



Financial Results for First Quarter FY2008

July 2008

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. First Quarter FY2008 Financial Results

Starting from the current consolidated accounting year, the Company has applied the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Standard No.12), and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14). Quarterly consolidated financial statements are prepared in accordance with specific rules governing the reporting of quarterly financial results in Japan.

Summary of First Quarter Financial Results (1)

(In billion yen)

	FY2007-1Q	FY2008-1Q	Change
Orders received	674.6	1,054.2	+379.5
Net sales	685.7	698.3	+12.6
Operating income	24.7	22.2	-2.4
Ordinary income	21.4	32.9	+11.4
Extraordinary income	5.7	-33.4	-39.1
Income before income taxes	27.1	-0.4	-27.6
Net income	17.0	0.1	-16.8

Summary of First Quarter Financial Results (2)

Orders received ⇒ Up ¥379.5 billion YoY (¥674.6 bn → ¥1,054.2 bn)

- Overall orders were up from the same period of the previous year. Orders increased sharply in the Power Systems segment, boosted by significant growth in orders for gas turbines overseas, and in the Shipbuilding and Ocean Development segment, which received orders for 16 new vessels, and orders also increased in the Machinery and Steel Structures segment and Mass and Medium-Lot Manufactured Machinery segment, and these increases offset the decrease in orders in the Aerospace segment.

Net sales ⇒ Up ¥12.6 billion YoY (¥685.7 bn → ¥698.3 bn)

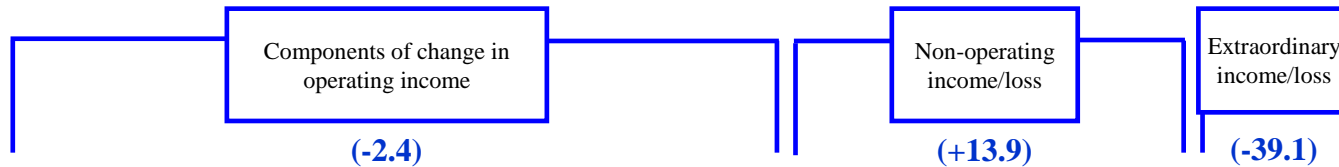
- Overall sales increased slightly from the same period of the previous year, with sales in each segment virtually unchanged from the same period of the previous year.

Net income ⇒ Down ¥16.8 billion YoY (¥17.0 bn → ¥0.1 bn)

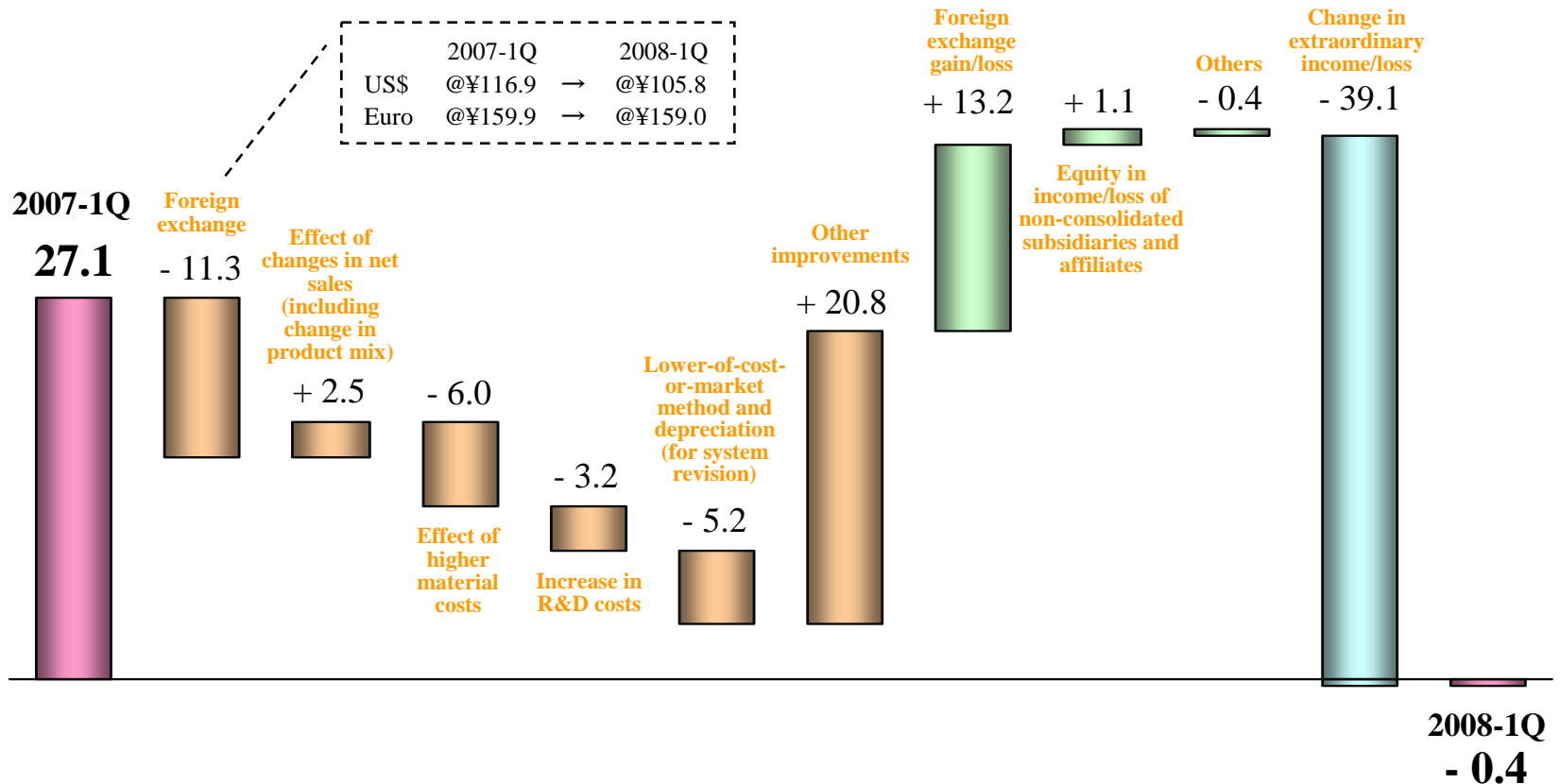
- Operating income decreased from the same period of the previous year to ¥22.2 billion due to the impact of exchange rates and rising material costs, but ordinary income increased from the same period of the previous year to ¥32.9 billion due to improvement in foreign exchange gain/loss. On the other hand, the Company showed a net income of ¥0.1 billion because it recorded ¥33.4 billion yen in extraordinary expense for the effect of application of the accounting standard for inventories.

Components of Change in Income Before Income Taxes

Down ¥27.6 billion (¥27.1 bn → - ¥0.4 bn)



	2007-1Q	2008-1Q
US\$	@¥116.9	→ @¥105.8
Euro	@¥159.9	→ @¥159.0



Ordinary Income and Extraordinary Income

- Ordinary Income (+ ¥11.4 billion YoY (¥21.4 bn → ¥32.9 bn))

(In billion yen)

	2007-1Q	2008-1Q	Change
Operating income	24.7	22.2	-2.4
Foreign exchange gains	-3.3	9.8	+13.2
Net interest loss	0.6	0.6	+0.0
Equity in gain of non-consolidated subsidiaries and affiliates	0.6	1.8	+1.1
Other	-1.1	-1.6	-0.4
Non-operating income	-3.2	10.6	+13.9
Ordinary income	21.4	32.9	+11.4

- Extraordinary Income (- ¥39.1 billion YoY (¥5.7 bn → - ¥33.4 bn))

(In billion yen)

	2007-1Q	2008-1Q	Change
Gain on sale of property and equipment	5.7	-	-5.7
Extraordinary income	5.7	-	-5.7
Effect of application of the accounting standard for inventories	-	-33.4	-33.4
Extraordinary loss	-	-33.4	-33.4
Extraordinary income/loss	5.7	-33.4	-39.1

Financial Results by Business Segment

(In billion yen)

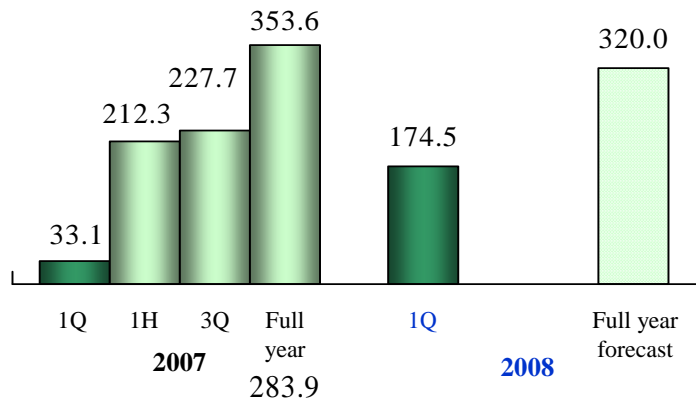
	Orders received		Net sales		Operating income	
	2007-1Q	2008-1Q	2007-1Q	2008-1Q	2007-1Q	2008-1Q
Shipbuilding & Ocean Development	33.1	174.5	68.9	71.0	1.6	4.8
Power Systems	249.5	477.3	227.4	226.4	14.5	13.8
Machinery & Steel Structures	103.0	124.4	86.5	83.7	-2.7	-2.2
Aerospace	69.3	55.9	83.0	99.3	1.1	-2.5
GM & SV	103.6	111.9	110.2	113.4	4.5	3.0
Air-Con	51.9	51.3	52.2	50.6	2.3	2.5
Industrial	55.0	48.5	41.4	42.1	0.9	0.7
Mass and Medium-Lot Manufactured Machinery	210.6	211.8	203.9	206.3	7.9	6.3
Others	29.1	25.2	29.2	26.2	2.2	2.0
Inter-group consolidation adjustments	-20.0	-15.0	-13.4	-14.7	-	-
Total	674.6	1,054.2	685.7	698.3	24.7	22.2

GM&SV: General Machinery & Special Vehicle
 Air con: Air-conditioning and Refrigeration System
 Industrial: Industrial Machinery

< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

Orders Received



Orders received: Up ¥141.3 billion YoY

- Orders were received for a total of 16 new vessels in the period, comprising eight pure car carriers, three VLCCs, two container ships, two LPG carriers and one ferry.

[Number of ships orders received]

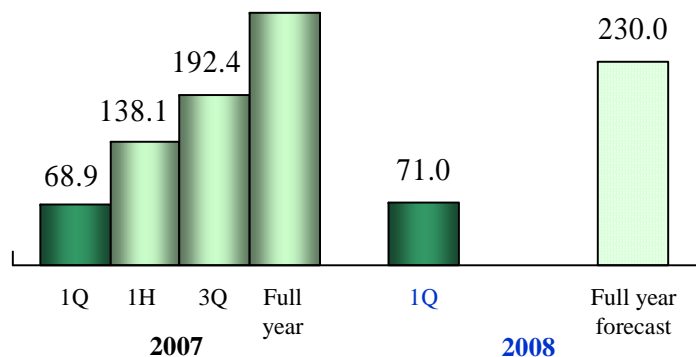
FY2007-1Q: 4 (FY2007: 32)

FY2008-1Q: 16

[Backlog of ship orders] 82

(32 pure car carriers, 15 container ships, 11 LPG carriers, 6 LNG carriers, and others)

Net Sales



Net sales/Earnings: Both net sales and earnings were up ¥2.1 billion and ¥3.1 billion YoY, respectively

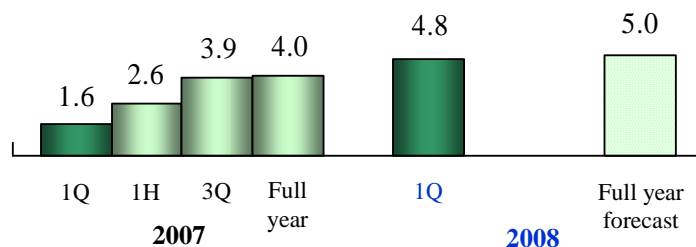
- We delivered a total of 5 vessels, including two pure car carriers, one LNG carrier, one container ship, and one ferry.

[Number of ships delivered]

FY2007-1Q: 6 (FY2007: 22)

FY2008-1Q: 5

Operating Income

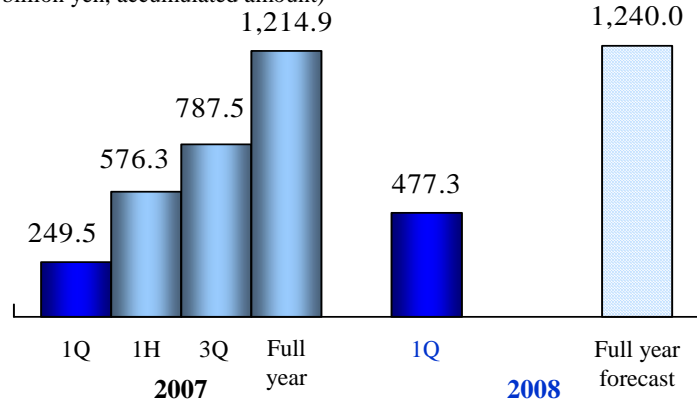


- Earnings increased from the same period of the previous year, driven by improved profitability reflecting a recovery in vessel prices and other factors.

< Power Systems >

(In billion yen, accumulated amount)

Orders Received



Orders received: Up ¥227.7 billion YoY

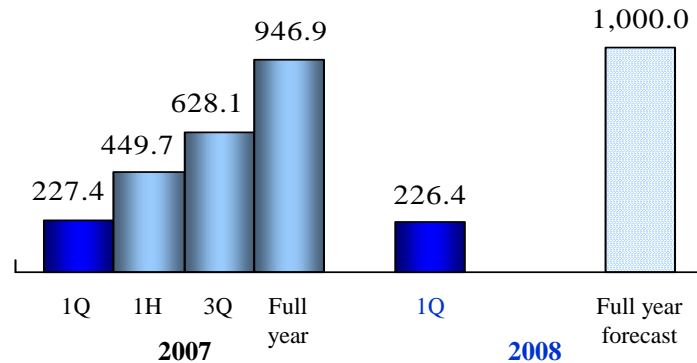
- Orders increased significantly from the same period of the previous year, reflecting continued brisk orders for gas turbines and wind turbines overseas and firm orders for both business and industrial power systems in Japan.

[Wind turbines (Output-based)]

FY2007-1Q: 679MW

FY2008-1Q: 900MW

Net Sales

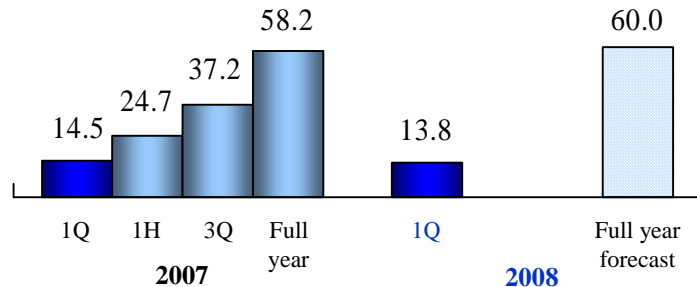


[Backlog of Gas turbine orders (Non-consolidated)]

FY2007-1Q: 61 (FY2007: 72)

FY2008-1Q: 77

Operating Income



Net sales/Earnings: Decreased earnings (- ¥0.6 billion YoY) on decreased sales (- ¥1.0 billion YoY)

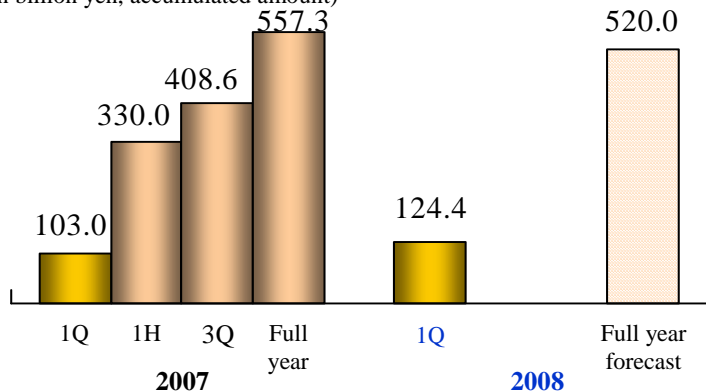
- Net sales remained high, comparable with the same period of the previous year.

- Earnings decreased slightly from the same period of the previous year due to the effect of foreign exchange rates and other factors.

< Machinery & Steel Structures >

(In billion yen, accumulated amount)

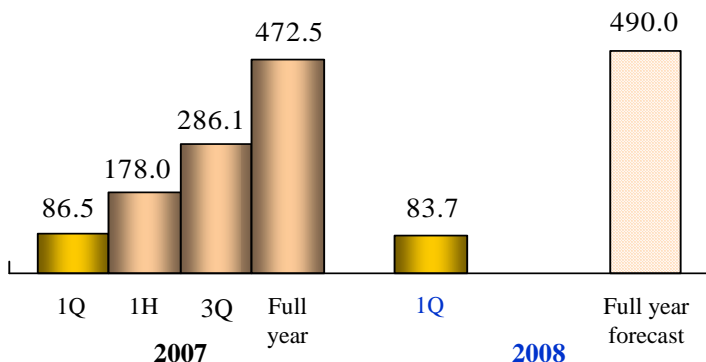
Orders Received



Orders received: Up ¥21.4 billion YoY

- The number of orders received exceeded that in the same period of the previous year due to the growth of metals machinery etc.

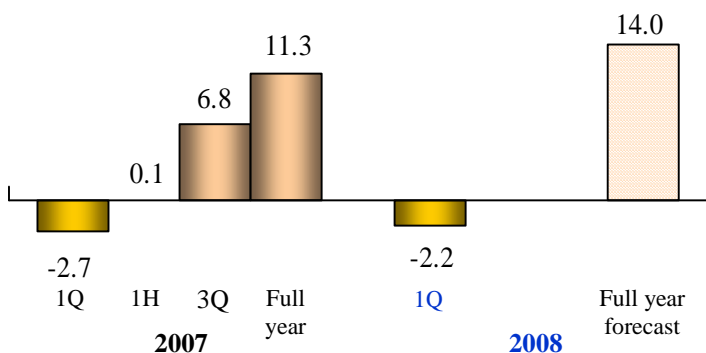
Net Sales



Net sales/Earnings: Increased earning (+ ¥0.4 billion YoY) on decreased sales (- ¥2.7 billion YoY)

- Sales dipped slightly year on year.

Operating Income

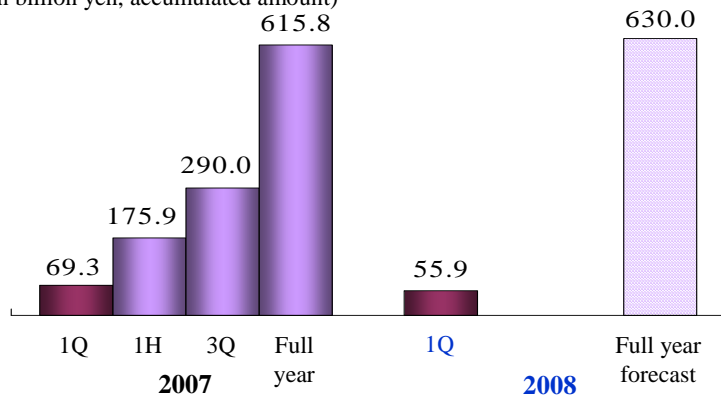


- The amount of deficit of profit and loss account reduced year on year.

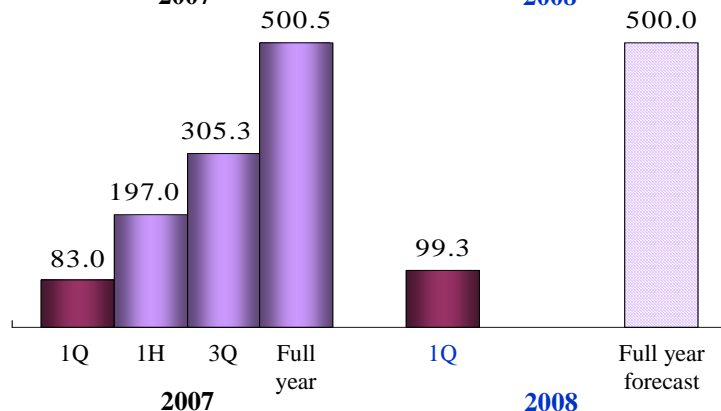
< Aerospace >

(In billion yen, accumulated amount)

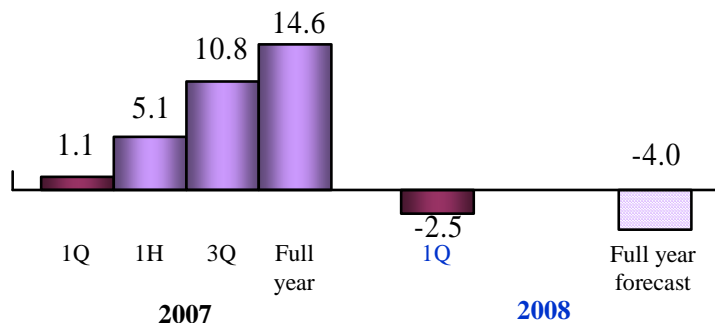
Orders Received



Net Sales



Operating Income



Orders received: Down ¥13.4 billion YoY

- Orders decreased from the same period of the previous year given that, as in other years, orders received in the first quarter are small and orders for commercial aircraft also shrank.

Net sales/Earnings: Decreased earning (- ¥3.6 billion YoY) on increased sales (+ ¥16.3 billion YoY)

- Net sales were up from the same period of the previous year, as sales of defense-related products increased from the same period of the previous year.

[Number of B777s delivered]

FY2007-1Q: 19 (FY2007: 81)

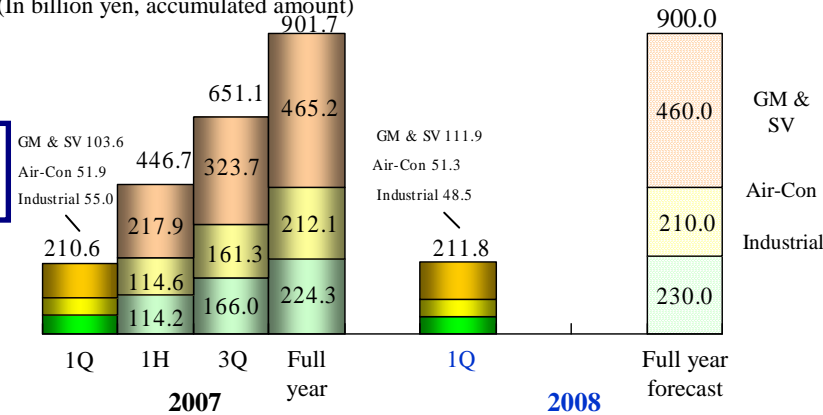
FY2008-1Q: 21

- Earnings decreased from the same period of the previous year due to factors such as the effect of foreign exchange rates, expansion in R&D and the effect of application of the accounting standard for inventories, and the segment posted a loss.

< Mass and Medium-Lot Manufactured Machinery >

(In billion yen, accumulated amount)

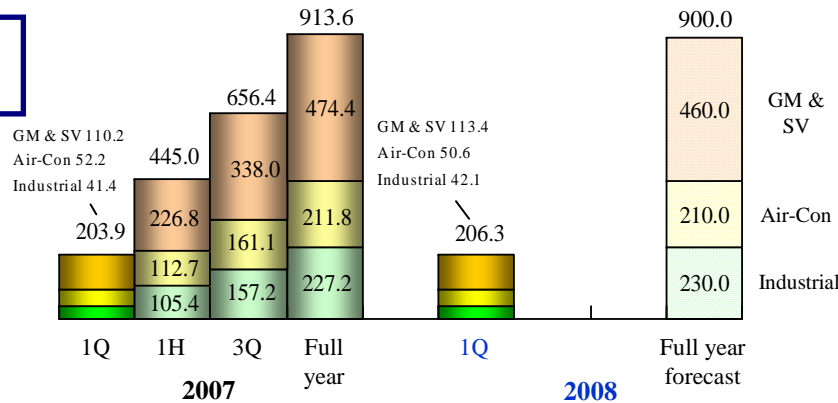
Orders Received



Orders received: Up ¥1.2 billion YoY

- GM & SV: Orders increased from the same period of the previous year, bolstered by increased orders for turbochargers and engines etc.
- Air-Con: Orders decreases slightly, virtually unchanged from the same period of the previous year.
- Industrial: Orders decreased, with orders for printing machinery down from the same period of the previous year.

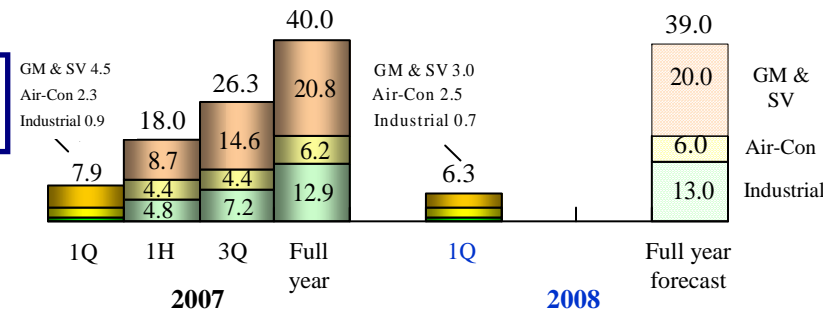
Net Sales



Net sales/Earnings: Decreased earning (- ¥1.5 billion YoY) on increased sales (+ ¥2.3 billion YoY)

- GM & SV: Orders remained nearly flat, with decreasing orders in Japan and North America, but increasing orders (especially for turbochargers) in Europe and other regions.
- Air-Con: Orders were slightly down from the same period of the previous year due to a decline in orders in Japan.
- Industrial: Orders remained nearly flat, with just a slight rise from the previous year.

Operating Income

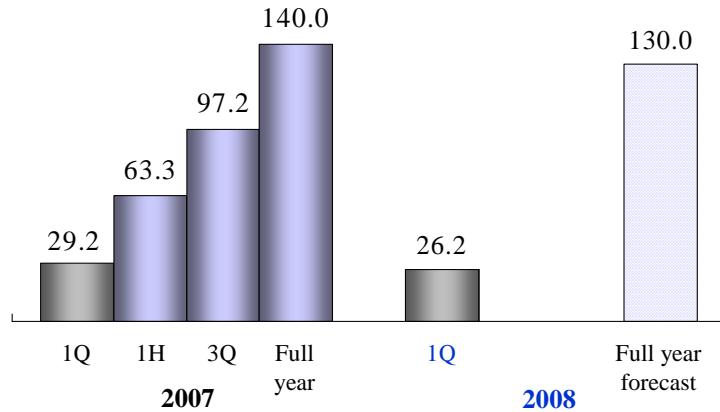


The earnings of the Mass and Medium-Lot Manufactured Machinery segment as a whole was slightly down from the same period of the previous year due to the impact of exchange rates and rising material costs.

< Others >

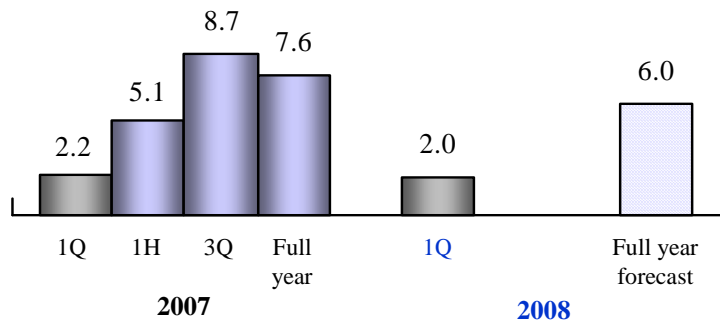
(In billion yen, accumulated amount)

Net Sales



- Real estate and construction
- Information and communication systems, etc.

Operating Income



Balance Sheets

(In billion yen)

	As of March 31, 2008	As of June 30, 2008	Change
Assets			
Trade receivables	1,086.5	932.8	-153.7
Inventories	1,164.8	1,233.8	+68.9
Other current assets	685.4	663.7	-21.7
Total current assets	2,936.8	2,830.4	-106.4
Total fixed assets	1,580.2	1,619.8	+39.6
Total assets	4,517.1	4,450.2	-66.8
Liabilities and shareholders' equity			
Trade payables	733.5	695.3	-38.1
Advances received	469.2	585.8	+116.6
Other current liabilities	623.1	440.9	-182.1
Total current liabilities	1,825.8	1,722.1	-103.7
Total long-term liabilities	1,250.8	1,265.8	+15.0
Total liabilities	3,076.7	2,987.9	-88.7
Net assets			
Shareholders' capital	1,251.4	1,239.4	-12.0
Valuation and translation adjustments	168.7	180.9	+12.2
Other (Minority interests, etc.)	20.2	41.8	+21.6
Total net assets	1,440.4	1,462.3	+21.8
Total liabilities and net assets	4,517.1	4,450.2	-66.8
Interest-bearing debt outstanding	1,365.3	1,200.5	-164.8

II. Forecast for FY2008

Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. As such, those projection simply risks and insecurity. For this reason, investors are recommended not to depend solely on these projections for making investment decision. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan.

Summary of Forecast for FY2008

(In billion yen)

	FY2007 (Actual)	FY2008 (Forecast)
Orders received	3,715.2	3,700.0
Net sales	3,203.0	3,200.0
Operating income	136.0	120.0
Ordinary income	109.5	90.0
Net income	61.3	54.0

◇ Assumes foreign exchange rates of undetermined amount ¥100 to the U.S. dollar and ¥150 to the Euro (US\$2.0 billion, Euro 0.1 billion undetermined)

Forecast for FY2008 by Business Segment

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2007	FY2008 Forecast	FY2007	FY2008 Forecast	FY2007	FY2008 Forecast
Shipbuilding & Ocean Development	353.6	320.0	283.9	230.0	4.0	5.0
Power Systems	1,214.9	1,240.0	946.9	1,000.0	58.2	60.0
Machinery & Steel Structures	557.3	520.0	472.5	490.0	11.3	14.0
Aerospace	615.8	630.0	500.5	500.0	14.6	-4.0
GM & SV	465.2	460.0	474.4	460.0	20.8	20.0
Air-Con	212.1	210.0	211.8	210.0	6.2	6.0
Industrial	224.3	230.0	227.2	230.0	12.9	13.0
Mass & Medium-Lot Manufactured Machinery	901.7	900.0	913.6	900.0	40.0	39.0
Others	122.8	130.0	140.0	130.0	7.6	6.0
Inter-group consolidation adjustments	-51.1	-40.0	-54.6	-50.0	-	-
Total	3,715.2	3,700.0	3,203.0	3,200.0	136.0	120.0

GM&SV: General Machinery & Special Vehicle
 Air con: Air-conditioning and Refrigeration System
 Industrial: Industrial Machinery