

MHI ANNOUNCES FY2006 NON-CONSOLIDATED FINANCIAL RESULTS

Tokyo, April 27, 2007 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2006 ended March 31, 2007.

(billions of yen)

	FY2006	FY2005	Changes (%)
Orders Received	2,586.6	2,318.3	11.6
Net Sales	2,426.6	2,206.7	10.0
Operating Income	71.6	38.2	87.4
Ordinary Income	57.4	32.4	77.3
Income Before Income Taxes	59.0	35.3	67.1
Net Income	39.5	26.1	51.2
Net Income Per Share	11.80 yen	7.77 yen	51.8
Dividend Per Share	6.0 yen	4.0 yen	50.0

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NON-CONSOLIDATED BALANCE SHEETS (As of March 31, 2007) (1/2)

	As of Mar.31.2007	As of Mar.31,2006	(Millions of Yen) Increase (Decrease)
ASSETS			
Current assets:			
Cash and deposits	160,560	98,238	62,321
Trade notes receivable	9,695	9,147	547
Trade accounts receivable	1,000,528	945,892	54,635
Securities	315	9	306
Finished products	76,927	68,318	8,608
Raw materials and supplies	70,748	49,150	21,597
Work in process	701,332	701,731	(399)
Advances to suppliers	95,574	64,408	31,166
Prepaid expenses	913	735	178
Deferred income taxes	64,966	58,261	6,705
Other current assets	135,660	144,777	(9,117)
Allowance for doubtful receivables	(65)	(67)	2
Total current assets	2,317,157	2,140,605	176,551
Fixed assets:			
Property, plant and equipment:			
Buildings	214,742	209,228	5,514
Structures	23,700	23,482	217
Dock and facilities for ship building	3,127	3,246	(118)
Machinery	170,122	161,723	8,398
Vessels	21	22	(1)
Aircraft	185	241	(56)
Vehicles and transportation equipment	2,711	2,340	370
Tools, equipment and furniture	53,346	48,356	4,990
Land	109,935	108,349	1,585
Construction in progress	51,966	29,617	22,349
Subtotal	629,859	586,608	43,250
Intangible fixed assets:			
Software	14,408	17,236	(2,828)
Right for facility utilization	1,698	1,981	(283)
Other intangible fixed assets	566	804	(237)
Subtotal	16,673	20,022	(3,349)
Investments and advances:			
Investment securities	492,568	457,773	34,795
Investments in shares of subsidiaries and affiliates	207,909	307,709	(99,800)
Long-term loans and advances	11,112	10,518	593
Investment capital and guarantee deposits	5,889	6,930	(1,040)
Investments in capital of subsidiaries and affiliates	14,794	13,115	1,678
Long-term prepaid expenses	43,470	39,576	3,893
Other investments	14,736	19,936	(5,199)
Allowance for doubtful accounts	(10,921)	(15,089)	4,168
Subtotal	779,560	840,470	(60,910)
Total fixed assets	1,426,092	1,447,102	(21,009)
TOTAL ASSETS	3,743,249	3,587,707	155,542

NON-CONSOLIDATED BALANCE SHEETS (As of March 31, 2007) (2/2)

	(Millions of Yen)		
	As of Mar.31.2007	As of Mar.31,2006	Increase (Decrease)
LIABILITIES			
Current liabilities:			
Trade accounts payable	648,939	583,644	65,295
Bank loans	243,276	277,861	(34,585)
Current portion of long-term debt for exports loans from main contractors	3,861	5,884	(2,022)
Current portion of debentures	50,000	-	50,000
Accrued payables	47,178	49,503	(2,325)
Accrued expenses	37,523	34,093	3,429
Accrued income taxes	16,779	-	16,779
Advance payments received on contracts	344,848	313,025	31,823
Deposits received	23,329	22,087	1,242
Reserve for product warranties	21,224	15,999	5,225
Allowance for losses on construction contracts	9,535	6,298	3,236
Reserve for directors' retirement allowance	-	1,737	(1,737)
Other current liabilities	16,021	18,396	(2,374)
Total current liabilities	1,462,516	1,328,531	133,985
Long-term liabilities:			
Debentures	190,000	210,000	(20,000)
Long-term debt	597,988	503,437	94,551
Long-term debt for exports loans from main contractors	8,054	11,916	(3,861)
Deferred tax liabilities	128,287	150,290	(22,003)
Reserve for retirement allowance	50,534	61,756	(11,221)
Reserve for treatment of PCB waste	3,884	4,075	(190)
Other long-term liabilities	28,928	10,608	18,320
Total long-term liabilities	1,007,676	952,083	55,593
TOTAL LIABILITIES	2,470,193	2,280,614	189,578
STOCKHOLDERS' EQUITY			
Common stock	-	265,608	(265,608)
Capital surplus:			
Capital reserve	-	203,536	(203,536)
Other capital reserve:			
Gains on sales of treasury stock	-	10	(10)
Subtotal	-	203,547	(203,547)
Retained earnings:			
Legal reserve	-	66,363	(66,363)
Revenue reserve:			
Reserve for reduction in costs of fixed assets	-	14,700	(14,700)
Reserve for accelerated depreciation	-	6,648	(6,648)
General reserves	-	460,000	(460,000)
Unappropriated earnings	-	40,809	(40,809)
Subtotal	-	588,522	(588,522)
Net unrealized gains on investment securities	-	254,567	(254,567)
Treasury stock	-	(5,153)	5,153
TOTAL STOCKHOLDERS' EQUITY	-	1,307,092	(1,307,092)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-	3,587,707	(3,587,707)
NET ASSETS			
Stockholders' equity:			
Common stock	265,608	-	265,608
Capital surplus:			
Capital reserve	203,536	-	203,536
Other capital reserve	25	-	25
Retained earnings:			
Legal reserve	66,363	-	66,363
Revenue reserve:			
Reserve for reduction in costs of fixed assets	24,938	-	24,938
Reserve for accelerated depreciation	5,838	-	5,838
General reserves	460,000	-	460,000
Earned surplus brought forward	47,383	-	47,383
Treasury stock	(5,062)	-	(5,062)
Total stockholders' equity	1,068,631	-	1,068,631
Valuation, translation adjustments and others:			
Net unrealized gains on investment securities	203,768	-	203,768
Deferred gains or losses on hedges	362	-	362
Total valuation, translation adjustments and others	204,131	-	204,131
Share subscription rights	293	-	293
TOTAL NET ASSETS	1,273,056	-	1,273,056
TOTAL LIABILITIES AND NET ASSETS	3,743,249	-	3,743,249

NON-CONSOLIDATED STATEMENTS OF INCOME

(From April 1, 2006 to March 31, 2007)

(Millions of Yen)

	FY2006	FY2005	Increase (Decrease)
ORDINARY INCOME			
Operating income:			
Net sales	2,426,623	2,206,778	219,845
Cost of sales	2,215,149	2,030,993	184,156
Gross profit	211,473	175,784	35,689
Selling, general and administrative expenses	139,839	137,562	2,277
Operating income	71,633	38,221	33,412
Non-operating income:			
Interest and dividend income	25,666	22,871	2,795
Other income	2,879	5,584	(2,704)
Total	28,546	28,455	90
Non-operating expenses:			
Interest expense	13,950	12,418	1,531
Foreign exchange losses	12,759	9,830	2,929
Losses on disposal of fixed assets	5,836	4,816	1,020
Other expenses	10,166	7,194	2,972
Total	42,714	34,260	8,453
ORDINARY INCOME	57,465	32,416	25,049
EXTRAORDINARY INCOME AND LOSS			
Extraordinary income:			
Gains on sales of fixed assets	10,417	13,825	(3,407)
Gains on sales of investment securities	8,876	-	8,876
Total	19,294	13,825	5,469
Extraordinary expenses:			
Business improvement and restructuring charges	8,522	5,069	3,452
Losses on revaluation of investment securities	7,138	-	7,138
Prior service cost due to change in defined interest rate of employee retirement annuity	2,032	-	2,032
Expense for treatment of PCB waste	-	4,075	(4,075)
Provision of reserve for directors' retirement allowance	-	1,737	(1,737)
Total	17,693	10,882	6,810
INCOME BEFORE INCOME TAXES	59,067	35,359	23,708
Income taxes:			
Current	13,849	(5,818)	19,667
Deferred	5,619	14,980	(9,361)
NET INCOME	39,599	26,197	13,402
Retained earnings carried forward from previous period	-	14,612	
UNAPPROPRIATED EARNINGS	-	40,809	