for the South African project | 400,903 | 294,955 | 3,773,559 |
| Other current assets | 319,337 | 368,088 | 3,005,807 |
| Allowance for doubtful accounts | (8,998) | (8,959) | (84,695) |
| Total current assets | 3,579,212 | 3,522,095 | 33,689,871 |
| Non-current assets: | | | |
| Property, plant and equipment, net: | | | |
| Buildings and structures | 340,447 | 361,310 | 3,204,508 |
| Machinery and transportation equipment | 234,690 | 262,129 | 2,209,054 |
| Tools, equipment and furniture | 47,758 | 64,511 | 449,529 |
| Land | 179,936 | 179,674 | 1,693,674 |
| Leased assets | 5,224 | 5,004 | 49,171 |
| Construction in progress | 59,828 | 62,448 | 563,140 |
| Total property, plant and equipment, net | 867,884 | 935,078 | 8,169,088 |
| Intangible assets: | | | |
| Goodwill | 105,125 | 120,552 | 989,504 |
| Others | 107,655 | 128,896 | 1,013,318 |
| Total intangible assets | 212,781 | 249,448 | 2,002,833 |
| Investments and advances: | | | |
| Investment securities | 605,434 | 578,758 | 5,698,738 |
| Long-term loans | 18,623 | 17,778 | 175,291 |
| Asset for retirement benefit | 73,426 | 60,556 | 691,133 |
| Deferred tax assets | 27,350 | 13,060 | 257,435 |
| Others | 109,548 | 113,407 | 1,031,137 |
| Allowance for doubtful accounts | (6,608) | (8,204) | (62,198) |
| Total investments and advances | 827,774 | 775,356 | 7,791,547 |
| Total non-current assets | 1,908,440 | 1,959,883 | 17,963,478 |
| Total assets | ¥5,487,652 | ¥5,481,978 | \$51,653,350 |

| LIABILITIES AND NET ASSETS | Millions of yen | | Thousands of U.S. dollars |
|---|-------------------|-------------------|---------------------------|
| | 2018 | 2017 | 2018 |
| Liabilities: | | | |
| Current liabilities: | | | |
| Trade payables | ¥ 771,324 | ¥ 736,502 | \$ 7,260,203 |
| Electronically recorded obligations | 106,968 | 99,560 | 1,006,852 |
| Short-term borrowings | 229,584 | 205,679 | 2,160,993 |
| Current portion of long-term borrowings | 68,956 | 97,729 | 649,058 |
| Current portion of bonds | 30,000 | 60,000 | 282,379 |
| Income taxes payable | 27,251 | 31,233 | 256,504 |
| Provision for product warranties | 13,936 | 14,899 | 131,174 |
| Provision for loss on construction contracts | 64,896 | 49,853 | 610,843 |
| Provision for loss on passenger vessel construction business | — | 18,463 | — |
| Provision for business structure improvement | 6,739 | 6,585 | 63,431 |
| Provision for share-based payment arrangements | 781 | 366 | 7,351 |
| Advance payments received on contracts | 899,642 | 777,654 | 8,468,015 |
| Other current liabilities | 318,138 | 428,734 | 2,994,521 |
| Total current liabilities | 2,538,219 | 2,527,262 | 23,891,368 |
| Non-current liabilities: | | | |
| Bonds | 205,000 | 215,000 | 1,929,593 |
| Long-term borrowings | 279,630 | 347,157 | 2,632,059 |
| Deferred tax liabilities | 77,590 | 85,689 | 730,327 |
| Provision for stock benefits | 1,148 | 1,247 | 10,805 |
| Provision for treatment of PCB waste | 6,911 | 6,485 | 65,050 |
| Liability for retirement benefits | 137,893 | 123,160 | 1,297,938 |
| Other non-current liabilities | 76,789 | 71,858 | 722,788 |
| Total non-current liabilities | 784,963 | 850,598 | 7,388,582 |
| Total liabilities | 3,323,183 | 3,377,860 | 31,279,960 |
| Net assets: | | | |
| Stockholders' equity: | | | |
| Common stock, without par value: | | | |
| Authorized shares: 600,000,000 | | | |
| Issued shares: 2018–337,364,781 and 2017–3,373,647,813 | 265,608 | 265,608 | 2,500,075 |
| Capital surplus | 213,898 | 203,658 | 2,013,347 |
| Retained earnings | 1,244,492 | 1,214,749 | 11,713,968 |
| Treasury stock (2018–1,370,499 shares and 2017–15,513,870 shares) at cost | (4,081) | (4,609) | (38,413) |
| Total stockholders' equity | 1,719,918 | 1,679,407 | 16,188,987 |
| Accumulated other comprehensive income (loss): | | | |
| Valuation difference on available-for-sale securities | 100,021 | 100,600 | 941,462 |
| Deferred gains or losses on hedges | (880) | (1,882) | (8,283) |
| Translation adjustments | (6,999) | (2,287) | (65,879) |
| Remeasurements of defined benefit plans | 12,732 | 3,683 | 119,841 |
| Total accumulated other comprehensive income (loss) | 104,874 | 100,113 | 987,142 |
| Share subscription rights | 2,129 | 2,536 | 20,039 |
| Non-controlling interests | 337,547 | 322,059 | 3,177,211 |
| Total net assets | 2,164,469 | 2,104,118 | 20,373,390 |
| Total liabilities and net assets | ¥5,487,652 | ¥5,481,978 | \$51,653,350 |