

No. 1653

MHI Announces FY2012 Consolidated Financial Results

Tokyo, April 26, 2013 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2012 ended March 31, 2013.

| | (billions of yen) | | |
|--|-------------------|---------|-------------|
| | FY2012 | FY2011 | Changes (%) |
| Orders Received | 3,032.2 | 3,188.8 | (4.9) |
| Net Sales | 2,817.8 | 2,820.9 | (0.1) |
| Operating Income | 163.5 | 111.9 | 46.1 |
| Ordinary Income | 149.0 | 86.1 | 72.9 |
| Income Before Taxes and Minority Interests | 155.4 | 69.8 | 122.6 |
| Net Income | 97.3 | 24.5 | 296.6 |
| Operating Cash Flow | 288.3 | 200.3 | |
| Investment Cash Flow | (76.7) | (47.0) | |
| Financing Cash Flow | (154.2) | (183.6) | |
| Net Income Per Share | 29.01yen | 7.31yen | 296.6 |

Figures in parentheses are negative.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

| | FY2012 | FY2011 |
|--|----------------|---------|
| Shipbuilding & Ocean Development | 225.8 | 311.6 |
| Power Systems | 988.7 | 955.3 |
| Machinery & Steel Infrastructure Systems | 482.5 | 428.8 |
| Aerospace Systems | 485.8 | 495.9 |
| General Machinery & Special Vehicles | 389.1 | 381.7 |
| Others | 345.7 | 294.4 |
| Eliminations or Corporate | (99.9) | (47.1) |
| TOTAL | 2,817.8 | 2,820.9 |

Operating Income (Loss) by Operational Segment

(billions of yen)

| | FY2012 | FY2011 |
|--|---------------|--------|
| Shipbuilding & Ocean Development | 11.5 | (3.8) |
| Power Systems | 88.9 | 92.3 |
| Machinery & Steel Infrastructure Systems | 26.4 | 25.3 |
| Aerospace Systems | 29.1 | (5.3) |
| General Machinery & Special Vehicles | 12.7 | 5.1 |
| Others | 12.9 | 16.1 |
| Eliminations or Corporate | (18.3) | (17.8) |
| TOTAL | 163.5 | 111.9 |

Figures in parentheses are negative.

Note: Effective FY2012, the method for calculating operating income or loss for each segment has been changed. The FY2011 figures shown in the above table were recalculated based on the new method.

Consolidated financial results (continued)

Estimate of Consolidated Financial Results for FY 2013

For the fiscal year 2013 ending March 31, 2014, MHI is expecting 3,150 billion yen in net sales, 190 billion yen in operating income, 160 billion yen in ordinary income, and 100 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥95 and €1.00 = ¥120 for the portion yet to be fixed.

Please note that this estimate has been projected with currently available information and data. As such, these projections involve risks and uncertainties. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. The actual results, therefore, may diverge broadly with the influence of a variety of outside factors such as economics surrounding MHI, currency movement of the yen to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan. Also, the results projected here should not be construed in any way as being guaranteed by the company.

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CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

| | As of Mar.31, 2012 | As of Mar.31, 2013 |
|--|-----------------------|-----------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and deposits | 262,287 | 328,365 |
| Trade receivables | 968,064 | 931,469 |
| Securities | 1 | 2 |
| Merchandise and finished products | 155,990 | 139,157 |
| Work in process | 773,782 | 746,640 |
| Raw materials and supplies | 123,670 | 124,038 |
| Deferred income taxes | 180,747 | 138,934 |
| Others | 180,826 | 222,550 |
| Allowance for doubtful receivables | (6,368) | (6,333) |
| Total current assets | 2,639,003 | 2,624,824 |
| Fixed assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures | 342,243 | 339,262 |
| Machinery and transportation equipment | 234,037 | 225,547 |
| Tools, equipment and furniture | 38,051 | 41,877 |
| Land | 137,337 | 138,382 |
| Leased assets | 5,356 | 4,599 |
| Construction in progress | 40,557 | 43,263 |
| Subtotal | 797,584 | 792,932 |
| Intangible assets | 25,313 | 29,216 |
| Investments and advances: | | |
| Investment securities | 309,054 | 297,625 |
| Long-term loans and advances | 5,478 | 6,863 |
| Deferred income taxes | 11,180 | 10,087 |
| Others | 185,708 | 182,459 |
| Allowance for doubtful accounts | (9,335) | (8,891) |
| Subtotal | 502,086 | 488,144 |
| Total fixed assets | 1,324,984 | 1,310,294 |
| TOTAL ASSETS | 3,963,987 | 3,935,119 |

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

| | As of Mar.31, 2012 | As of Mar.31, 2013 |
|--|-----------------------|-----------------------|
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Trade payables | 651,101 | 663,451 |
| Short-term borrowings | 152,344 | 154,014 |
| Current portion of long-term borrowings | 131,713 | 150,171 |
| Current portion of bonds | 69,900 | 50,000 |
| Reserve for product warranties | 20,812 | 22,135 |
| Reserve for losses on construction contracts | 77,565 | 35,405 |
| Reserve for legal claims | 3,936 | 61 |
| Advance payments received on contracts | 399,288 | 427,390 |
| Others | 208,034 | 191,193 |
| Total current liabilities | 1,714,695 | 1,693,822 |
| Long-term liabilities: | | |
| Debentures | 250,000 | 200,000 |
| Long-term borrowings | 553,189 | 477,053 |
| Deferred income taxes | 17,832 | 9,922 |
| Reserve for retirement allowance | 47,002 | 51,904 |
| Reserve for treatment of PCB waste | 11,604 | 10,865 |
| Others | 63,296 | 61,324 |
| Total long-term liabilities | 942,925 | 811,070 |
| TOTAL LIABILITIES | 2,657,621 | 2,504,893 |
| <u>NET ASSETS</u> | | |
| Stockholders' equity: | | |
| Common stock | 265,608 | 265,608 |
| Capital surplus | 203,942 | 203,956 |
| Retained earnings | 822,473 | 901,397 |
| Treasury stock | (5,418) | (5,394) |
| Total stockholders' equity | 1,286,606 | 1,365,568 |
| Accumulated other comprehensive income (loss) | | |
| Net unrealized gains on investment securities | 22,082 | 30,979 |
| Deferred losses on hedges | 12 | 142 |
| Foreign currency translation adjustments | (53,611) | (18,040) |
| Total accumulated other comprehensive income (loss) | (31,517) | 13,081 |
| Share subscription rights | 1,868 | 2,243 |
| Minority interests | 49,409 | 49,332 |
| TOTAL NET ASSETS | 1,306,366 | 1,430,225 |
| TOTAL LIABILITIES AND NET ASSETS | 3,963,987 | 3,935,119 |

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

| | FY2011 | FY2012 |
|--|------------------|------------------|
| Net sales | 2,820,932 | 2,817,893 |
| Cost of sales | 2,375,158 | 2,297,072 |
| Gross profit | 445,774 | 520,821 |
| Selling, general and administrative expenses: | | |
| Provision of allowance for doubtful accounts | 318 | 323 |
| Directors' compensations, salaries and allowances | 124,207 | 132,482 |
| Research and development expenses | 48,954 | 56,537 |
| Expenses for inquiries | 28,225 | 31,831 |
| Others | 132,106 | 136,125 |
| Total selling, general and administrative expenses | 333,812 | 357,300 |
| Operating income | 111,961 | 163,520 |
| Non-operating income: | | |
| Interest income | 3,637 | 2,717 |
| Dividend income | 4,248 | 3,876 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 4,960 | 2,625 |
| Foreign exchange gain | - | 7,030 |
| Others | 5,107 | 2,623 |
| Total non-operating income | 17,954 | 18,874 |
| Non-operating expenses: | | |
| Interest expense | 20,522 | 17,256 |
| Foreign exchange loss | 5,094 | - |
| Loss on disposal of fixed assets | 5,725 | 4,397 |
| Others | 12,390 | 11,711 |
| Total non-operating expenses | 43,733 | 33,366 |
| Ordinary income | 86,182 | 149,028 |
| Extraordinary gain: | | |
| Gain on sales of investment securities | - | 8,676 |
| Gain on sales of fixed assets | 28,344 | 4,157 |
| Total extraordinary gain | 28,344 | 12,833 |
| Extraordinary loss: | | |
| Business structure improvement expenses | 38,116 | 6,414 |
| Expense for treatment of PCB waste | 4,098 | - |
| Loss on revaluation of investment securities | 2,479 | - |
| Total extraordinary loss | 44,695 | 6,414 |
| Income before income taxes and minority interests | 69,831 | 155,448 |
| Income taxes | | |
| Current | 46,031 | 26,059 |
| Deferred | (855) | 33,080 |
| Total income taxes | 45,175 | 59,139 |
| Income before minority interests | 24,655 | 96,308 |
| Minority interests in income (loss) of consolidated subsidiaries | 114 | (1,021) |
| Net income | 24,540 | 97,330 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

| | FY2011 | FY2012 |
|--|-----------------|----------------|
| Income before minority interests | 24,655 | 96,308 |
| Other comprehensive income (loss) | | |
| Net unrealized gains (losses) on investment securities | (3,607) | 9,631 |
| Deferred gains (losses) on hedges | 549 | 236 |
| Foreign currency translation adjustments | (9,455) | 25,638 |
| Share of other comprehensive income (loss) of entities accounted for using the equity method | (2,051) | 10,547 |
| Changes in equity interest | - | 1,725 |
| Total other comprehensive income (loss) | (14,565) | 47,780 |
| Comprehensive income (loss) | 10,090 | 144,088 |
| Comprehensive income (loss) attributable to | | |
| Shareholders of the parent | 10,223 | 143,653 |
| Minority interests | (132) | 435 |

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

| | FY2011 | FY2012 |
|---|-----------|-----------|
| Stockholders' equity | | |
| Common stock | | |
| Balance at the beginning of current period | 265,608 | 265,608 |
| Balance at the end of current period | 265,608 | 265,608 |
| Capital surplus | | |
| Balance at the beginning of current period | 203,939 | 203,942 |
| Changes in the period | | |
| Disposal of treasury stock | 3 | 13 |
| Total changes in the period | 3 | 13 |
| Balance at the end of current period | 203,942 | 203,956 |
| Retained earnings | | |
| Balance at the beginning of current period | 815,145 | 822,473 |
| Changes in the period | | |
| Cash dividends | (16,775) | (20,131) |
| Net income | 24,540 | 97,330 |
| Changes in scope of consolidation | 19 | - |
| Changes in scope of equity method application | (4) | - |
| Changes in fiscal year end of consolidated subsidiaries | (452) | - |
| Changes in equity interest | - | 1,725 |
| Total changes in the period | 7,327 | 78,924 |
| Balance at the end of current period | 822,473 | 901,397 |
| Treasury stock | | |
| Balance at the beginning of current period | (5,425) | (5,418) |
| Changes in the period | | |
| Purchase of treasury stock | (14) | (11) |
| Disposal of treasury stock | 22 | 35 |
| Total changes in the period | 7 | 23 |
| Balance at the end of current period | (5,418) | (5,394) |
| Total stockholders' equity | | |
| Balance at the beginning of current period | 1,279,267 | 1,286,606 |
| Changes in the period | | |
| Cash dividends | (16,775) | (20,131) |
| Net income | 24,540 | 97,330 |
| Changes in scope of consolidation | 19 | - |
| Changes in scope of equity method application | (4) | - |
| Changes in fiscal year end of consolidated subsidiaries | (452) | - |
| Changes in equity interest | - | 1,725 |
| Purchase of treasury stock | (14) | (11) |
| Disposal of treasury stock | 25 | 49 |
| Total changes in the period | 7,338 | 78,962 |
| Balance at the end of current period | 1,286,606 | 1,365,568 |

(Millions of Yen)

| | FY2011 | FY2012 |
|---|----------|----------|
| Accumulated other comprehensive income | | |
| Net unrealized gains(losses) on investment securities | | |
| Balance at the beginning of current period | 25,579 | 22,082 |
| Changes in the period | | |
| Net changes in items other than stockholders' equity | (3,497) | 8,897 |
| Total changes in the period | (3,497) | 8,897 |
| Balance at the end of current period | 22,082 | 30,979 |
| Deferred gains(losses) on hedges | | |
| Balance at the beginning of current period | (467) | 12 |
| Changes in the period | | |
| Net changes in items other than stockholders' equity | 479 | 129 |
| Total changes in the period | 479 | 129 |
| Balance at the end of current period | 12 | 142 |
| Foreign currency translation adjustments | | |
| Balance at the beginning of current period | (42,311) | (53,611) |
| Changes in the period | | |
| Net changes in items other than stockholders' equity | (11,300) | 35,570 |
| Total changes in the period | (11,300) | 35,570 |
| Balance at the end of current period | (53,611) | (18,040) |
| Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | (17,199) | (31,517) |
| Changes in the period | | |
| Net changes in items other than stockholders' equity | (14,317) | 44,598 |
| Total changes in the period | (14,317) | 44,598 |
| Balance at the end of current period | (31,517) | 13,081 |
| Share subscription rights | | |
| Balance at the beginning of current period | 1,509 | 1,868 |
| Changes in the period | | |
| Net changes in items other than stockholders' equity | 359 | 375 |
| Total changes in the period | 359 | 375 |
| Balance at the end of current period | 1,868 | 2,243 |
| Minority interests | | |
| Balance at the beginning of current period | 49,101 | 49,409 |
| Changes in the period | | |
| Net changes in items other than stockholders' equity | 307 | (76) |
| Total changes in the period | 307 | (76) |
| Balance at the end of current period | 49,409 | 49,332 |

(Millions of Yen)

| | FY2011 | FY2012 |
|---|-----------|-----------|
| Total net assets | | |
| Balance at the beginning of current period | 1,312,678 | 1,306,366 |
| Changes in the period | | |
| Cash dividends | (16,775) | (20,131) |
| Net income | 24,540 | 97,330 |
| Changes in scope of consolidation | 19 | - |
| Changes in scope of equity method application | (4) | - |
| Changes in fiscal year end of consolidated subsidiaries | (452) | - |
| Changes in equity interest | - | 1,725 |
| Purchase of treasury stock | (14) | (11) |
| Disposal of treasury stock | 25 | 49 |
| Net changes in items other than stockholders' equity | (13,650) | 44,897 |
| Total changes in the period | (6,312) | 123,859 |
| Balance at the end of current period | 1,306,366 | 1,430,225 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

| | FY 2011 | FY 2012 |
|--|------------------|------------------|
| Cash flows from operating activities: | | |
| Income before income taxes and minority interests | 69,831 | 155,448 |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities: | | |
| Depreciation and amortization | 123,964 | 118,557 |
| Increase (decrease) in reserve for retirement allowance | (2,956) | 4,687 |
| Interest and dividend income | (7,885) | (6,594) |
| Interest expense | 20,522 | 17,256 |
| (Income) loss from equity method investments | (4,960) | (2,625) |
| (Gain) loss on sales of investment securities | (123) | (8,676) |
| Loss on revaluation of investment securities | 2,479 | - |
| (Gain) loss on sales of fixed assets | (28,344) | (4,157) |
| Loss on disposal of fixed assets | 5,725 | 4,397 |
| Business structure improvement expenses | 38,116 | 6,414 |
| Expense for treatment of PCB waste | 4,098 | - |
| (Increase) decrease in receivables | (123,811) | 60,932 |
| (Increase) decrease in inventories and advances to suppliers | 33,945 | 32,827 |
| (Increase) decrease in other assets | (1,733) | 8,194 |
| Increase (decrease) in payables | 38,004 | (11,938) |
| Increase (decrease) in advance payments received on contracts | 70,284 | 23,986 |
| Increase (decrease) in other liabilities | 14,622 | (44,128) |
| Others | 4,841 | 1,824 |
| Subtotal | 256,621 | 356,406 |
| Interest and dividends received | 8,447 | 7,962 |
| Interest paid | (20,931) | (17,507) |
| Income taxes paid | (43,776) | (58,485) |
| Net cash provided by operating activities | 200,361 | 288,375 |
| Cash flows from investing activities: | | |
| Net (increase) decrease in time deposits | 4,417 | (372) |
| Purchases of marketable securities | (40,000) | - |
| Proceeds from sales and redemption of marketable securities | 40,000 | - |
| Purchases of property, plant, equipment and intangible assets | (117,433) | (115,701) |
| Proceeds from sales of property, plant, equipment and intangible assets | 66,963 | 8,814 |
| Purchases of investment securities | (2,763) | (4,307) |
| Proceeds from sales and redemption of investment securities | 3,557 | 44,563 |
| Disbursement of long-term loans | (1,930) | (3,338) |
| Collection of long-term loans | 1,887 | 1,096 |
| Others | (1,746) | (7,494) |
| Net cash used in investing activities | (47,047) | (76,737) |
| Cash flows from financing activities: | | |
| Net increase (decrease) in short-term borrowings and commercial papers | 69,278 | (1,695) |
| Proceeds from long-term borrowings | 2,835 | 72,652 |
| Repayment of long-term borrowings | (212,859) | (132,092) |
| Payment for redemption of bonds | (24,228) | (69,900) |
| Proceeds from issuance of stock to minority stockholders of subsidiaries | 1,775 | 372 |
| Dividends paid to stockholders | (16,733) | (20,061) |
| Dividends paid to minority stockholders of subsidiaries | (1,375) | (954) |
| Others | (2,306) | (2,535) |
| Net cash used in financing activities | (183,614) | (154,215) |
| Effect of exchange rate changes on cash and cash equivalents | (4,045) | 7,397 |
| Net increase (decrease) in cash and cash equivalents | (34,347) | 64,820 |
| Cash and cash equivalents at beginning of year | 288,868 | 254,605 |
| Increase in cash and cash equivalents due to changes in scope of consolidation | 84 | - |
| Cash and cash equivalents at end of year | 254,605 | 319,426 |