

## MHI Announces FY2009 Consolidated Financial Results

Tokyo, April 28, 2010 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2009 ended March 31, 2010.

(billions of yen)

	<b>FY2009</b>	FY2008	Changes (%)
Orders Received	<b>2,476.2</b>	3,268.7	(24.2)
Net Sales	<b>2,940.8</b>	3,375.6	(12.9)
Operating Income	<b>65.6</b>	105.8	(38.0)
Ordinary Income	<b>24.0</b>	75.3	(68.1)
Income Before Taxes and Minority Interests	<b>28.1</b>	64.9	(56.7)
Net Income	<b>14.1</b>	24.2	(41.5)
Operating Cash Flow	<b>117.9</b>	79.5	
Investment Cash Flow	<b>(180.7)</b>	(156.5)	
Financing Cash Flow	<b>(105.2)</b>	262.0	
Net Income Per Share	<b>4.22 yen</b>	7.22 yen	(41.5)

Figures in parentheses are minus value.

**Consolidated** financial results (continued)

**Sales by Operational Segment**

(billions of yen)

	<b>FY2009</b>	FY2008
Shipbuilding & Ocean Development	<b>230.6</b>	240.1
Power Systems	<b>1,066.1</b>	1,209.1
Machinery & Steel Structures	<b>542.0</b>	542.2
Aerospace	<b>500.2</b>	512.3
Mass and Medium-Lot Manufactured Machinery	<b>544.3</b>	805.4
Others	<b>57.4</b>	66.3
<b>TOTAL</b>	<b>2,940.8</b>	3,375.6

**Operating Income (Loss) by Operational Segment**

(billions of yen)

	<b>FY2009</b>	FY2008
Shipbuilding & Ocean Development	<b>14.5</b>	1.6
Power Systems	<b>82.6</b>	80.0
Machinery & Steel Structures	<b>30.1</b>	31.6
Aerospace	<b>(6.4)</b>	(10.3)
Mass and Medium-Lot Manufactured Machinery	<b>(62.6)</b>	(7.0)
Others	<b>7.4</b>	9.9
<b>TOTAL</b>	<b>65.6</b>	105.8

Figures in parentheses are minus value.

**Consolidated** financial results (continued)

### **Estimate of Consolidated Financial Results for FY 2010**

For the fiscal year 2010 ending March 31, 2011, MHI is expecting 2,850 billion yen in net sales, 75 billion yen in operating income, 35 billion yen in ordinary income, and 20 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥90 and €1.00 = ¥130 for the portion yet to be fixed.

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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# CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar.31, 2009	As of Mar.31, 2010
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and deposits	435,038	274,061
Trade receivables	1,082,569	948,200
Securities	3,010	9
Merchandise and finished products	170,754	171,699
Work in process	959,138	937,740
Raw materials and supplies	138,724	130,622
Deferred income taxes	136,341	142,720
Others	245,100	230,490
Allowance for doubtful receivables	(5,617)	(8,881)
<b>Total current assets</b>	<b>3,165,059</b>	<b>2,826,662</b>
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures	331,063	344,601
Machinery and transportation equipment	282,371	277,390
Tools, equipment and furniture	65,916	49,527
Land	157,986	163,784
Leased assets	3,044	5,871
Construction in progress	51,966	55,176
Subtotal	892,347	896,350
Intangible assets	30,991	29,149
Investments and advances:		
Investment securities	274,195	342,480
Long-term loans and advances	2,505	3,597
Deferred income taxes	9,372	9,367
Others	162,274	164,917
Allowance for doubtful accounts	(10,533)	(9,665)
Subtotal	437,814	510,697
<b>Total fixed assets</b>	<b>1,361,153</b>	<b>1,436,197</b>
<b>TOTAL ASSETS</b>	<b>4,526,213</b>	<b>4,262,859</b>

# CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar.31, 2009	As of Mar.31, 2010
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Trade payables	699,648	646,538
Short-term borrowings	248,734	117,679
Current portion of long-term borrowings	108,267	109,539
Commercial papers	115,000	6,000
Current portion of bonds	20,300	20,000
Reserve for product warranties	23,872	28,636
Reserve for losses on construction contracts	37,911	24,490
Reserve for legal claims	23,300	13,941
Advance payments received on contracts	479,004	389,041
Others	238,853	199,928
<b>Total current liabilities</b>	<b>1,994,892</b>	<b>1,555,796</b>
<b>Long-term liabilities:</b>		
Debentures	264,601	344,605
Long-term borrowings	855,956	897,501
Deferred income taxes	7,519	17,886
Reserve for retirement allowance	50,776	48,542
Reserve for treatment of PCB waste	4,293	7,358
Others	64,921	62,396
<b>Total long-term liabilities</b>	<b>1,248,068</b>	<b>1,378,290</b>
<b>TOTAL LIABILITIES</b>	<b>3,242,961</b>	<b>2,934,087</b>
<b><u>NET ASSETS</u></b>		
<b>Stockholders' equity:</b>		
Common stock	265,608	265,608
Capital surplus	203,928	203,938
Retained earnings	788,948	800,199
Treasury stock	(5,041)	(5,025)
<b>Total stockholders' equity</b>	<b>1,253,443</b>	<b>1,264,721</b>
<b>Valuation, translation adjustments and others:</b>		
Net unrealized gains on investment securities	17,313	35,942
Deferred gains or losses on hedges	323	(721)
Foreign currency translation adjustments	(29,482)	(21,894)
<b>Total valuation, translation adjustments and others</b>	<b>(11,845)</b>	<b>13,327</b>
<b>Share subscription rights</b>	<b>881</b>	<b>1,184</b>
<b>Minority interests</b>	<b>40,772</b>	<b>49,540</b>
<b>TOTAL NET ASSETS</b>	<b>1,283,251</b>	<b>1,328,772</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,526,213</b>	<b>4,262,859</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2008	FY2009
<b>Net sales</b>	<b>3,375,674</b>	<b>2,940,887</b>
Cost of sales	2,945,340	2,537,257
<b>Gross profit</b>	<b>430,334</b>	<b>403,629</b>
<b>Selling, general and administrative expenses:</b>		
Provision of allowance for doubtful accounts	2,286	7,223
Directors' compensations, salaries and allowances	121,494	123,188
Research and development expenses	54,868	61,125
Expenses for inquiries	23,402	28,162
Others	122,423	118,267
<b>Total selling, general and administrative expenses</b>	<b>324,475</b>	<b>337,968</b>
<b>Operating income</b>	<b>105,859</b>	<b>65,660</b>
<b>Non-operating income:</b>		
Interest income	5,575	3,652
Dividend income	8,617	3,305
Foreign exchange gain	1,230	-
Others	2,584	5,678
<b>Total non-operating income</b>	<b>18,008</b>	<b>12,636</b>
<b>Non-operating expenses:</b>		
Interest expense	20,224	22,632
Equity in losses of unconsolidated subsidiaries and affiliates	9,006	2,074
Foreign exchange loss	-	419
Loss on disposal of fixed assets	7,080	6,279
Others	12,248	22,882
<b>Total non-operating expenses</b>	<b>48,561</b>	<b>54,288</b>
<b>Ordinary income</b>	<b>75,306</b>	<b>24,009</b>
<b>Extraordinary gain:</b>		
Gain on sales of fixed assets	3,932	10,086
Gain on sales of investment securities	14,286	5,063
Gain on revision of retirement benefit plan	-	4,950
Gain on contribution of securities to retirement benefit trust	36,104	-
<b>Total extraordinary gain</b>	<b>54,323</b>	<b>20,100</b>
<b>Extraordinary loss:</b>		
Business structure improvement expenses	10,434	15,972
Effect of the application of the accounting standard for measurement of inventories	33,436	-
Loss on legal claims	20,835	-
<b>Total extraordinary loss</b>	<b>64,705</b>	<b>15,972</b>
<b>Income before income taxes and minority interests</b>	<b>64,923</b>	<b>28,137</b>
Income taxes:		
Current	54,206	26,146
Deferred	(13,144)	(7,920)
<b>Total income taxes</b>	<b>41,061</b>	<b>18,226</b>
Minority interests in loss after taxes	(355)	(4,252)
<b>Net income</b>	<b>24,217</b>	<b>14,163</b>

## Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2008	FY2009
Stockholders' equity		
Common stock		
Balance at the end of previous period	265,608	265,608
Balance at the end of current period	265,608	265,608
Capital surplus		
Balance at the end of previous period	203,893	203,928
Changes in the period		
Disposal of treasury stock	34	10
Total changes in the period	34	10
Balance at the end of current period	203,928	203,938
Retained earnings		
Balance at the end of previous period	787,007	788,948
Effect of changes in accounting policies applied to foreign subsidiaries	(2,142)	-
Changes in the period		
Cash dividends	(20,137)	(16,781)
Net income	24,217	14,163
Change of scope of consolidation	-	(0)
Change of scope of equity method	3	884
Changes in equity interest mainly due to reorganization	-	12,984
Total changes in the period	4,083	11,250
Balance at the end of current period	788,948	800,199
Treasury stock		
Balance at the end of previous period	(5,045)	(5,041)
Changes in the period		
Change of scope of equity method	-	(1)
Purchase of treasury stock	(72)	(21)
Disposal of treasury stock	76	38
Total changes in the period	3	16
Balance at the end of current period	(5,041)	(5,025)
Total stockholders' equity		
Balance at the end of previous period	1,251,464	1,253,443
Effect of changes in accounting policies applied to foreign subsidiaries	(2,142)	-
Changes in the period		
Cash dividends	(20,137)	(16,781)
Net income	24,217	14,163
Change of scope of consolidation	-	(0)
Change of scope of equity method	3	882
Changes in equity interest mainly due to reorganization	-	12,984
Purchase of treasury stock	(72)	(21)
Disposal of treasury stock	111	49
Total changes in the period	4,121	11,277
Balance at the end of current period	1,253,443	1,264,721

(Millions of Yen)

	FY2008	FY2009
Valuation, translation adjustments and others		
Net unrealized gains on investment securities		
Balance at the end of previous period	157,546	17,313
Changes in the period		
Net changes in items other than stockholders' equity	(140,232)	18,629
Total changes in the period	(140,232)	18,629
Balance at the end of current period	17,313	35,942
Deferred gains or losses on hedges		
Balance at the end of previous period	7,346	323
Changes in the period		
Net changes in items other than stockholders' equity	(7,022)	(1,045)
Total changes in the period	(7,022)	(1,045)
Balance at the end of current period	323	(721)
Foreign currency translation adjustments		
Balance at the end of previous period	3,847	(29,482)
Changes in the period		
Net changes in items other than stockholders' equity	(33,329)	7,588
Total changes in the period	(33,329)	7,588
Balance at the end of current period	(29,482)	(21,894)
Total Valuation, translation adjustments and others		
Balance at the end of previous period	168,739	(11,845)
Changes in the period		
Net changes in items other than stockholders' equity	(180,585)	25,172
Total changes in the period	(180,585)	25,172
Balance at the end of current period	(11,845)	13,327
Share subscription rights		
Balance at the end of previous period	549	881
Changes in the period		
Net changes in items other than stockholders' equity	332	303
Total changes in the period	332	303
Balance at the end of current period	881	1,184
Minority interests		
Balance at the end of previous period	19,676	40,772
Changes in the period		
Net changes in items other than stockholders' equity	21,095	8,767
Total changes in the period	21,095	8,767
Balance at the end of current period	40,772	49,540



(Millions of Yen)

	FY2008	FY2009
Total net assets		
Balance at the end of previous period	1,440,429	1,283,251
Effect of changes in accounting policies applied to foreign subsidiaries	(2,142)	-
Changes in the period		
Cash dividends	(20,137)	(16,781)
Net income	24,217	14,163
Change of scope of consolidation	-	(0)
Change of scope of equity method	3	882
Changes in equity interest mainly due to reorganization	-	12,984
Purchase of treasury stock	(72)	(21)
Disposal of treasury stock	111	49
Net changes in items other than stockholders' equity	(159,157)	34,243
Total changes in the period	(155,035)	45,521
Balance at the end of current period	1,283,251	1,328,772

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	FY 2008	FY 2009
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	64,923	28,137
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities		
Depreciation and amortization	152,989	138,045
Decrease in reserve for retirement allowance	(38,827)	(665)
Interest and dividend income	(14,193)	(6,957)
Interest expense	20,224	22,632
Equity in losses of unconsolidated subsidiaries and affiliates	9,006	2,074
Gain on sales of investment securities	(14,286)	(5,063)
Gain on sales of fixed assets	(3,932)	(10,086)
Loss on disposal of fixed assets	7,080	6,279
Loss on legal claims	20,835	-
Business structure improvement expenses	10,434	15,972
Decrease in investment securities due to the contribution to retirement benefit trust	71,735	-
(Increase) decrease in receivables	(41,289)	136,737
(Increase) decrease in inventories and advances to suppliers	(149,996)	40,913
(Increase) decrease in other assets	(40,010)	(2,519)
Increase (decrease) in payables	305	(55,822)
Increase (decrease) in advance payments received on contracts	26,492	(91,386)
Increase (decrease) in other liabilities	77,159	(49,177)
Others	(1,397)	1,139
Subtotal	<b>157,255</b>	<b>170,253</b>
Interest and dividends received	18,644	8,326
Interest paid	(19,863)	(22,105)
Payments for income taxes	(76,503)	(38,497)
Net cash provided by operating activities	<b>79,533</b>	<b>117,977</b>
<b>Cash flows from investing activities:</b>		
Net (increase) decrease in time deposits	3,029	(607)
Purchases of marketable securities	(245)	-
Proceeds from sales and redemption of marketable securities	555	-
Purchases of property, plant, equipment and intangible assets	(182,273)	(183,304)
Proceeds from sales of property, plant, equipment and intangible assets	6,363	30,657
Purchases of investment securities	(41,068)	(38,841)
Proceeds from sales and redemption of investment securities	53,541	8,084
Disbursement of long-term loans	(1,615)	(15,820)
Collection of long-term loans	5,038	19,337
Others	80	(208)
Net cash used in investing activities	<b>(156,593)</b>	<b>(180,704)</b>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term borrowings and commercial papers	134,936	(241,103)
Proceeds from long-term borrowings	249,621	182,705
Repayment of long-term borrowings	(84,925)	(120,038)
Proceeds from issuance of bonds	-	100,000
Payment for redemption of bonds	(40,300)	(20,350)
Proceeds from issuance of stock to minority stockholders of subsidiaries	23,533	13,873
Dividends paid to stockholders	(20,083)	(16,698)
Dividends paid to minority stockholders of subsidiaries	(501)	(819)
Others	(279)	(2,860)
Net cash provided by (used in) financing activities	<b>262,002</b>	<b>(105,291)</b>
Effect of exchange rate changes on cash and cash equivalents	<b>(23,388)</b>	<b>3,478</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>161,554</b>	<b>(164,539)</b>
Cash and cash equivalents at beginning of year	<b>262,852</b>	<b>425,913</b>
Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries	<b>1,506</b>	-
Cash and cash equivalents at end of year	<b>425,913</b>	<b>261,373</b>