



Financial Results for FY2010

April 2011

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. Financial Results for FY2010

Summary of Financial Results for FY2010

(In billion yen)

	FY2009	FY2010	Change
Orders received	2,476.2	2,995.4	+519.1
Net sales	2,940.8	2,903.7	-37.1
Operating income	65.6	101.2	+35.5
Ordinary income	24.0	68.1	+44.1
Extraordinary income	4.1	-28.6	-32.7
Income before income taxes	28.1	39.4	+11.3
Net income	14.1	30.1	+15.9

Orders received ⇒ Up ¥519.1 billion YoY (¥2,476.2 bn → ¥2,995.4 bn)

- Orders increased from a year ago in all segments, with a rise in the Aerospace and Machinery & Steel Structures segments, which posted a number of large orders, as well as in the General Machinery & Special Vehicles and Air-conditioning & Refrigeration Systems segments, where demand was recovering.

Net sales ⇒ Down ¥37.1 billion YoY (¥2,940.8 bn → ¥2,903.7 bn)

- Net sales declined from a year ago, with sales falling in the Power Systems and Machinery & Steel Structures segments, offsetting higher sales in the Shipbuilding & Ocean Development segment, where the number of delivered ships increased, as well as in the General Machinery & Special Vehicles and Air-conditioning & Refrigeration Systems segments.

Net income ⇒ Up ¥15.9 billion YoY (¥14.1 bn → ¥30.1 bn)

- Net income increased from a year ago because of higher sales in the Mass and Medium-Lot Manufactured Machinery business and improved profitability, although the appreciation of the yen became a negative factor.

Financial Results for FY2010 by Segment

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010
Shipbuilding & Ocean Development	150.8	173.2	230.6	302.4	14.5	1.8
Power Systems	982.2	1,022.8	1,066.1	996.9	82.6	83.0
Machinery & Steel Structures ※	404.3	492.6	625.7	557.5	3.0	27.0
Aerospace	435.5	708.1	500.2	472.2	-6.4	-3.4
General Machinery & Special Vehicles ※	291.0	344.1	286.8	343.0	-23.2	-16.6
Air-con	138.4	159.1	137.4	158.1	-9.9	-2.3
Machine Tool, Others	113.4	128.8	146.8	124.6	5.1	11.6
Others ※	251.8	288.0	284.3	282.7	-4.8	9.3
Eliminations or Corporate	-39.7	-33.6	-53.2	-51.2	-	-
Total	2,476.2	2,995.4	2,940.8	2,903.7	65.6	101.2

※【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.

• “FY2009-3Q” 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】

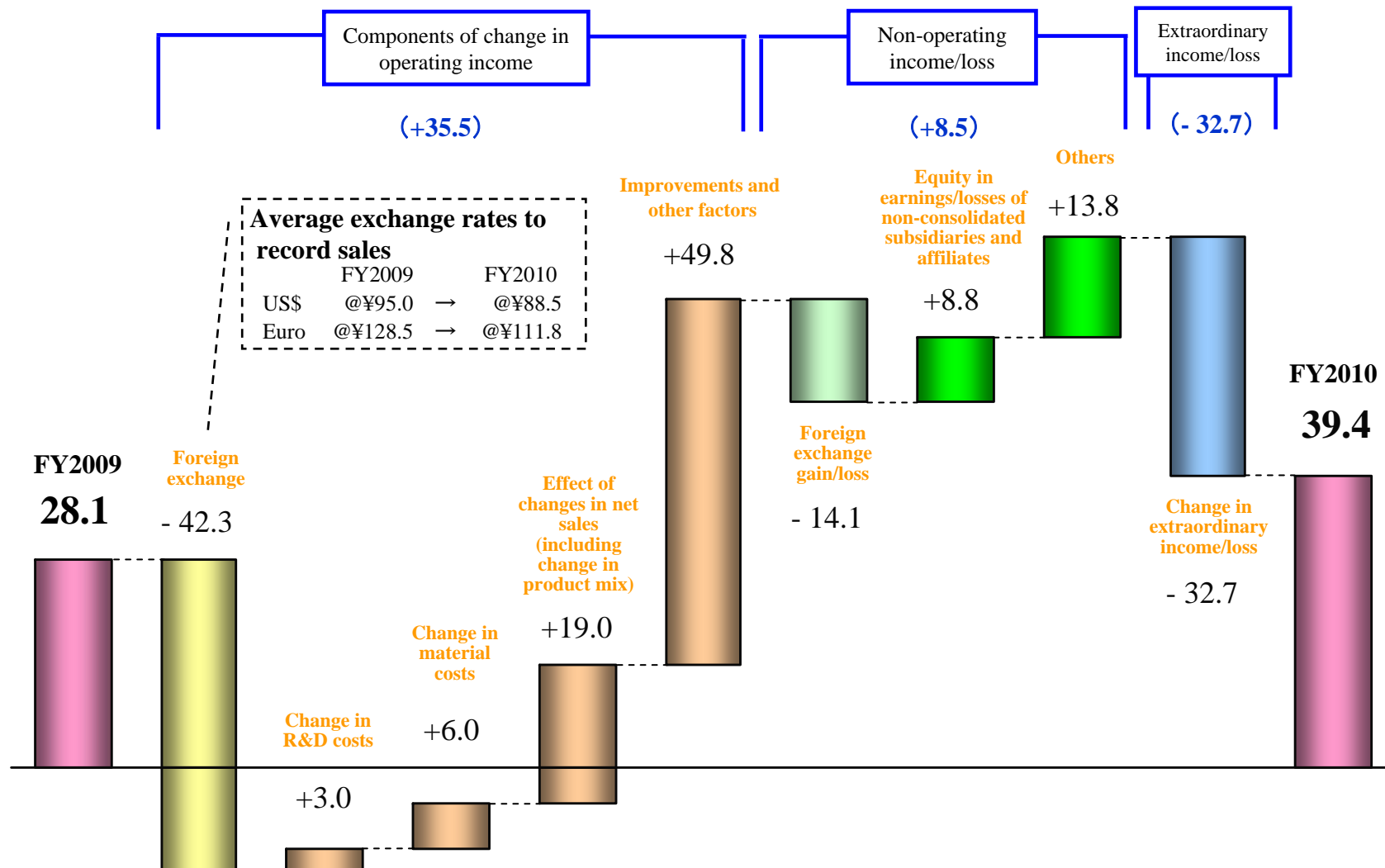
Machinery & Steel Structures	
Mass and Medium-Lot Manufactured Machinery	GM & SV
	Air-Con
	Industrial Printing Machinery, Industrial Machinery, Machine Tool
Others	

【after】

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

Components of Change in Income before Income Taxes

Up ¥11.3 billion (¥28.1 bn → ¥39.4 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (Up ¥44.1 billion YoY (¥24.0 bn → ¥68.1 bn))

(In billion yen)

	FY2009	FY2010	Change
Operating income	65.6	101.2	+ 35.5
Foreign exchange gain/loss	- 0.4	- 14.5	- 14.1
Net interest loss	- 15.6	- 14.9	+ 0.7
Equity in earnings of non-consolidated subsidiaries and affiliates	- 2.0	6.8	+ 8.8
Other	- 23.4	- 10.4	+ 13.0
Non-operating income	- 41.6	- 33.1	+ 8.5
Ordinary income	24.0	68.1	+ 44.1

- Extraordinary Income (Down ¥32.7 billion YoY (¥4.1 bn → - ¥28.6bn))

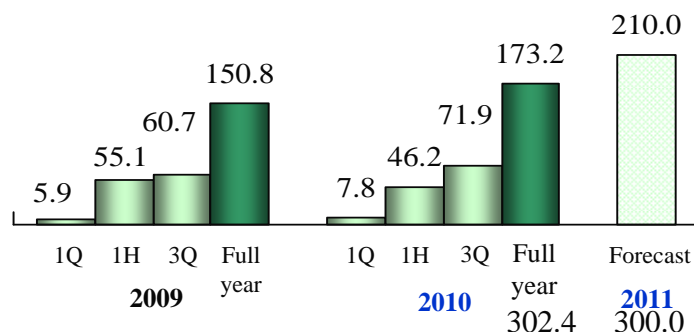
(In billion yen)

	FY2009	FY2010	Change
Gain on sale of fixed assets	10.0	10.8	+ 0.7
Gain on sales of investment securities	5.0	4.9	- 0.0
Gain on revision of retirement benefit plan	4.9	-	- 4.9
Extraordinary gain	20.1	15.8	- 4.2
Business structure improvement expenses	- 15.9	- 22.6	- 6.7
Loss on The Great East Japan Earthquake	-	- 10.2	- 10.2
Loss on revaluation of investment securities	-	- 9.5	- 9.5
Effect of the application of the accounting standard for asset retirement obligations	-	- 2.0	- 2.0
Extraordinary loss	-15.9	- 44.4	- 28.4
Extraordinary income/loss	4.1	- 28.6	- 32.7

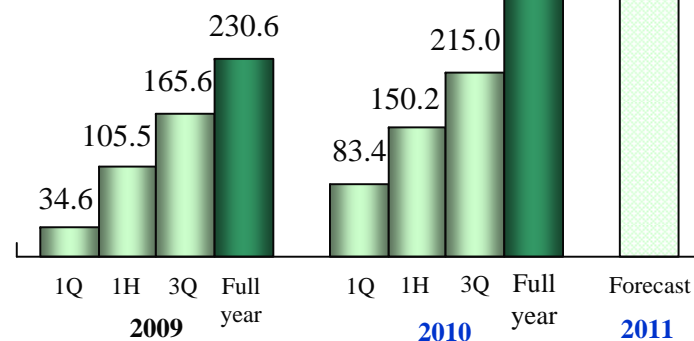
<Shipbuilding & Ocean Development>

(In billion yen, accumulated amount)

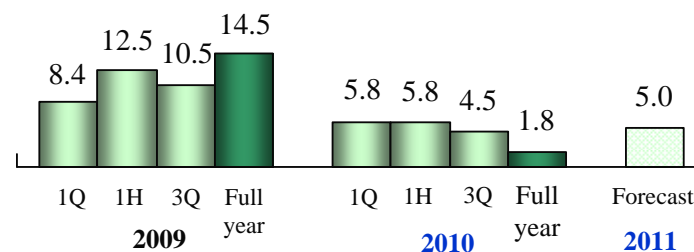
Orders Received



Net Sales



Operating Income



Orders received: Up ¥22.3 billion YoY

- As a result of our activities to receive orders especially for high-value-added vessels, we received orders for a total of 17 vessels, including two seismic vessels, three LPG carriers, and one LNG carrier.

[Number of ships orders received]

FY2009: 13 (1Q: 0, 2Q: 6, 3Q: 0, 4Q: 7)

FY2010: 17 (1Q: 0, 2Q: 4, 3Q: 3, 4Q: 10)

[Backlog of ship orders] 53

(11 pure car carriers, 9 patrol vessels, 5 container ships, 5 LPG carriers, and others)

Net sales/Earnings: Decreased earning (- ¥12.7 billion YoY) on increased sales (+ ¥71.7 billion YoY)

- We delivered a total of 23 vessels, including 11 container ships, three LPG carriers, four pure car carriers etc.

[Number of ships delivered]

FY2009: 20 (1Q: 3, 2Q: 4, 3Q: 5, 4Q: 8)

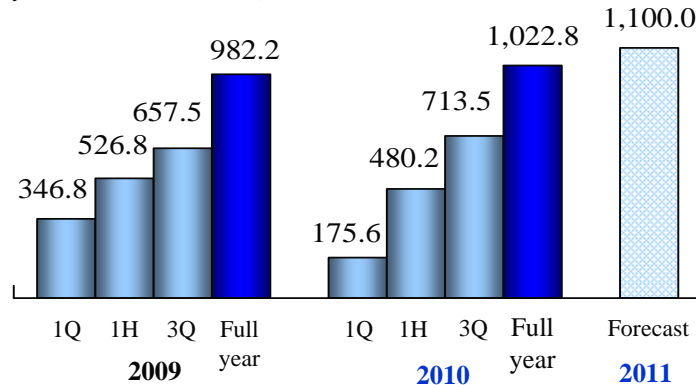
FY2010: 23 (1Q: 8, 2Q: 6, 3Q: 3, 4Q: 6)

- Despite the adverse effect of the stronger yen, earnings increased from the previous year, principally reflecting an improvement in profitability and a revision of an allowance for losses in the future, which was made in the previous fiscal year, in association with changes in assumptions underlying estimates.

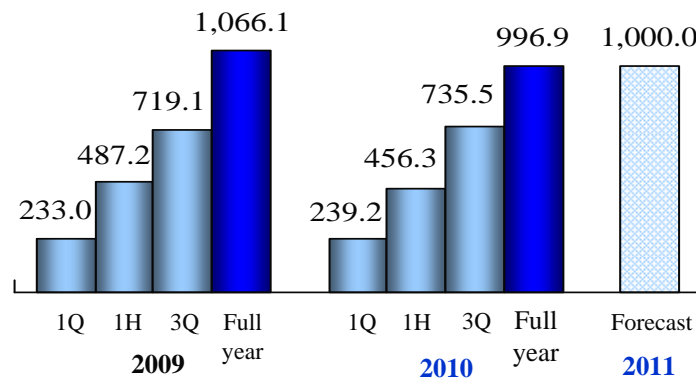
<Power Systems>

(In billion yen, accumulated amount)

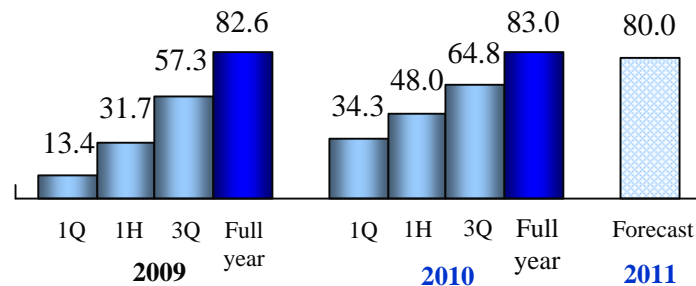
Orders Received



Net Sales



Operating Income



Orders received: Up ¥40.5 billion YoY

- Orders received rose from a year ago, attributable to orders of thermal power plants in Japan and abroad and the steady modification, remodeling, and repair of plants that had been delivered.

- Inquiries for thermal power plants are increasing, especially in Japan and Asia, and we are responding actively to expressions of interest.

[Gas turbine orders]

FY2009 : 9units (North America 2, Domestic 6, Others 1)

FY2010 : 18units (Asia 11, Domestic 6, Others 1)

[Gas turbine order backlog (Non-consolidated)]

FY2009: Q1: 70, Q2: 67, Q3: 53, Q4: 50

FY2010: Q1: 48, Q2: 48, Q3: 46, Q4: 51

Net sales/Earnings: Increased earning (+ ¥0.4 billion YoY) on decreased sales (- ¥69.1 billion YoY)

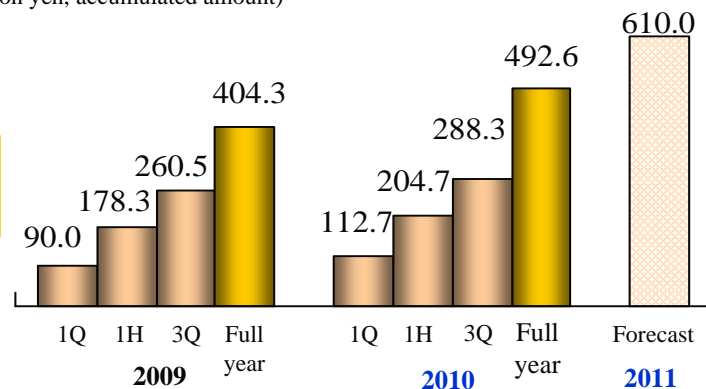
- Sales declined from a year ago, reflecting lower sales of thermal power plants and wind turbines.

- Earnings were affected by the stronger yen, but rose from the year-ago level, reflecting the expanded sales of after-the-sale service, among other factors.

<Machinery & Steel Structures>

(In billion yen, accumulated amount)

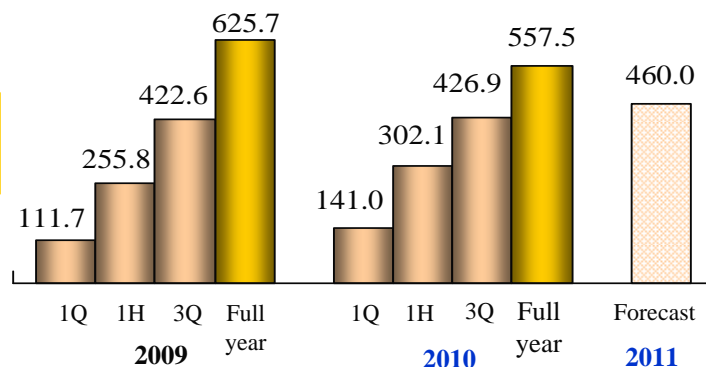
Orders Received



Orders received: Up ¥88.3 billion YoY

- Orders increased from a year ago, reflecting orders for large-scale projects, including a large fertilizer plant overseas and transportation systems.

Net Sales

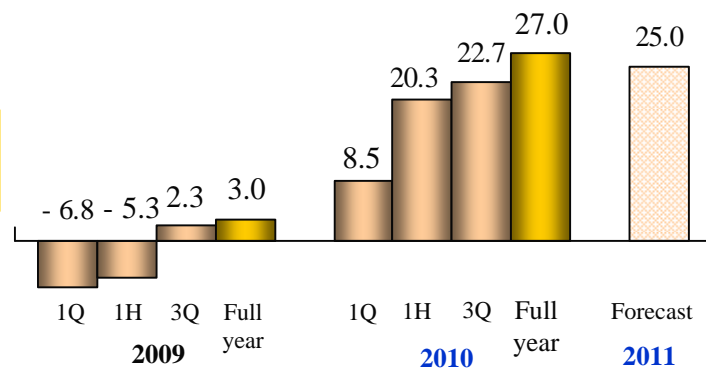


Net sales/Earnings: Increased earning (+ ¥24.0 billion YoY) on decreased sales (- ¥68.2 billion YoY)

- Sales fell from a year ago, reflecting declines in sales of steel manufacturing machinery and transportation systems.

- Earnings rose sharply from a year ago level with the improved profitability and of overseas plants construction and business restructuring..

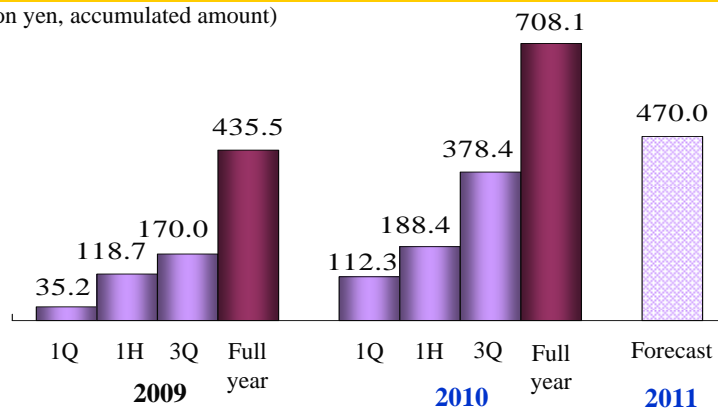
Operating Income



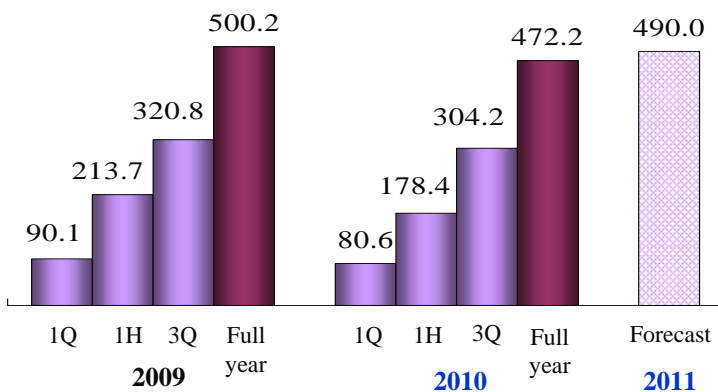
<Aerospace>

(In billion yen, accumulated amount)

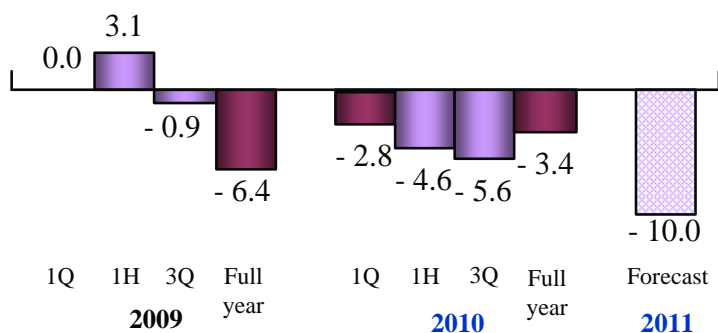
Orders Received



Net Sales



Operating Income



Orders received: Up ¥272.6 billion YoY

- Orders rose sharply from a year ago, reflecting an increase in orders, including large orders, for commercial aircraft and a climb in defense-related orders.

Net sales/Earnings: Increased earning (+ ¥3.0 billion YoY) on decreased sales (- ¥28.0 billion YoY)

- Sales related to private aircraft, defense, and space all declined year on year.

[Number of Boeing777s delivered]

FY2009: 82 (Q1: 21, Q2: 21, Q3: 19, Q4: 21)

FY2010: 63 (Q1: 16, Q2: 16, Q3: 14, Q4: 17)

[Number of Boeing787s delivered]

FY2009: 15 (Q1: 1, Q2: 4, Q3: 4, Q4: 6)

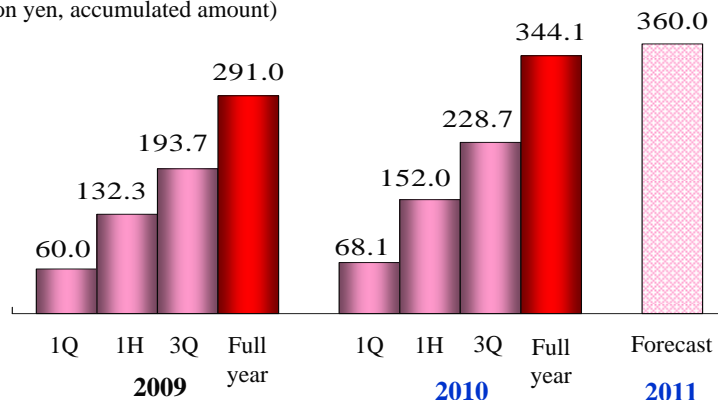
FY2010: 17 (Q1: 4, Q2: 4, Q3: 3, Q4: 6)

- The loss was reduced from a year ago despite a strong yen, attributable to improvements in profitability in the commercial aircraft business.

<General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

Orders Received

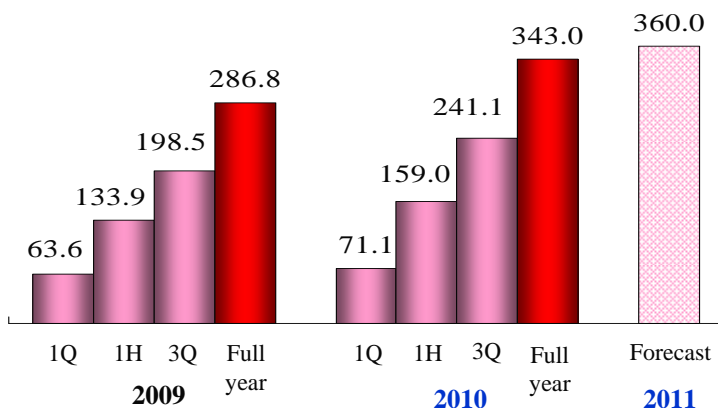


Orders received/Net sales:

Up ¥53.0 billion / ¥56.2 billion YoY respectively

-Orders received and sales increased from a year ago thanks to a rise in sales of small generators for construction equipment manufacturers, turbochargers for auto manufacturers in Japan and Europe, and forklift trucks for the domestic market and emerging countries.

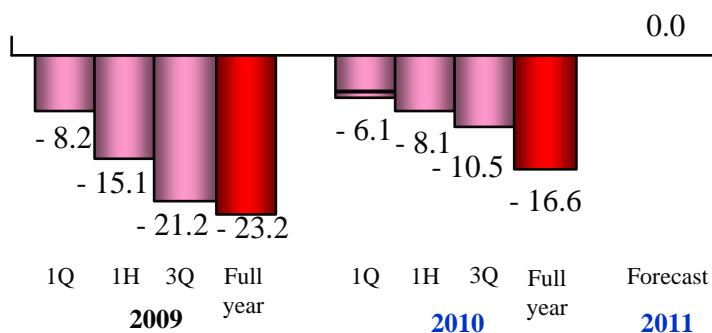
Net Sales



Earnings: Up ¥6.6 billion YoY

-Losses fell from a year ago, mainly attributable to higher sales and progress in profitability improvement in generators, turbochargers and forklift trucks, despite the impact of the stronger yen.

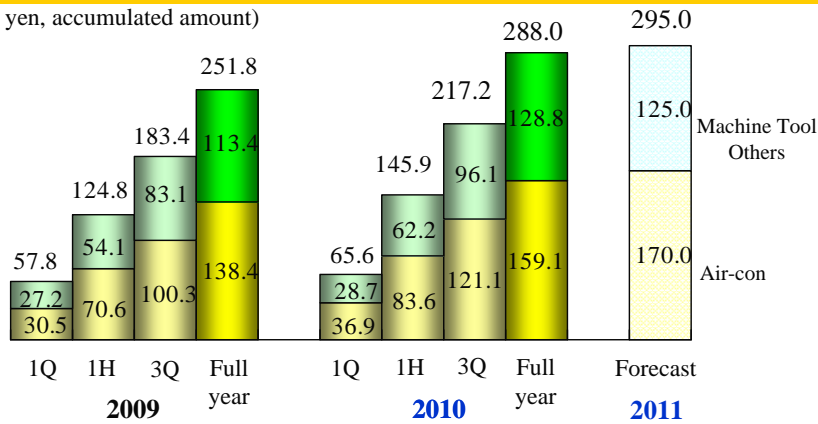
Operating Income



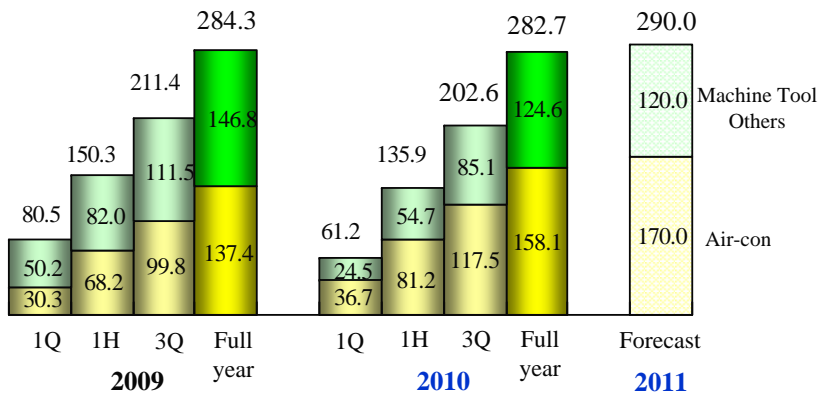
<Others>

(In billion yen, accumulated amount)

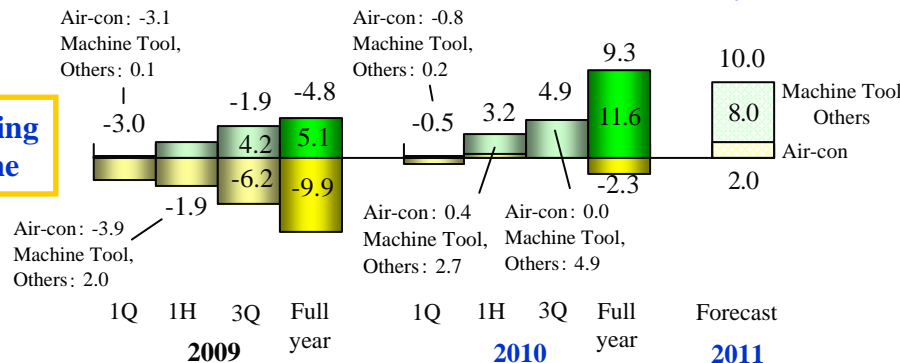
Orders Received



Net Sales



Operating Income



Air-conditioning & Refrigeration Systems

Orders received/Net sales:

- Orders received and sales increased from a year ago as orders for automotive thermal systems, residential air conditioners and all-in-one air-conditioning systems increased.

Earnings:

- The loss was reduced from a year ago, primarily thanks to higher sales and progress in profitability improvement.

Machine Tool

Orders received/Net sales:

-Orders for gear cutting machines etc. for automobiles and construction equipment increased.

Earnings:

-Earnings moved into the black, mainly attributable to progress in improving profitability.

Others

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

Balance Sheets

(In billion yen)

	As of March 31, 2010	As of March 31, 2011	Changes
Assets			
Trade receivables	948.2	852.6	-95.5
Inventories	1,240.0	1,116.2	-123.8
Other current assets	638.4	606.7	-31.6
Total current assets	2,826.6	2,575.6	-251.0
Total fixed assets	1,436.1	1,413.3	-22.8
Total assets	4,262.8	3,989.0	-273.8
Liabilities			
Trade payables	646.5	619.1	-27.4
Advance payments received on contracts	389.0	330.2	-58.7
Other current liabilities	520.2	584.6	+64.4
Total current liabilities	1,555.7	1,534.0	-21.7
Total long-term liabilities	1,378.2	1,142.2	-236.0
Total liabilities	2,934.0	2,676.3	-257.7
Net assets			
Stockholders' equity	1,264.7	1,279.2	+14.5
Valuation, translation adjustments and others	13.3	-17.1	-30.5
Others (Minority interests, etc.)	50.7	50.6	-0.1
Total net assets	1,328.7	1,312.6	-16.0
Total liabilities and net assets	4,262.8	3,989.0	-273.8

Cash Flows, Interest-Bearing Debts

Overview of FY2010

-Cash provided by operating activities rose 219.8 billion yen from a year ago, to 337.8 billion yen, reflecting our efforts to improve notes and accounts receivable-trade by revising payment conditions, promoting debt collection, and liquidating notes and accounts receivable-trade and our efforts to reduce inventories by shortening processes through the detailed management of production plans.

-Cash used in investing activities declined 43.4 billion yen, to 137.2 billion yen, attributable to close examinations of capital expenditures and the timing of capital expenditures.

-As a result, free cash flows rose 263.2 billion yen, to 200.5 billion yen.

Cash flows

(In billion yen)

	FY2009	FY2010	Change
Cash flows from operating activities	117.9	337.8	+219.8
Cash flows from investing activities	-180.7	-137.2	+43.4
Free cash flows	-62.7	200.5	+263.2
Cash flows from financing activities	-105.2	-169.7	- 64.5

Interest-bearing debt

(In billion yen)

	As of March 31, 2010	As of March 31, 2011	Change
Interest-bearing debt	1,495.3	1,325.6	-169.6

II. Forecast for FY2011

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 FY2011

(In billion yen)

	FY2010 (Actual)	FY2011 (Forecast)
Orders received	2,995.4	3,000.0
Net sales	2,903.7	2,850.0
Operating income	101.2	110.0
Ordinary income	68.1	70.0
Net income	30.1	35.0

- ◇ Assumes foreign exchange rates of undetermined amount ¥85 to the U.S. dollar and ¥120 to the Euro (US\$ 5.2 billion, Euro 0.6 billion undetermined)

Forecast for FY2011 by Business Segment

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2010	FY2011 Forecast	FY2010	FY2011 Forecast	FY2010	FY2011 Forecast
Shipbuilding & Ocean Development	173.2	210.0	302.4	300.0	1.8	5.0
Power Systems	1,022.8	1,100.0	996.9	1,000.0	83.0	80.0
Machinery & Steel Structures	492.6	610.0	557.5	460.0	27.0	25.0
Aerospace	708.1	470.0	472.2	490.0	-3.4	-10.0
General Machinery & Special Vehicles	344.1	360.0	343.0	360.0	-16.6	0.0
Air-Con	159.1	170.0	158.1	170.0	-2.3	2.0
Machine Tool, Others	128.8	125.0	124.6	120.0	11.6	8.0
Others	288.0	295.0	282.7	290.0	9.3	10.0
Inter-group consolidation adjustments	-33.6	-45.0	-51.2	-50.0	-	-
Total	2,995.4	3,000.0	2,903.7	2,850.0	101.2	110.0

Supplementary Information (1)

1. R&D Expenses

(In billion yen)

	2006	2007	2008	2009	2010	2011 Forecast
R&D Expenses	106.3	107.9	101.3	129.2	123.2	130.0

2. Depreciation and Amortization-Capital Expenditure

(In billion yen)

	2006	2007	2008	2009	2010	2011 Forecast
Depreciation	106.7	129.2	153.8	140.4	134.4	130.0
Capital Expenditure	175.9	191.4	196.6	177.1	126.6	130.0

3. Foreign Exchange Rates

(¥/US\$)

	2006		2007		2008		2009		2010	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Average rates for recording sales	113.7	114.9	116.9	114.6	107.9	103.2	97.6	95.0	91.9	88.5
(Reference) Rates at end of period	117.9	118.1	115.4	100.2	103.6	98.2	90.2	93.0	83.8	83.2

Supplementary Information (2)

4. Employees

(Number of employees)

	2006	2007	2008	2009	2010
(Consolidated)					
Shipbuilding & Ocean Development	5,285	5,196	5,035	4,969	4,767
Power Systems	15,070	15,978	17,296	18,633	19,412
Machinery & Steel Structures	12,197	11,490	11,177	10,855	10,324
Aerospace	8,211	8,724	9,231	9,679	9,942
General Machinery & Special Vehicles	7,113	7,442	8,519	7,780	9,000
Others	15,064	15,273	16,158	15,753	15,371
Total	62,940	64,103	67,416	67,669	68,816
(Non-consolidated) Total	32,552	33,089	33,614	34,139	33,031

5. Overseas Sales by Region

(In billion yen)

	2006	2007	2008	2009	2010
(Consolidated)					
North America	371.8 (25%)	435.8 (28%)	414.0 (25%)	360.1 (24%)	347.4 (25%)
Central & South America	123.7 (9%)	222.9 (14%)	226.1 (14%)	184.7 (13%)	200.8 (14%)
Asia	437.4 (30%)	452.2 (29%)	439.1 (27%)	390.7 (26%)	373.7 (26%)
Middle East	257.8 (18%)	168.8 (11%)	230.0 (14%)	170.7 (12%)	102.6 (7%)
Europe	237.4 (16%)	258.8 (16%)	296.2 (18%)	223.3 (15%)	217.0 (15%)
Africa	18.9 (1%)	9.0 (1%)	21.5 (1%)	138.7 (9%)	169.2 (12%)
Oceania	15.4 (1%)	13.4 (1%)	25.0 (1%)	10.1 (1%)	12.1 (1%)
Total	1,462.6 (100%)	1,561.1 (100%)	1,652.2 (100%)	1,478.6 (100%)	1,423.1 (100%)

Supplementary Information (3)

6. Segment Information by Geographic Distribution

(In billion yen)

		FY2006	FY2007	FY2008	FY2009	FY2010
Japan	Net sales	2,840.5	2,916.9	3,120.6	2,766.5	2,652.1
	Operating income	95.4	121.5	91.2	68.8	96.5
North America	Net sales	223.6	297.8	297.3	225.4	226.9
	Operating income	6.0	8.2	6.6	-3.1	1.1
Asia	Net sales	74.3	105.7	120.3	93.6	123.2
	Operating income	0.4	1.3	2.4	0.9	1.8
Europe	Net sales	128.3	166.1	166.9	108.4	115.8
	Operating income	3.2	4.4	2.8	-5.3	-1.4
Others	Net sales	33.9	52.2	39.1	28.8	27.6
	Operating income	3.6	0.3	2.7	4.2	3.1
Eliminations or Corporate	Net sales	-232.3	-335.8	-368.7	-282.0	-242.1
	Operating income	-	-	-	-	-
Total	Net sales	3,068.5	3,203.0	3,375.6	2,940.8	2,903.7
	Operating income	108.9	136.0	105.8	65.6	101.2