

No.1082

MHI Announces FY2005 First-Half Consolidated Financial Results

Tokyo, October 28, 2005 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its consolidated financial results for the first-half of fiscal year (FY) 2005 ended September 30, 2005.

(billions of yen)

	FY2005 April – Sept.	FY2004 April – Sept.	Changes (%)	FY2004 Full-Year
Orders Received	1,270.5	1,086.2	17.0	2,722.8
Net Sales	1,253.7	1,126.3	11.3	2,590.7
Operating Income (Loss)	24.1	-4.0	-	14.7
Ordinary Income (Loss)	21.4	-6.5	-	12.5
Income (Loss) Before Tax	21.4	-25.3	-	16.3
Net Income (Loss)	14.9	-21.5	-	4.0
Operation Cash Flow	78.2	150.6	-48.0	107.0
Investment Cash Flow	-47.7	-84.5	-43.6	-163.3
Financing Cash Flow	-47.9	91.6	-	57.9
Net Income (Loss) Per Share (Fiscal)	4.44 yen	-6.40 yen	-	1.20 yen

Consolidated financial results (continued)

Orders Received by Operational Segment

(billions of yen)

	FY2005 Apr. – Sept.	FY2004 Apr. – Sept.	Differences	FY2004 Full-Year
Shipbuilding & Ocean Development	95.9 (7.6)	136.6 (12.6)	-40.6	299.3 (11.0)
Power Systems	277.7 (21.9)	295.3 (27.2)	-17.5	691.4 (25.4)
Machinery & Steel Structures	349.0 (27.4)	164.5 (15.1)	184.5	455.5 (16.7)
Aerospace	123.1 (9.7)	81.4 (7.5)	41.7	411.0 (15.1)
Mass and Medium-Lot Manufactured Machinery	379.6 (29.9)	361.3 (33.3)	18.3	747.9 (27.5)
Others	44.9 (3.5)	46.8 (4.3)	-1.9	117.4 (4.3)
TOTAL	1,270.5 (100.0)	1,086.2 (100.0)	184.3	2,722.8 (100.0)

Figures in parentheses represent percentage of each segment's orders in total orders.

Sales by Operational Segment

(billions of yen)

	FY2005 Apr. – Sept.	FY2004 Apr. – Sept.	Differences	FY2004 Full-Year
Shipbuilding & Ocean Development	103.0 (8.2)	131.8 (11.7)	-28.8	271.5 (10.5)
Power Systems	333.8 (26.6)	276.7 (24.6)	57.1	629.6 (24.3)
Machinery & Steel Structures	239.4 (19.1)	174.6 (15.5)	64.7	459.3 (17.7)
Aerospace	157.0 (12.5)	145.1 (12.9)	11.9	407.9 (15.7)
Mass and Medium-Lot Manufactured Machinery	386.4 (30.8)	367.1 (32.6)	19.3	757.8 (29.3)
Others	33.8 (2.8)	30.7 (2.7)	3.0	64.3 (2.5)
TOTAL	1,253.7 (100.0)	1,126.3 (100.0)	127.4	2,590.7 (100.0)

Figures in parentheses represent percentage of each segment's sales in total sales.

Consolidated financial results (continued)

Operating Income (Loss) by Operational Segment (billions of yen)

	FY2005 Apr. - Sept.	FY2004 Apr. - Sept.	Differences	FY2004 Full-Year
Shipbuilding & Ocean Development	-4.8	-6.7	1.9	-11.7
Power Systems	14.1	1.4	12.7	16.0
Machinery & Steel Structures	-2.8	-6.2	3.4	-8.7
Aerospace	6.4	3.6	2.7	8.7
Mass and Medium-Lot Manufactured Machinery	7.9	1.5	6.3	4.3
Others	3.2	2.2	0.9	6.0
TOTAL	24.1	-4.0	28.2	14.7

Estimate of Consolidated Financial Results for FY 2005

For the fiscal year 2005 ending March 31, 2006, MHI is expecting 2,800 billion yen in net sales, 57 billion yen in operating income, 36 billion yen in ordinary income, 36 billion yen in income before tax and 18 billion yen in net income. MHI has hedged foreign exchange risk of major currencies for the rest of fiscal year 2005. Therefore, impact of exchange rate fluctuation on this estimates that may arise in translating foreign currencies into Japanese yen is expected to be minor.

This estimate has been projected with currently available information and data. Therefore please be advised that the actual results may diverge broadly with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

Notes:

Number of consolidated subsidiaries: 183 (154 in FY2004)

Number of companies under the application of equity method:

<u>FY2005</u>	<u>FY2004</u>
32	47

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For more information, please visit the MHI website (<http://www.mhi.co.jp>).

CONSOLIDATED STATEMENTS OF OPERATIONS

(Millions of Yen)

	For the six months ended Sep.30, 2005	For the six months ended Sep.30, 2004	Increase (Decrease)
Net sales	1,253,781	1,126,360	127,420
Cost of sales	1,101,576	996,713	104,863
Selling, general and administrative expenses	128,059	133,746	(5,686)
Operating income (loss)	24,145	(4,098)	28,244
Non-operating income:			
Interest and dividend income	5,548	5,177	370
Equity in earnings of unconsolidated subsidiaries and affiliates	3,615	4,235	(620)
Other income	3,019	2,205	814
Total non-operating income	12,183	11,618	564
Non-operating expenses:			
Interest expense	7,777	7,762	15
Losses on disposal of fixed assets	1,941	1,993	(52)
Foreign exchange losses	1,033	256	777
Other expenses	4,175	4,059	116
Total non-operating expenses	14,928	14,072	856
Ordinary income(loss)	21,400	(6,552)	27,953
Extraordinary income:			
Gains on sales of fixed assets	-	1,928	(1,928)
Extraordinary expenses:			
Provision of reserve for product warranties	-	10,889	(10,889)
Losses on impairment for fixed assets	-	6,087	(6,087)
Losses on damage from natural disasters	-	3,787	(3,787)
Income(loss) before income taxes and minority interests	21,400	(25,387)	46,787
Income taxes			
Current	3,272	1,246	2,026
Deferred	2,162	(5,441)	7,603
Minority interests in income after taxes	1,057	333	724
Net income(loss)	14,908	(21,525)	36,433

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Sep.30, 2005	As of Mar.31, 2005	Increase (Decrease)
<u>LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY</u>			
LIABILITIES:			
Current liabilities:			
Trade payables	612,552	649,144	(36,591)
Bank loans	383,593	356,682	26,911
Current portion of debentures	300	33,426	(33,126)
Reserve for product warranties	14,627	11,913	2,714
Allowance for losses on construction contracts	9,504	6,401	3,103
Advance payments received on contracts	404,182	363,447	40,735
Other current liabilities	163,462	146,972	16,490
Total current liabilities	1,588,222	1,567,987	20,235
Long-term liabilities:			
Debentures	213,312	213,334	(21)
Long-term debt	543,114	569,452	(26,337)
Deferred tax liabilities	73,481	17,464	56,017
Reserve for retirement allowance	113,359	109,797	3,561
Other long-term liabilities	23,568	27,919	(4,350)
Total long-term liabilities	966,836	937,968	28,867
TOTAL LIABILITIES	2,555,059	2,505,955	49,103
MINORITY INTERESTS	17,787	15,211	2,576
STOCKHOLDERS' EQUITY:			
Common stock	265,608	265,608	0
Capital surplus	203,854	203,854	0
Retained earnings	743,583	741,234	2,349
Net unrealized gains on investment securities	191,343	110,460	80,882
Foreign currency translation adjustments	(4,111)	(6,007)	1,895
Treasury stock	(5,190)	(5,173)	(16)
TOTAL STOCKHOLDERS' EQUITY	1,395,088	1,309,977	85,111
TOTAL LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY	3,967,935	3,831,144	136,791

CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Sep.30, 2005	As of Mar.31, 2005	Increase (Decrease)
<u>ASSETS</u>			
Current assets:			
Cash and deposits	200,232	211,911	(11,678)
Trade receivables	954,386	1,048,892	(94,506)
Securities	1,644	2,571	(927)
Inventories	1,056,354	958,513	97,841
Deferred income taxes	65,156	65,500	(344)
Other current assets	201,568	184,867	16,700
Allowance for doubtful receivables	(7,141)	(6,612)	(528)
Total current assets	2,472,201	2,465,645	6,556
Fixed assets:			
Property, plant and equipment	741,635	736,500	5,135
Intangible fixed assets	32,724	33,726	(1,002)
Investments and advances			
Investment securities	667,217	538,792	128,424
Deferred income taxes	10,115	9,745	369
Other assets	92,581	98,445	(5,864)
Allowance for doubtful accounts	(48,539)	(51,712)	3,172
Total investments and advances	721,374	595,272	126,102
Total fixed assets	1,495,734	1,365,499	130,235
TOTAL ASSETS	3,967,935	3,831,144	136,791

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Yen)

	Six months ended Sept. 30, 2005	Six months ended Sept. 30, 2004	Differences
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	21,400	(25,387)	46,787
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	47,349	46,959	389
Losses on impairment for fixed assets	-	6,087	(6,087)
Increase (decrease) in reserve for retirement allowance	2,581	3,021	(439)
Equity in earnings of unconsolidated subsidiaries and affiliates	(3,615)	(4,235)	620
Interest and dividend income	(5,548)	(5,177)	(370)
Interest expense	7,777	7,762	15
Provision of reserve for product warranties	-	10,889	(10,889)
Losses on damage from natural disasters	-	3,787	(3,787)
(Increase) decrease in receivables	97,876	184,839	(86,962)
(Increase) decrease in inventories and advances to suppliers	(95,266)	(103,251)	7,984
(Increase) decrease in other assets	(4,550)	7,130	(11,680)
Increase (decrease) in payables	(37,013)	(45,482)	8,468
Increase (decrease) in advance payments received on contracts	40,299	73,199	(32,899)
Increase (decrease) in other liabilities	10,247	1,523	8,723
Others	(379)	(7,847)	7,468
Subtotal	81,159	153,817	(72,657)
Interest and dividends received	6,401	5,963	438
Interest paid	(7,858)	(7,388)	(470)
Payments for income taxes	(1,416)	(1,745)	329
Net cash provided by operating activities	78,286	150,646	(72,360)
Cash flows from investing activities:			
Net (Increase) decrease in time deposits	1,902	704	1,198
Purchases of property, plant, equipment and intangible assets	(50,203)	(46,399)	(3,804)
Proceeds from sales of property, plant, equipment and intangible assets	824	2,314	(1,490)
Purchases of investment securities	(1,019)	(40,666)	39,646
Proceeds from sales and redemption of marketable securities and investment securities	2,907	957	1,950
Disbursement of long-term loans	(3,112)	(2,769)	(343)
Collection of long-term loans	1,959	2,088	(129)
Others	(959)	(787)	(172)
Net cash used in investing activities	(47,702)	(84,557)	36,855
Cash flows from financing activities:			
Net increase (decrease) in bank loans	5,016	25,511	(20,494)
Proceeds from long-term debt	26,996	106,771	(79,774)
Repayment of long-term debt	(32,872)	(27,941)	(4,931)
Payment for redemption of bonds	(33,333)	(150)	(33,183)
Dividends paid to stockholders	(13,349)	(10,067)	(3,281)
Dividends paid to minority stockholders of subsidiaries	(375)	(268)	(106)
Others	(19)	(2,191)	2,172
Net cash provided by (used in) financing activities	(47,936)	91,662	(139,599)
Effect of exchange rate changes on cash and cash equivalents	1,486	456	1,030
Net increase (decrease) in cash and cash equivalents	(15,865)	158,208	(174,074)
Cash and cash equivalents at beginning of year	189,780	184,766	5,013
Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries	2,873	538	2,334
Cash and cash equivalents at end of period	176,788	343,513	(166,725)

No.1083

MHI Announces FY2005 First-Half Non-Consolidated Financial Results

Tokyo, October 28, 2005 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for the first-half of fiscal year (FY) 2005 ended September 30, 2005.

(billions of yen)

	FY2005 April – Sept.	FY2004 April – Sept.	Change (%)	FY2004 Full-Year
Orders Received	941.6	850.8	10.7	2,202.0
Net Sales	994.4	907.9	9.5	2,097.9
Operating Income (Loss)	11.0	-12.1	-	-9.7
Ordinary Income (Loss)	9.4	-12.9	-	-9.6
Income (Loss) Before Tax	9.4	-25.5	-	0.2
Net Income (Loss)	7.9	-17.3	-	-2.0
Net Income (Loss) Per Share (Fiscal)	2.38 yen	-5.15 yen	-	-0.60 yen
Dividend Per Share	0.0 yen	0.0 yen	-	4.0 yen

Estimate of Non-Consolidated Financial Results for FY 2005

For the fiscal year 2005 ending March 31, 2006, MHI is expecting 2,220 billion yen in net sales, 35 billion yen in operating income, 25 billion yen in ordinary income, 25 billion yen in income before tax and 15 billion yen in net income. MHI has hedged foreign exchange risk of major currencies for the rest of fiscal year 2005. Therefore, impact of exchange rate fluctuation on this estimates that may arise in translating foreign currencies into Japanese yen is expected to be minor.

This estimate has been projected with currently available information and data. Therefore please be advised that the actual results may diverge broadly with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

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 For more information, please visit the MHI website (<http://www.mhi.co.jp>).

NON-CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(From April 1, 2005 to September 30, 2005)

	(Millions of Yen)		
	For the Six months ended Sep.30,2005	For the Six months ended Sep.30,2004	Increase (Decrease)
<u>ORDINARY INCOME AND LOSS</u>			
Operating income and loss:			
Net sales	994,435	907,947	86,488
Cost of sales	917,362	845,417	71,945
Selling, general and administrative expenses	66,063	74,662	(8,599)
Operating income(loss)	11,009	(12,132)	23,142
Non-operating income:			
Interest and dividend income	9,409	7,961	1,448
Other income	2,051	1,383	668
Total	11,461	9,345	2,116
Non-operating expenses:			
Interest expense	6,222	6,345	(123)
Loss on disposal of fixed assets	1,797	1,467	329
Foreign exchange losses	1,690	372	1,318
Other expenses	3,278	1,996	1,281
Total	12,988	10,183	2,804
ORDINARY INCOME(LOSS)	9,482	(12,971)	22,453
<u>EXTRAORDINARY INCOME AND LOSS</u>			
Extraordinary income:			
Gains on sales of fixed assets	-	2,527	(2,527)
Total	-	2,527	(2,527)
Extraordinary expenses:			
Provision of reserve for product warranties	-	10,889	(10,889)
Losses on damage from natural disasters	-	3,668	(3,668)
Losses on impairment for fixed assets	-	521	(521)
Total	-	15,079	(15,079)
INCOME(LOSS) BEFORE INCOME TAXES	9,482	(25,522)	35,005
Income taxes:			
Current	(1,774)	(429)	(1,345)
Deferred	3,272	(7,767)	11,039
NET INCOME(LOSS)	7,984	(17,326)	25,311
Retained earnings carried forward from previous period	14,612	37,337	(22,724)
UNAPPROPRIATED EARNINGS	22,597	20,010	2,586

NON-CONSOLIDATED BALANCE SHEETS (As of September 30, 2005) (1/2)

	As of Sep.30,2005	As of Mar.31,2005	(Millions of Yen) Increase (Decrease)
ASSETS			
Current assets:			
Cash and deposits	123,314	142,917	(19,602)
Trade notes receivable	9,806	8,791	1,015
Trade accounts receivable	824,458	917,990	(93,531)
Securities	9	8	0
Finished products	68,202	71,074	(2,871)
Raw materials and supplies	40,208	39,685	523
Work in process	778,367	711,284	67,083
Advances to suppliers	51,022	51,709	(687)
Prepaid expenses	2,247	606	1,641
Deferred income taxes	48,757	50,623	(1,866)
Other current assets	133,081	124,143	8,938
Allowance for doubtful receivables	(39)	(66)	27
Total current assets	2,079,437	2,118,767	(39,330)
Fixed assets:			
Property, plant and equipment:			
Buildings	202,705	204,511	(1,805)
Structures	21,911	22,112	(200)
Dock and facilities for ship building	3,241	3,241	0
Machinery	160,150	159,038	1,111
Vessels	15	1,675	(1,660)
Aircraft	294	144	150
Vehicles and transportation equipment	2,260	2,328	(68)
Tools, equipment and furniture	45,594	45,752	(157)
Land	108,468	108,551	(83)
Construction in progress	24,412	22,410	2,002
Subtotal	569,054	569,767	(712)
Intangible fixed assets:			
Software	14,631	16,020	(1,389)
Right for facility utilization	2,086	2,441	(354)
Other intangible fixed assets	956	1,113	(157)
Subtotal	17,673	19,575	(1,901)
Investments and advances:			
Investment securities	639,774	512,232	127,542
Long-term loans and advances	9,505	18,242	(8,736)
Investment capital and guarantee deposits	20,363	19,279	1,084
Long-term prepaid expenses	23,588	22,517	1,071
Other investments	48,565	55,932	(7,367)
Allowance for doubtful accounts	(44,167)	(47,454)	3,287
Subtotal	697,631	580,749	116,881
Total fixed assets	1,284,359	1,170,092	114,267
TOTAL ASSETS	3,363,797	3,288,860	74,937

