

MHI ANNOUNCES FY2005 NON-CONSOLIDATED FINANCIAL RESULTS

Tokyo, April 28, 2006 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2005 ended March 31, 2006.

(billions of yen)

	FY2005	FY2004	Changes (%)
Orders Received	2,318.3	2,202.0	5.3
Net Sales	2,206.7	2,097.9	5.2
Operating Income (Loss)	38.2	- 9.7	-
Ordinary Income (Loss)	32.4	- 9.6	-
Income Before Tax	35.3	0.2	-
Net Income (Loss)	26.1	- 2.0	-
Net Income (Loss) Per Share	7.77 yen	- 0.60 yen	-
Dividend Per Share	4.0 yen	4.0 yen	-

Estimate of Non-Consolidated Financial Results for FY 2006

For the fiscal year 2006 ending March 31, 2007, MHI is expecting 2,250 billion yen in net sales, 60 billion yen in operating income, 50 billion yen in ordinary income, 50 billion yen in income before tax and 30 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥112.00.

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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NON-CONSOLIDATED BALANCE SHEETS (As of March 31, 2006) (1/2)

	As of Mar.31.2006	As of Mar.31,2005	(Millions of Yen) Increase (Decrease)
ASSETS			
Current assets:			
Cash and deposits	98,238	142,917	(44,678)
Trade notes receivable	9,147	8,791	356
Trade accounts receivable	945,892	917,990	27,902
Securities	9	8	0
Finished products	68,318	71,074	(2,755)
Raw materials and supplies	49,150	39,685	9,465
Work in process	701,731	711,284	(9,552)
Advances to suppliers	64,408	51,709	12,698
Prepaid expenses	735	606	129
Deferred income taxes	58,261	50,623	7,638
Other current assets	144,777	124,143	20,634
Allowance for doubtful receivables	(67)	(66)	(1)
Total current assets	2,140,605	2,118,767	21,837
Fixed assets:			
Property, plant and equipment:			
Buildings	209,228	204,511	4,716
Structures	23,482	22,112	1,370
Dock and facilities for ship building	3,246	3,241	5
Machinery	161,723	159,038	2,684
Vessels	22	1,675	(1,653)
Aircraft	241	144	97
Vehicles and transportation equipment	2,340	2,328	11
Tools, equipment and furniture	48,356	45,752	2,603
Land	108,349	108,551	(201)
Construction in progress	29,617	22,410	7,207
Subtotal	586,608	569,767	16,841
Intangible fixed assets:			
Software	17,236	16,020	1,215
Right for facility utilization	1,981	2,441	(459)
Other intangible fixed assets	804	1,113	(309)
Subtotal	20,022	19,575	447
Investments and advances:			
Investment securities	765,483	512,232	253,251
Long-term loans and advances	10,518	18,242	(7,723)
Investment capital and guarantee deposits	20,045	19,279	766
Long-term prepaid expenses	39,576	22,517	17,058
Other investments	19,936	55,932	(35,996)
Allowance for doubtful accounts	(15,089)	(47,454)	32,365
Subtotal	840,470	580,749	259,721
Total fixed assets	1,447,102	1,170,092	277,010
TOTAL ASSETS	3,587,707	3,288,860	298,847

NON-CONSOLIDATED BALANCE SHEETS (As of March 31, 2006) (2/2)

(Millions of Yen)

	As of Mar.31.2006	As of Mar.31,2005	Increase (Decrease)
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Current liabilities:			
Trade accounts payable	583,644	593,999	(10,354)
Bank loans	277,861	218,657	59,204
Current portion of long-term debt for exports loans from main contractors	5,884	6,741	(857)
Current portion of debentures	-	30,000	(30,000)
Accrued payables	49,503	32,445	17,508
Accrued expenses	34,093	32,733	1,359
Advance payments received on contracts	313,025	345,721	(32,696)
Deposits received	22,087	15,909	6,178
Reserve for product warranties	15,999	11,913	4,086
Allowance for losses on construction contracts	6,298	6,401	(102)
Reserve for the exhibition in the 2005 World Exposition Aichi Japan	-	86	(86)
Reserve for directors' retirement allowance	1,737	-	1,737
Other current liabilities	18,396	12,275	6,120
Total current liabilities	1,328,531	1,306,883	21,648
Long-term liabilities:			
Debentures	210,000	210,000	0
Long-term debt	503,437	504,643	(1,206)
Long-term debt for exports loans from main contractors	11,916	20,808	(8,892)
Deferred tax liabilities	150,290	27,365	122,925
Reserve for retirement allowance	61,756	63,000	(1,243)
Reserve for treatment of PCB waste	4,075	-	4,075
Other long-term liabilities	10,608	8,565	2,042
Total long-term liabilities	952,083	834,382	117,700
TOTAL LIABILITIES	2,280,614	2,141,266	139,348
<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	10	1	9
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	40,809	35,329	5,480
Subtotal	588,522	575,746	12,776
Net unrealized gains on investment securities	254,567	107,870	146,697
Treasury stock	(5,153)	(5,169)	15
TOTAL STOCKHOLDERS' EQUITY	1,307,092	1,147,594	159,498
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,587,707	3,288,860	298,847

NON-CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(From April 1, 2005 to March 31, 2006)

	FY2005	FY2004	(Millions of Yen) Increase (Decrease)
<u>ORDINARY INCOME AND LOSS</u>			
Operating income and loss:			
Net sales	2,206,778	2,097,918	108,859
Cost of sales	2,030,993	1,949,423	81,569
Selling, general and administrative expenses	137,562	158,221	(20,658)
Operating income(loss)	38,221	(9,726)	47,948
Non-operating income:			
Interest and dividend income	22,871	14,857	8,013
Foreign exchange gains	-	1,523	(1,523)
Other income	5,584	3,669	1,914
Total	28,455	20,050	8,404
Non-operating expenses:			
Interest expense	12,418	12,574	(155)
Foreign exchange losses	9,830	-	9,830
Loss on disposal of fixed assets	4,816	3,946	870
Other expenses	7,194	3,438	3,755
Total	34,260	19,960	14,300
ORDINARY INCOME(LOSS)	32,416	(9,635)	42,052
<u>EXTRAORDINARY INCOME AND LOSS</u>			
Extraordinary income:			
Gains on sales of fixed assets	13,825	10,826	2,998
Gains on sales of investment securities	-	15,743	(15,743)
Total	13,825	26,570	(12,745)
Extraordinary expenses:			
Business improvement and restructuring charges	5,069	1,778	3,290
Expense for treatment of PCB waste	4,075	-	4,075
Provision of reserve for directors' retirement allowance	1,737	-	1,737
Provision of reserve for product warranties	-	10,889	(10,889)
Losses on damage from natural disasters	-	3,445	(3,445)
Losses on impairment for fixed assets	-	521	(521)
Total	10,882	16,634	(5,752)
INCOME(LOSS) BEFORE INCOME TAXES	35,359	299	35,059
Income taxes:			
Current	(5,818)	(2,839)	(2,979)
Deferred	14,980	5,147	9,833
NET INCOME(LOSS)	26,197	(2,008)	28,205
Retained earnings carried forward from previous period	14,612	37,337	(22,724)
UNAPPROPRIATED EARNINGS	40,809	35,329	5,480