

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

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

(Millions of Yen)

	As of Sep.30,2005	As of Mar.31,2005	Increase (Decrease)
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Current liabilities:			
Trade accounts payable	540,567	593,999	(53,431)
Bank loans	254,000	218,657	35,343
Current portion of long-term debt for exports loans from main contractors	5,465	6,741	(1,276)
Current portion of debentures	-	30,000	(30,000)
Accrued payables	29,130	32,445	(3,314)
Accrued expenses	29,091	32,733	(3,642)
Accrued income tax	1,007	-	1,007
Advance payments received on contracts	374,569	345,721	28,847
Deposits received	18,165	15,909	2,256
Reserve for product warranties	14,627	11,913	2,714
Allowance for losses on construction contracts	9,504	6,401	3,103
Reserve for the exhibition in the 2005 World Exposition Aichi Japan	-	86	(86)
Other current liabilities	27,236	12,275	14,960
Total current liabilities	1,303,365	1,306,883	(3,517)
Long-term liabilities:			
Debentures	210,000	210,000	0
Long-term debt	468,515	504,643	(36,128)
Long-term debt for exports loans from main contractors	14,841	20,808	(5,967)
Deferred tax liabilities	78,898	27,365	51,533
Reserve for retirement allowance	64,593	63,000	1,593
Other long-term liabilities	8,308	8,565	(257)
Total long-term liabilities	845,156	834,382	10,773
TOTAL LIABILITIES	2,148,522	2,141,266	7,256
<u>STOCKHOLDERS' EQUITY</u>			
Common stock	265,608	265,608	0
Capital surplus:			
Capital reserve	203,536	203,536	0
Other capital reserve:			
Gains on sales of treasury stock	1	1	0
Retained earnings:			
Legal reserve	66,363	66,363	0
Revenue reserve:			
Reserve for reduction in costs of fixed assets	14,700	9,703	4,997
Reserve for accelerated depreciation	6,648	4,347	2,300
Reserve for losses on overseas investments	-	2	(2)
General reserves	460,000	460,000	0
Unappropriated earnings	22,597	35,329	(12,731)
Subtotal	570,310	575,746	(5,436)
Net unrealized gains on investment securities	181,003	107,870	73,133
Treasury stock	(5,185)	(5,169)	(16)
TOTAL STOCKHOLDERS' EQUITY	1,215,274	1,147,594	67,680
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,363,797	3,288,860	74,937