

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mitsubishi Heavy Industries, Ltd. and Consolidated Subsidiaries

For the fiscal years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash flows from operating activities:			
Profit before income taxes	¥128,042	¥ 169,718	\$1,205,214
Adjustments to reconcile profit (loss) before income taxes to net cash provided by operating activities:			
Depreciation and amortization	176,104	172,762	1,657,605
Impairment loss	3,174	—	29,875
Amortization of goodwill	16,484	16,568	155,158
Increase (decrease) in liability for retirement benefits	6,612	(1,093)	62,236
Interest and dividend income	(16,366)	(15,437)	(154,047)
Interest expense	9,036	11,461	85,052
Foreign exchange loss (gain)	(2,239)	(8,337)	(21,074)
(Income) loss from equity method investments	(3,230)	22,845	(30,402)
(Gain) loss on sales of investment securities	(31,303)	(61,047)	(294,644)
Loss on revaluation of investment securities	372	6,272	3,501
(Gain) loss on sales of fixed assets	(1,693)	(53,861)	(15,935)
Loss on disposal of fixed assets	7,022	7,627	66,095
Gain on negative goodwill	(45)	—	(423)
Business structure improvement expenses	14,548	12,810	136,935
Loss on passenger vessel construction business provision	-	34,323	-
(Increase) decrease in receivables	(42,093)	(11,002)	(396,206)
(Increase) decrease in inventories and advances to suppliers	126,965	(121,023)	1,195,077
(Increase) decrease in other assets	(110,734)	(117,552)	(1,042,300)
Increase (decrease) in payables	41,733	(14,261)	392,818
Increase (decrease) in advance payments received on contracts	118,648	39,375	1,116,792
Increase (decrease) in other liabilities	(54,039)	52,556	(508,650)
Others	(15,908)	(3)	(149,736)
Subtotal	371,089	142,703	3,492,931
Interest and dividends received	21,470	20,270	202,089
Interest paid	(8,456)	(12,185)	(79,593)
Income taxes paid	(38,994)	(54,875)	(367,036)
Net cash provided by (used in) operating activities	345,109	95,913	3,248,390
Cash flows from investing activities:			
Net (increase) decrease in time deposits	(5,849)	2,521	(55,054)
Purchases of property, plant and equipment and intangible assets	(165,168)	(200,185)	(1,554,668)
Proceeds from sales of property, plant and equipment and intangible assets	8,231	97,013	77,475
Purchases of investment securities	(104,514)	(5,033)	(983,753)
Proceeds from sales and redemption of investment securities	112,122	17,376	1,055,365
Proceeds from sales of investments in subsidiaries that result in change in scope of consolidation	1,900	102,436	17,884
Payment for sales of investments in subsidiaries that result in change in scope of consolidation	(928)	(849)	(8,734)
Proceeds from transfer of business	1,400	—	13,177
Disbursement of long-term loans	(1,993)	(10,996)	(18,759)
Collection of long-term loans	15,898	13,868	149,642
Others	1,719	(7,440)	16,180
Net cash provided by (used in) investing activities	(137,181)	8,712	(1,291,236)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings and commercial papers	25,963	(132,340)	244,380
Proceeds from long-term borrowings	6,449	60,206	60,702
Repayment of long-term borrowings	(96,841)	(62,804)	(911,530)
Proceeds from issuance of bonds	20,000	30,000	188,253
Payment for redemption of bonds	(60,000)	(20,000)	(564,759)
Proceeds from issuance of stock to non-controlling shareholders	519	445	4,885
Dividends paid to stockholders	(40,206)	(40,283)	(378,445)
Dividends paid to non-controlling shareholders	(6,128)	(2,682)	(57,680)
Others	(1,868)	5,381	(17,582)
Net cash provided by (used in) financing activities	(152,113)	(162,078)	(1,431,786)
Effect of exchange rate changes on cash and cash equivalents	1,607	1,060	15,126
Net increase (decrease) in cash and cash equivalents	57,422	(56,392)	540,493
Cash and cash equivalents at the beginning of the year	242,404	300,267	2,281,664
Increase in cash and cash equivalents due to changes in scope of consolidation	2	—	18
Decrease in cash and cash equivalents due to changes in scope of consolidation	(592)	(1,470)	(5,572)
Cash and cash equivalents at the end of the year	¥299,237	¥ 242,404	\$2,816,613