



Financial Results for First Quarter FY2010

July 2010

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. First Quarter FY2010 Financial Results

Summary of First Quarter Financial Results

(In billion yen)

	FY2009-1Q	FY2010-1Q	Change
Orders received	582.7	534.7	- 48.0
Net sales	603.3	664.1	+60.7
Operating income	3.8	39.0	+35.2
Ordinary income	- 3.2	28.1	+31.4
Extraordinary income	-	- 3.5	- 3.5
Income before income taxes	- 3.2	24.6	+27.8
Net income	- 8.2	10.4	+18.7

Orders received ⇒ Down ¥48.0 billion YoY (¥582.7 bn → ¥534.7 bn)

- Increased year on year in segments other than Power Systems. However, with the fall in the Power Systems Segment, which had received a large order in the previous year, the total declined year on year.

Net sales ⇒ Up ¥60.7 billion YoY (¥603.3 bn → ¥664.1 bn)

- Growth from the previous year was recorded in Shipbuilding & Ocean Development Segment, reflecting an increase of ships delivered, and in the Machinery & Steel Structures Segment, owing to an increase of large-scale projects, among other factors. The General Machinery & Special Vehicle Segment and Air-Conditioning & Refrigeration Division also posted year-on-year increases.

Net income ⇒ Up ¥18.7 billion YoY (- ¥8.2 bn → ¥10.4 bn)

- Despite the effects of the stronger yen, a rise from the previous year was achieved based on increased sales, improved profitability of plant construction, etc.

First Quarter Financial Results by Segment

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2009-1Q	FY2010-1Q	FY2009-1Q	FY2010-1Q	FY2009-1Q	FY2010-1Q
Shipbuilding & Ocean Development	5.9	7.8	34.6	83.4	8.4	5.8
Power Systems	346.8	175.6	233.0	239.2	13.4	34.3
Machinery & Steel Structures ※	90.0	112.7	111.7	141.0	-6.8	8.5
Aerospace	35.2	112.3	90.1	80.6	0.0	-2.8
General Machinery & Special Vehicles ※	60.0	68.1	63.6	71.1	-8.2	-6.1
Air-con	30.5	36.9	30.3	36.7	-3.1	-0.8
Machine Tool, Others	27.2	28.7	50.2	24.5	0.1	0.2
Others ※	57.8	65.6	80.5	61.2	-3.0	-0.5
Eliminations or Corporate	-13.2	-7.6	-10.5	-12.6	-	-
Total	582.7	534.7	603.3	664.1	3.8	39.0

※【Changes in business segments】

• With the application of “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and the reorganization of the Company’s organization,, the Company changes business segments from FY2010. The changes are shown in the tables at right.

• “FY2009-Q1” figures in the table above and FY2009 figures in the graph of page 8 -13 are calculated in accordance with the segments after the change.

【before】

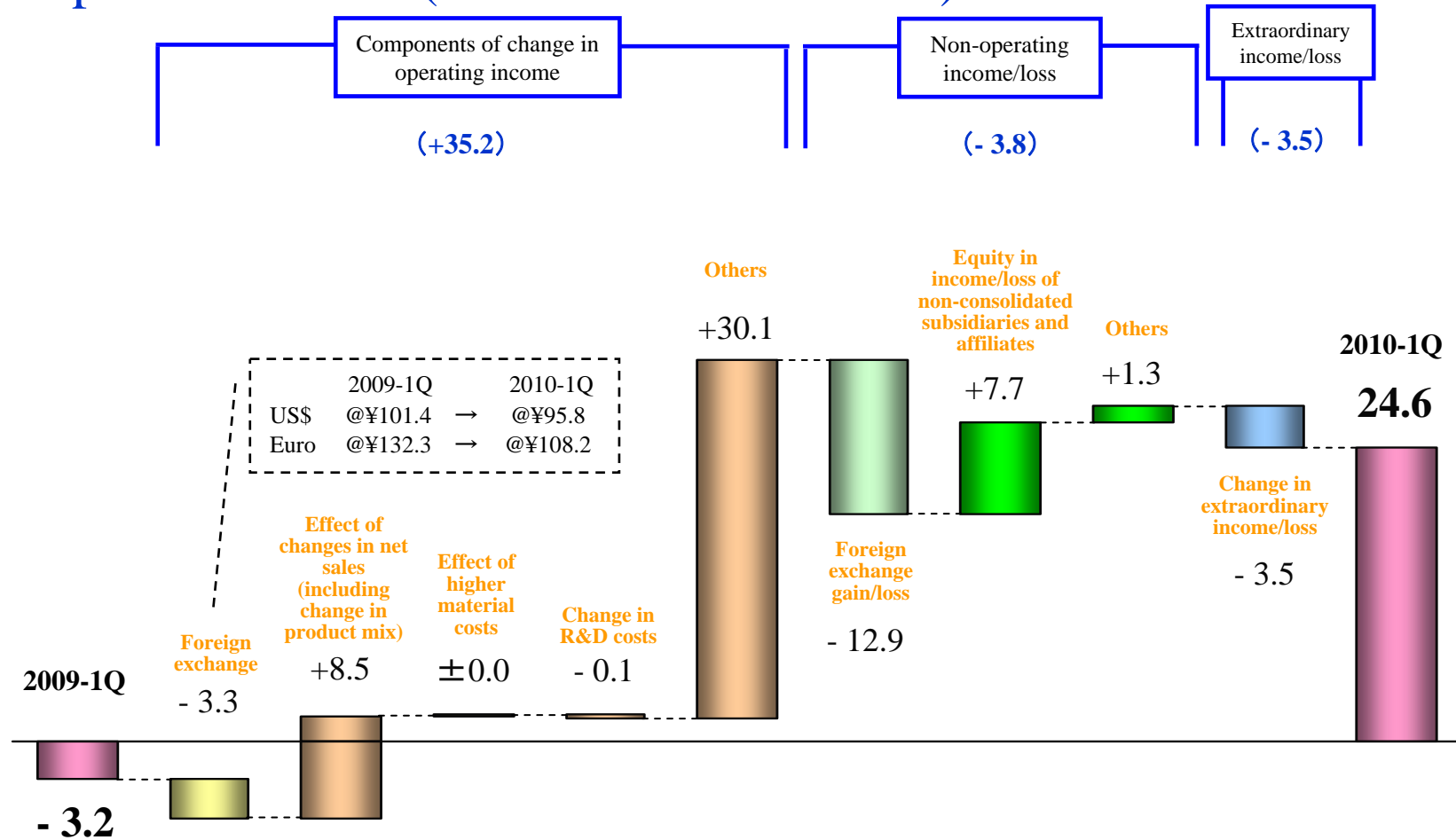
Machinery & Steel Structures	
Mass and Medium-Lot Manufactured Machinery	GM & SV
	Air-Con
	Industrial Printing Machinery, Industrial Machinery, Machine Tool
Others	

【after】

Machinery & Steel Structures	
GM & SV	
Others	Air-Con
	Machine Tool, Others
Shipbuilding & Ocean Development, Power Systems, and Aerospace have not changed	

Components of Change in Income before Income Taxes

Up ¥27.8 billion (- ¥3.2 bn → ¥24.6 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (Up ¥31.4 billion YoY (- ¥3.2 bn → ¥28.1 bn))

(In billion yen)

	FY2009-1Q	FY2010-1Q	Change
Operating income	3.8	39.0	+ 35.2
Foreign exchange gains	3.8	△ 9.1	- 12.9
Net interest loss	- 2.6	- 3.4	- 0.7
Equity in gain of non-consolidated subsidiaries and affiliates	- 6.8	0.9	+ 7.7
Other	- 1.4	0.6	+ 2.0
Non-operating income	- 7.0	- 10.9	- 3.8
Ordinary income	- 3.2	28.1	+ 31.4

- Extraordinary Income (Down ¥3.5 billion YoY)

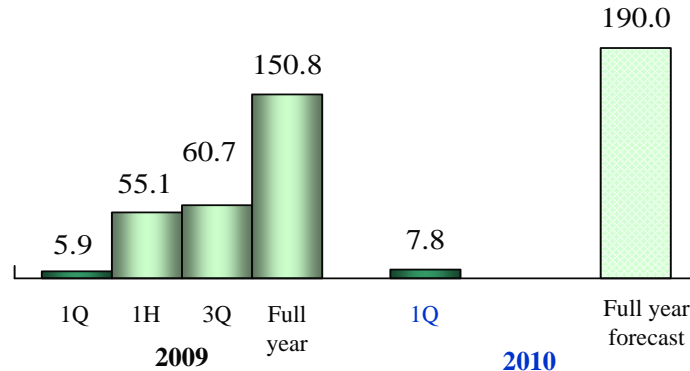
(In billion yen)

	FY2009-1Q	FY2010-1Q	Change
Gain on sales of investment securities	-	2.6	+ 2.6
Extraordinary gain	-	2.6	+ 2.6
Loss on revaluation of investment securities	-	- 4.1	- 4.1
Effect of the application of the accounting standard for asset retirement obligations	-	- 2.0	- 2.0
Extraordinary loss	-	- 6.1	- 6.1
Extraordinary income/loss	-	- 3.5	- 3.5

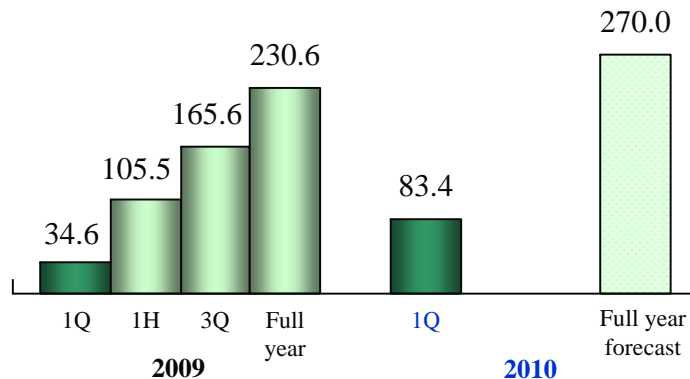
<Shipbuilding & Ocean Development>

(In billion yen, accumulated amount)

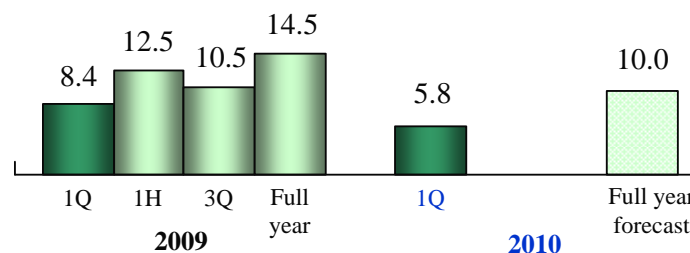
Orders Received



Net Sales



Operating Income



Orders received: Up ¥1.9 billion YoY

- The environment surrounding new commercial ship orders remained weak, and repair work constituted the main part of the business in the quarter under review.

[Number of ships orders received]
FY2009-1Q: 0 (FY2009: 13)
FY2010-1Q: 0

[Backlog of ship orders] 51
(12 pure car carriers, 9 container ships, 7 patrol vessels, 4 LPG carriers, and others)

Net sales/Earnings: Decreased earning (- ¥2.5 billion YoY) on increased sales (+ ¥48.7 billion YoY)

- We delivered a total of 8 vessels, including five container ships, one LPG carrier, one car carrier, and one module carrier .

[Number of ships delivered]
FY2009-1Q: 3 (FY2009: 20)
FY2010-1Q: 8

- Although a decline was recorded following a review of the reserve for losses on construction contracts, a substantial improvement in profitability has been made in addition to the influence of increased sales, etc.

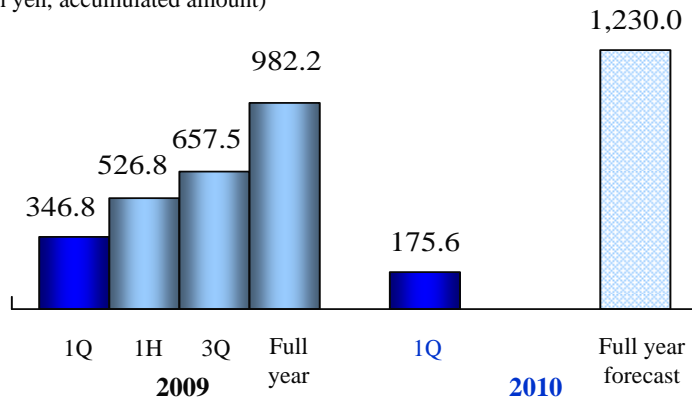
Full-year forecast:

Operating income: Operating income was revised from ¥8.0 billion to ¥10.0 billion.

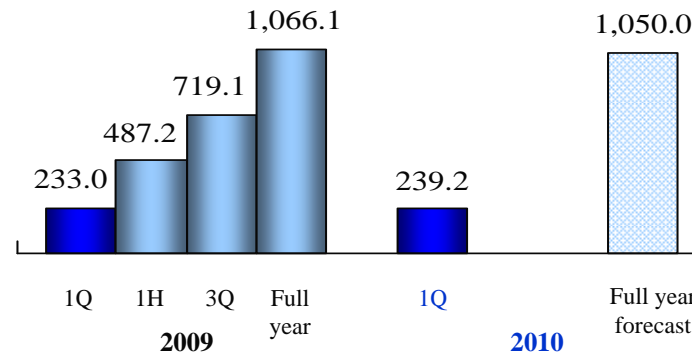
<Power Systems>

(In billion yen, accumulated amount)

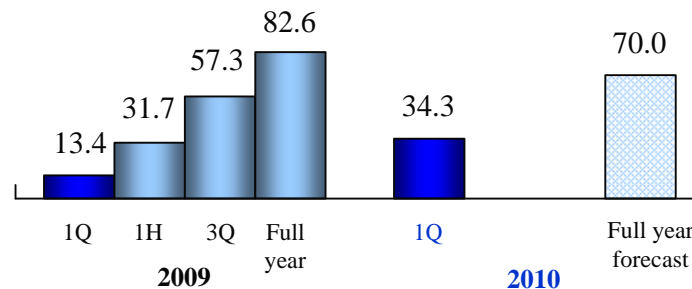
Orders Received



Net Sales



Operating Income



Orders received: Down ¥171.1 billion YoY

- As there had been large-scale projects, including GTCC, in the previous year, the figure was down from the result of the previous year.
- Negotiations for thermal power plants have picked up, mainly in Japan and Asia, which have been areas of focus.

[Gas turbine orders]

- FY2009-1Q : 6units (Geographic distribution : Domestic 6)
- FY2010-1Q : 2units (Geographic distribution : Asia 2)

[Backlog of Gas turbine orders (Non-consolidated)]

- FY2009-1Q: 70 (FY2009: 50)
- FY2010-1Q: 48

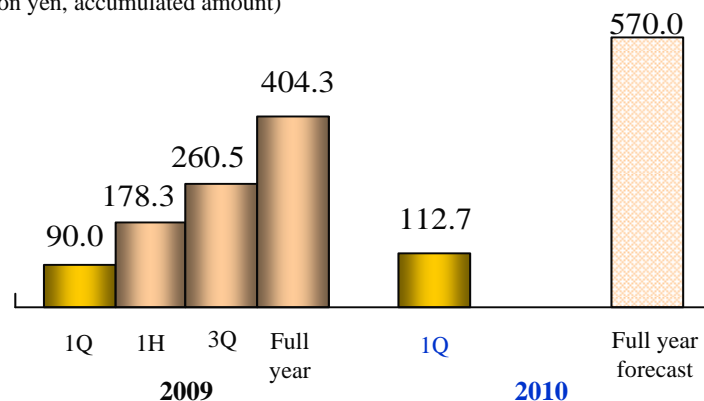
Net sales/Earnings: Increased earning (+ ¥20.8 billion YoY) on increased sales (+ ¥6.1 billion YoY)

- Net sales were almost at the year-ago level.
- Earnings were affected by the stronger yen, but rose significantly from the year-ago level with the improved profitability of plant constructions, etc.

<Machinery & Steel Structures>

(In billion yen, accumulated amount)

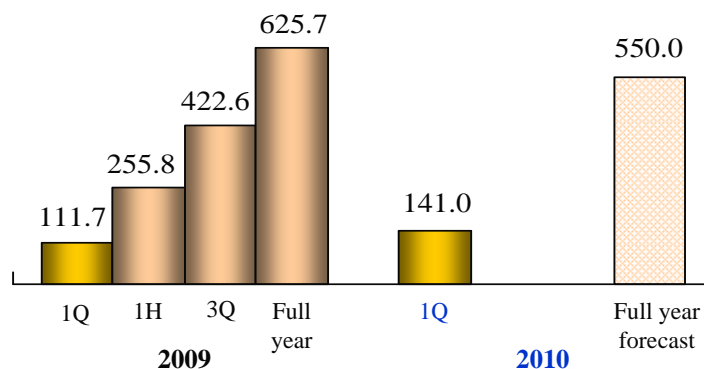
Orders Received



Orders received: Up ¥22.6 billion YoY

- Because of the orders placed for new domestic transportation systems etc., a year-on-year increase was achieved.

Net Sales

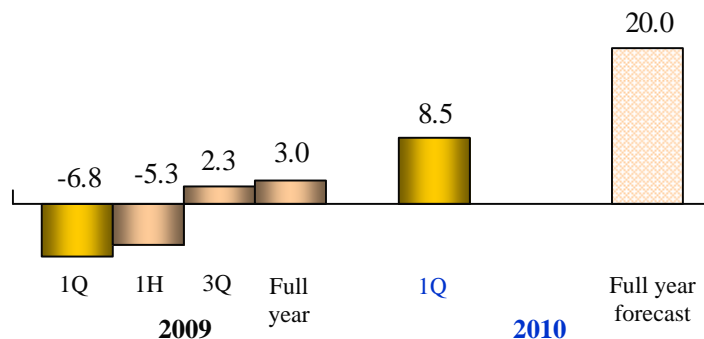


Net sales/Earnings: Increased earning (+ ¥15.3 billion YoY) on increased sales (+ ¥29.3 billion YoY)

- Net sales rose from the year-ago level, mainly because of the increase in chemical plants and overseas plants for transportation systems.

- Improved profitability of overseas plant constructions, among other factors, helped to produce a year-on-year increase in earnings.

Operating Income



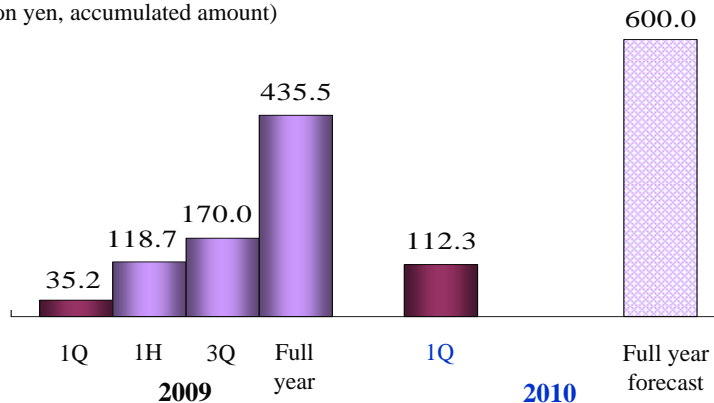
Full-year forecast:

Operating income: Operating income was revised from ¥18.0 billion to ¥20.0 billion.

<Aerospace>

(In billion yen, accumulated amount)

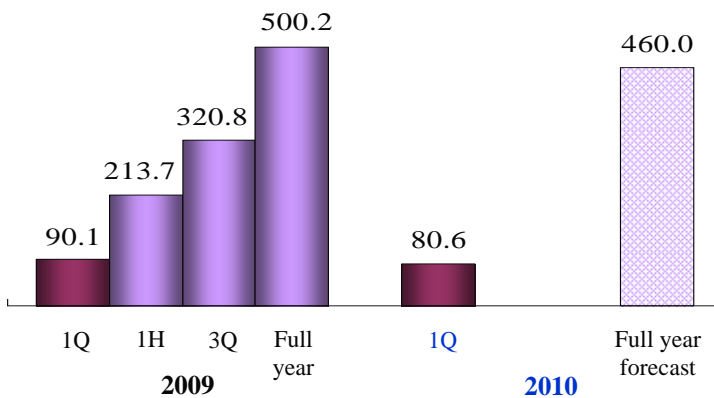
Orders Received



Orders received: Up ¥77.0 billion YoY

- A year-on-year increase was achieved in the commercial aircraft and defense-related business.

Net Sales



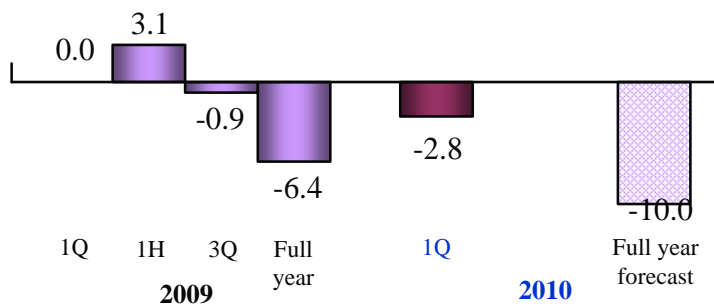
Net sales/Earnings: Decreased earning (- ¥2.8 billion YoY) on decreased sales (- ¥9.5 billion YoY)

- Net sales fell year on year because sales declined in the commercial aircraft and space-related business, although sales increased in the defense-related business.

[Number of B777s delivered]
FY2009-1Q: 21 (FY2009: 82)
FY2010-1Q: 16

[Number of B787s delivered]
FY2009-1Q: 1 (FY2009: 15)
FY2010-1Q: 4

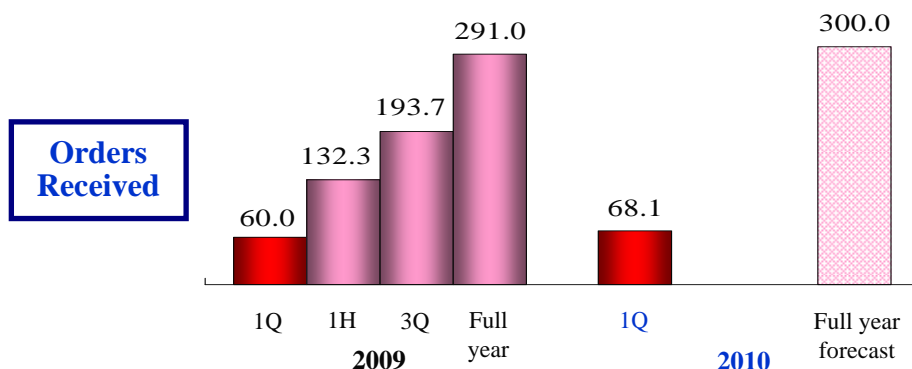
Operating Income



- The stronger yen and weaker sales of commercial aircraft decreased earnings year on year.

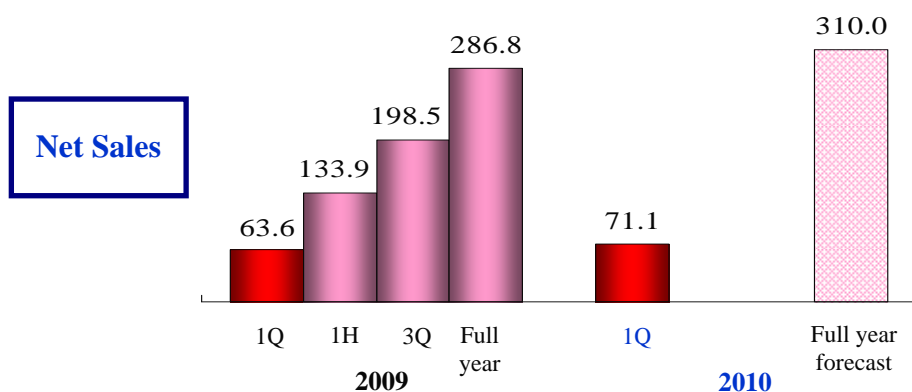
<General Machinery & Special Vehicles >

(In billion yen, accumulated amount)



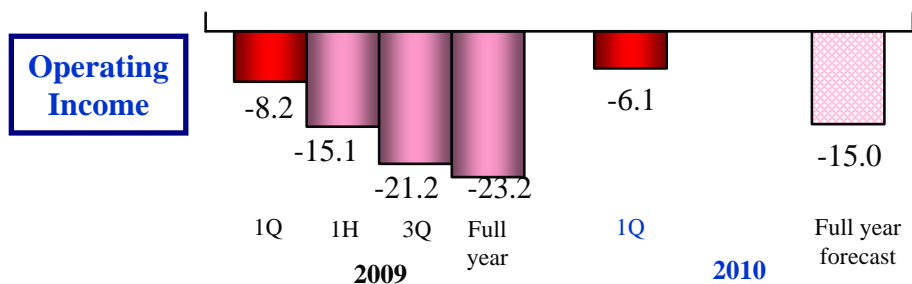
Orders received/Net sales:
Up ¥8.0 billion / ¥7.5 YoY respectively

- Although forklift trucks decreased year on year because of the delayed recovery in the U.S. and European markets, the overall results of the segment improved year on year given an increase in small/medium-scale engines and turbochargers.



Earnings: Up ¥2.0 billion YoY

- Despite the effects of the stronger yen, the loss was reduced year on year with improved earnings from increased sales, etc.



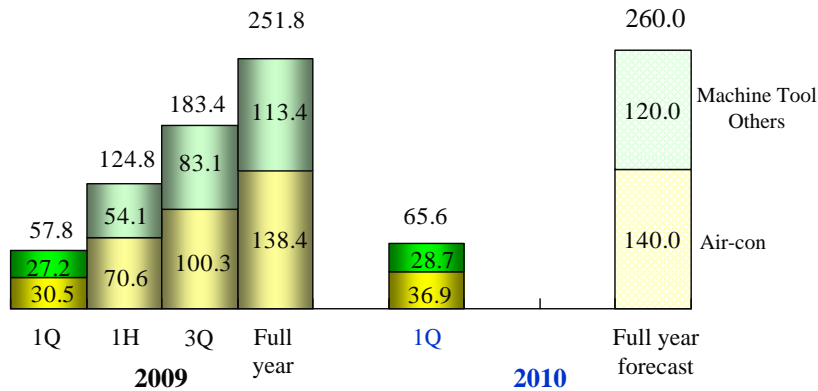
Full-year forecast:

Operating income: Operating income was revised from - ¥11.0 billion to - ¥15.0 billion.

<Others>

(In billion yen, accumulated amount)

Orders Received



Air-conditioning & Refrigeration Systems

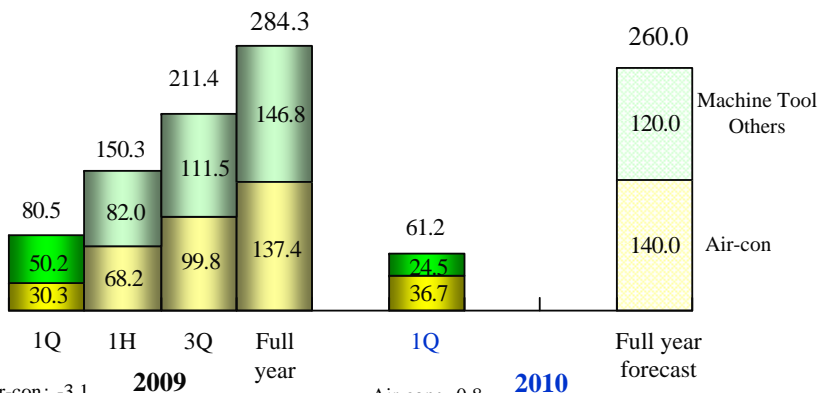
Orders received/Net sales:

- Increased year on year due to growth in automotive thermal systems, residential air conditioners, etc.

Earnings:

- The loss was reduced from the year-ago level with improved profitability, thanks to the effect of higher sales, etc.

Net Sales



Machine Tool

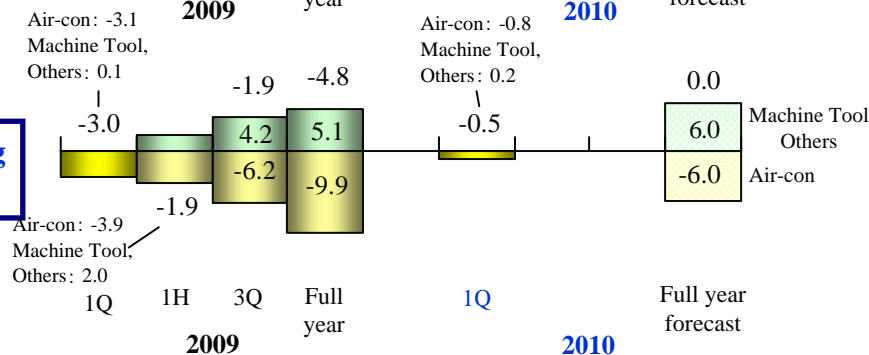
Orders received/Net sales:

- They were almost at the year-ago level.

Earnings:

- The loss was reduced year on year with improved profitability, etc.

Operating Income



Others

- Real estate and construction
- Information and communication systems, etc.

Balance Sheets

(In billion yen)

	As of March 31, 2010	As of June 30, 2010	Changes
Assets			
Trade receivables	948.2	790.5	-157.6
Inventories	1,240.0	1,242.6	+2.6
Other current assets	638.4	706.7	+68.3
Total current assets	2,826.6	2,740.0	-86.6
Total fixed assets	1,436.1	1,446.8	+10.6
Total assets	4,262.8	4,186.8	-75.9
Liabilities			
Trade payables	646.5	602.2	-44.3
Advance payments received on contracts	389.0	430.9	+41.9
Other current liabilities	520.2	470.4	-49.7
Total current liabilities	1,555.7	1,503.5	-52.2
Total long-term liabilities	1,378.2	1,368.6	-9.6
Total liabilities	2,934.0	2,872.2	-61.8
Net assets			
Stockholders' equity	1,264.7	1,266.7	+2.0
Valuation, translation adjustments and others	13.3	-2.1	-15.4
Others (Minority interests, etc.)	50.7	50.0	-0.6
Total net assets	1,328.7	1,314.6	-14.1
Total liabilities and net assets	4,262.8	4,186.8	-75.9
Interest-bearing debt outstanding	1,495.3	1,426.6	-68.6

Status of assets, liabilities, net assets, etc.

· As the Company delivered most of the constructions in the second half of the fiscal year, there is a tendency in the first quarter for trade accounts receivables and other trade receivables to fall while inventories rise.

· Interest-bearing debt outstanding fell 68.6 billion yen from the end of the previous fiscal year, to 1,426.6 billion yen.

Supplementary Information

(1) Segment Information by Geographic Distribution

(In billion yen)

	FY2009-1Q		FY2010-1Q	
	Net sales	Operating income	Net sales	Operating income
Japan	564.6	3.9	619.3	35.4
North America	53.6	0.3	46.4	2.3
Asia	18.3	0.0	26.5	0.3
Europe	23.8	-1.1	26.2	-0.7
Others	6.5	0.6	7.5	1.6
Eliminations or Corporate	-63.7	-	-61.9	-
Total	603.3	3.8	664.1	39.0

(2) Overseas Net Sales

(In billion yen)

	FY2009-1Q		FY2010-1Q	
Asia	83.7	(27%)	93.4	(25%)
North America	81.4	(26%)	70.6	(19%)
Europe	57.0	(18%)	55.8	(15%)
Central and South America	23.4	(8%)	66.4	(18%)
The Middle East	46.3	(15%)	39.9	(10%)
Africa	16.4	(5%)	44.5	(12%)
Oceania	2.3	(1%)	3.1	(1%)
Total	310.7	(100%)	374.1	(100%)

(3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2009-1Q	FY2010-1Q	FY2010(Forecast)
Depreciation	32.7	31.0	140.0
Capital Expenditure	44.2	26.2	160.0

(4) R&D Expenses

(In billion yen)

	FY2009-1Q	FY2010-1Q	FY2010(Forecast)
R&D Expenses	26.1	22.9	130.0

II. Forecast for FY2010

Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. As such, those projection simply risks and insecurity. For this reason, investors are recommended not to depend solely on these projections for making investment decision. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan.

Summary of Forecast for FY2010

(In billion yen)

	FY2009 (Actual)	FY2010 (Forecast)
Orders received	2,476.2	3,100.0
Net sales	2,940.8	2,850.0
Operating income	65.6	75.0
Ordinary income	24.0	35.0
Net income	14.1	20.0

- ◇ Assumes foreign exchange rates of undetermined amount ¥90 to the U.S. dollar and ¥110 to the Euro (US\$ 3.8 billion, Euro 0.5 billion undetermined)

Forecast for FY2010 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2009	FY2010 Forecast		FY2009	FY2010 Forecast		FY2009	FY2010 Forecast	
		Previous forecast	forecast		Previous forecast	forecast		Previous forecast	forecast
Shipbuilding & Ocean Development	150.8	190.0	190.0	230.6	270.0	270.0	14.5	8.0	10.0
Power Systems	982.2	1,230.0	1,230.0	1,066.1	1,050.0	1,050.0	82.6	70.0	70.0
Machinery & Steel Structures ※	404.3	570.0	570.0	625.7	550.0	550.0	3.0	18.0	20.0
Aerospace	435.5	600.0	600.0	500.2	460.0	460.0	-6.4	-10.0	-10.0
General Machinery & Special Vehicles ※	291.0	300.0	300.0	286.8	310.0	310.0	-23.2	-11.0	-15.0
Air-con	138.4	140.0	140.0	137.4	140.0	140.0	-9.9	-6.0	-6.0
Machine Tool, Others	113.4	120.0	120.0	146.8	120.0	120.0	5.1	6.0	6.0
Others ※	251.8	260.0	260.0	284.3	260.0	260.0	-4.8	0.0	0.0
Eliminations or Corporate	-39.7	-50.0	-50.0	-53.2	-50.0	-50.0	-	-	-
Total	2,476.2	3,100.0	3,100.0	2,940.8	2,850.0	2,850.0	65.6	75.0	75.0

※【Changes in business segments】

• With the application of “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and the reorganization of the Company's organization, the Company changes business segments from FY2010. The changes are shown in the tables at right.

• FY2009 figures in the table above are calculated in accordance with the segments after the change.

【before】

Machinery & Steel Structures	
Mass and Medium-Lot Manufactured Machinery	GM & SV
	Air-Con
	Industrial Printing Machinery, Industrial Machinery, Machine Tool
Others	

【after】

Machinery & Steel Structures	
GM & SV	
Others	Air-Con
	Machine Tool, Others
Shipbuilding & Ocean Development, Power Systems, and Aerospace have not changed	