

No. 1589

MHI Announces Outline of FY2012 First 6 Month Financial Results
Ended September 30, 2012 (Consolidated)

Tokyo, October 31, 2012 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first six months of fiscal year (FY) 2012 ended September 30, 2012.

(billions of yen)

	FY2012 First 6 Months (From April 1 to September 30, 2012)	FY2011 First 6 Months (From April 1 to September 30, 2011)	Changes (%)
Orders Received	1,005.2	1,403.1	(28.4)
Net Sales	1,325.4	1,293.6	2.5
Operating Income	47.2	73.1	(35.4)
Ordinary Income	30.4	45.6	(33.4)
Income Before Taxes and Minority Interests	27.7	71.4	(61.2)
Net Income	19.1	39.8	(52.0)
Operating Cash Flow	131.4	106.6	
Investment Cash Flow	(21.0)	(26.1)	
Financing Cash Flow	37.7	(88.5)	
Net Income Per Share	5.71 yen	11.89 yen	(52.0)

Figures in parentheses are minus value.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

	FY2012 First 6 Months (From April 1 to September 30, 2012)	FY2011 First 6 Months (From April 1 to September 30, 2011)
Shipbuilding & Ocean Development	132.6	158.4
Power Systems	479.0	442.2
Machinery & Steel Infrastructure Systems	204.1	176.6
Aerospace Systems	190.3	208.8
General Machinery & Special Vehicles	193.8	186.1
Others	187.0	141.9
Eliminations or Corporate	(61.6)	(20.7)
TOTAL	1,325.4	1,293.6

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2012 First 6 Months (From April 1 to September 30, 2012)	FY2011 First 6 Months (From April 1 to September 30, 2011)
Shipbuilding & Ocean Development	(6.3)	0.9
Power Systems	43.6	65.0
Machinery & Steel Infrastructure Systems	7.6	7.0
Aerospace Systems	0.7	(0.7)
General Machinery & Special Vehicles	4.9	1.2
Others	5.6	6.7
Eliminations or Corporate	(9.0)	(7.0)
TOTAL	47.2	73.1

Figures in parentheses are minus value.

Estimate of Consolidated Financial Results for FY 2012

For the fiscal year 2012 ending March 31, 2013, MHI is expecting 3,000 billion yen in net sales, 130 billion yen in operating income, 90 billion yen in ordinary income, and 50 billion yen in net income.

Please note that this estimate has been projected with currently available information and data. As such, these projections involve risks and uncertainties. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. The actual results, therefore, may diverge broadly with the influence of a variety of outside factors such as economics surrounding MHI, currency movement of the yen to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan. Also, the results projected here should not be construed in any way as being guaranteed by the company.

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About Mitsubishi Heavy Industries

Mitsubishi Heavy Industries, Ltd. (MHI), headquartered in Tokyo, Japan, is one of the world's leading heavy machinery manufacturers, with consolidated sales of 2,820.9 billion yen in fiscal 2011, the year ended March 31, 2012. MHI's diverse lineup of products and services encompasses shipbuilding, power plants, chemical plants, environmental equipment, steel structures, industrial and general machinery, aircraft, space systems and air-conditioning systems.

For more information, please visit the MHI website (<http://www.mhi.co.jp/en/index.html>).

PRESS CONTACT:

Hideo Ikuno: h.ikuno@daiya-pr.co.jp

Tel: +813-6716-5277, Fax: +813-6716-5929

Daiya PR (in charge of public relations for Mitsubishi Heavy Industries, Ltd.)

CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar.31, 2012	As of Sep.30, 2012
<u>ASSETS</u>		
Current assets:		
Cash and deposits	262,287	405,147
Trade receivables	968,064	804,950
Securities	1	1
Merchandise and finished products	155,990	151,099
Work in process	773,782	761,353
Raw materials and supplies	123,670	121,132
Deferred income taxes	180,747	176,592
Others	180,826	228,457
Allowance for doubtful receivables	(6,368)	(6,252)
Total current assets	2,639,003	2,642,483
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	342,243	344,447
Machinery and transportation equipment	234,037	224,263
Tools, equipment and furniture	38,051	40,155
Land	137,337	137,728
Leased assets	5,356	4,883
Construction in progress	40,557	45,500
Subtotal	797,584	796,979
Intangible assets	25,313	28,520
Investments and advances:		
Investment securities	309,054	244,732
Long-term loans and advances	5,478	6,125
Deferred income taxes	11,180	10,816
Others	185,708	176,464
Allowance for doubtful accounts	(9,335)	(9,900)
Subtotal	502,086	428,238
Total fixed assets	1,324,984	1,253,738
TOTAL ASSETS	3,963,987	3,896,221

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar.31, 2012	As of Sep.30, 2012
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	651,101	616,086
Short-term borrowings	152,344	265,222
Current portion of long-term borrowings	131,713	110,038
Commercial papers	-	41,000
Current portion of bonds	69,900	80,000
Reserve for product warranties	20,812	22,365
Reserve for losses on construction contracts	77,565	59,952
Reserve for legal claims	3,936	2,197
Advance payments received on contracts	399,288	385,391
Others	208,034	169,879
Total current liabilities	1,714,695	1,752,134
Long-term liabilities:		
Debentures	250,000	200,000
Long-term borrowings	553,189	510,465
Deferred income taxes	17,832	9,222
Reserve for retirement allowance	47,002	52,616
Reserve for treatment of PCB waste	11,604	11,629
Others	63,296	62,080
Total long-term liabilities	942,925	846,014
TOTAL LIABILITIES	2,657,621	2,598,149
<u>NET ASSETS</u>		
Stockholders' equity:		
Common stock	265,608	265,608
Capital surplus	203,942	203,948
Retained earnings	822,473	831,558
Treasury stock	(5,418)	(5,403)
Total stockholders' equity	1,286,606	1,295,712
Accumulated other comprehensive income (loss)		
Net unrealized gains on investment securities	22,082	6,752
Deferred losses on hedges	12	565
Foreign currency translation adjustments	(53,611)	(56,204)
Total accumulated other comprehensive income (loss)	(31,517)	(48,885)
Share subscription rights	1,868	2,268
Minority interests	49,409	48,977
TOTAL NET ASSETS	1,306,366	1,298,071
TOTAL LIABILITIES AND NET ASSETS	3,963,987	3,896,221

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2011 First 6 Months (From Apr.1 to Sep.30, 2011)	FY2012 First 6 Months (From Apr.1 to Sep.30, 2012)
Net sales	1,293,626	1,325,404
Cost of sales	1,060,018	1,106,475
Gross profit	233,608	218,928
Selling, general and administrative expenses:		
Provision of allowance for doubtful accounts	-	883
Directors' compensations, salaries and allowances	62,300	65,712
Research and development expenses	21,056	22,707
Expenses for inquiries	14,530	16,065
Others	62,539	66,321
Total selling, general and administrative expenses	160,427	171,690
Operating income	73,180	47,238
Non-operating income:		
Interest income	1,792	1,532
Dividend income	2,006	2,282
Equity in earnings of unconsolidated subsidiaries and affiliates	2,391	542
Others	2,082	1,906
Total non-operating income	8,273	6,265
Non-operating expenses:		
Interest expense	10,664	9,064
Foreign exchange loss	17,960	10,606
Loss on disposal of fixed assets	1,802	1,968
Others	5,398	1,458
Total non-operating expenses	35,824	23,098
Ordinary income	45,629	30,405
Extraordinary gain:		
Gain on sales of fixed assets	28,026	-
Gain on sales of investment securities	-	6,860
Total extraordinary gain	28,026	6,860
Extraordinary loss:		
Loss on revaluation of investment securities	2,217	9,549
Total extraordinary loss	2,217	9,549
Income before income taxes and minority interests	71,438	27,716
Income taxes	31,752	8,455
Income before minority interests	39,686	19,261
Minority interests in loss after taxes	(199)	110
Net income	39,885	19,151

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2011 First 6 Months (From Apr.1 to Sep.30, 2011)	FY2012 First 6 Months (From Apr.1 to Sep.30, 2012)
Income before minority interests	39,686	19,261
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	(13,179)	(14,049)
Deferred gains (losses) on hedges	(1,543)	213
Foreign currency translation adjustments	2,688	(561)
Share of other comprehensive income (loss) of entities accounted for using the equity method	(3,927)	(2,956)
Total other comprehensive income (loss)	(15,961)	(17,352)
Comprehensive income (loss)	23,724	1,908
Comprehensive income (loss) attributable to		
Shareholders of the parent	24,087	1,782
Minority interests	(363)	126

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	FY2011 First 6 Months (From Apr.1 to Sep.30,2011)	FY2012 First 6 Months (From Apr.1 to Sep.30,2012)
Cash flows from operating activities:		
Income before income taxes and minority interests	71,438	27,716
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	58,666	55,280
Increase (decrease) in reserve for retirement allowance	(458)	5,582
Interest and dividend income	(3,798)	(3,815)
Interest expense	10,664	9,064
(Income) loss from equity method investments	(2,391)	(542)
(Gain) loss on sales of investment securities	(150)	(6,860)
Loss on revaluation of investment securities	2,217	9,549
(Gain) loss on sales of fixed assets	(28,026)	-
Loss on disposal of fixed assets	1,802	1,968
(Increase) decrease in receivables	67,878	168,823
(Increase) decrease in inventories and advances to suppliers	(34,349)	1,781
(Increase) decrease in other assets	6,893	(8,151)
Increase (decrease) in payables	(56,019)	(40,581)
Increase (decrease) in advance payments received on contracts	45,898	(14,376)
Increase (decrease) in other liabilities	(4,071)	(34,732)
Others	6,186	4,443
Subtotal	142,377	175,148
Interest and dividends received	3,725	4,286
Interest paid	(10,684)	(8,793)
Income taxes paid	(28,780)	(39,196)
Net cash provided by operating activities	106,638	131,445
Cash flows from investing activities:		
Net (increase) decrease in time deposits	1,916	748
Purchases of marketable securities	(40,000)	-
Purchases of property, plant, equipment and intangible assets	(53,692)	(54,519)
Proceeds from sales of property, plant, equipment and intangible assets	64,989	2,868
Purchases of investment securities	(1,194)	(2,300)
Proceeds from sales and redemption of investment securities	1,711	39,115
Disbursement of long-term loans	(571)	(1,395)
Collection of long-term loans	1,360	650
Others	(691)	(6,234)
Net cash used in investing activities	(26,171)	(21,066)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial papers	(27,295)	147,881
Proceeds from long-term borrowings	7,009	1,919
Repayment of long-term borrowings	(35,422)	(60,422)
Payment for redemption of bonds	(24,272)	(39,900)
Proceeds from issuance of stock to minority stockholders of subsidiaries	4	12
Dividends paid to stockholders	(6,690)	(10,029)
Dividends paid to minority stockholders of subsidiaries	(758)	(539)
Others	(1,126)	(1,174)
Net cash provided by (used in) financing activities	(88,552)	37,747
Effect of exchange rate changes on cash and cash equivalents	(1,724)	(4,626)
Net increase (decrease) in cash and cash equivalents	(9,810)	143,500
Cash and cash equivalents at beginning of year	288,868	254,605
Cash and cash equivalents at end of period	279,058	398,106