

No. 1729

MHI Announces Outline of FY2013 First 6 Month Financial Results
Ended September 30, 2013 (Consolidated)

Tokyo, October 31, 2013 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first six months of fiscal year (FY) 2013 ended September 30, 2013.

(billions of yen)

	FY2013 First 6 Months (From April 1 to September 30, 2013)	FY2012 First 6 Months (From April 1 to September 30, 2012)	Changes (%)
Orders Received	1,565.5	1,005.2	55.7
Net Sales	1,505.5	1,325.4	13.6
Operating Income	75.4	47.2	59.8
Ordinary Income	59.8	30.4	96.7
Income Before Taxes and Minority Interests	59.1	27.7	113.3
Net Income	32.8	19.1	71.3
Operating Cash Flow	73.9	131.4	
Investment Cash Flow	(106.3)	(21.0)	
Financing Cash Flow	(4.4)	37.7	
Net Income Per Share	9.78 yen	5.71 yen	71.3

Figures in parentheses are negative.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

	FY2013 First 6 Months (From April 1 to September 30, 2013)	FY2012 First 6 Months (From April 1 to September 30, 2012)
Shipbuilding & Ocean Development	103.8	132.6
Power Systems	508.2	479.0
Machinery & Steel Infrastructure Systems	228.7	204.1
Aerospace Systems	271.3	190.3
General Machinery & Special Vehicles	249.0	193.8
Others	191.7	187.0
Eliminations or Corporate	(47.3)	(61.6)
TOTAL	1,505.5	1,325.4

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2013 First 6 Months (From April 1 to September 30, 2013)	FY2012 First 6 Months (From April 1 to September 30, 2012)
Shipbuilding & Ocean Development	0.4	(6.3)
Power Systems	36.8	43.6
Machinery & Steel Infrastructure Systems	13.0	7.6
Aerospace Systems	18.7	0.7
General Machinery & Special Vehicles	9.2	4.9
Others	6.0	5.6
Eliminations or Corporate	(8.9)	(9.0)
TOTAL	75.4	47.2

Figures in parentheses are negative.

Estimate of Consolidated Financial Results for FY 2013

For the fiscal year 2013 ending March 31, 2014, MHI is expecting 3,150 billion yen in net sales, 190 billion yen in operating income, 160 billion yen in ordinary income, and 100 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥95 and €1.00 = ¥120 for the portion yet to be fixed.

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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CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar.31, 2013	As of Sep.30, 2013
<u>ASSETS</u>		
Current assets:		
Cash and deposits	328,365	284,470
Trade receivables	931,469	924,739
Securities	2	2
Merchandise and finished products	139,157	163,279
Work in process	746,640	808,341
Raw materials and supplies	124,038	136,293
Deferred income taxes	138,934	144,449
Others	222,550	264,251
Allowance for doubtful accounts	(6,333)	(7,675)
Total current assets	2,624,824	2,718,152
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	339,262	350,230
Machinery and transportation equipment	225,547	240,743
Tools, equipment and furniture	41,877	43,924
Land	138,382	154,257
Leased assets	4,599	4,713
Construction in progress	43,263	50,435
Subtotal	792,932	844,305
Intangible assets	29,216	60,636
Investments and advances:		
Investment securities	297,625	326,658
Long-term loans and advances	6,863	8,529
Deferred income taxes	10,087	11,137
Others	182,459	185,540
Allowance for doubtful accounts	(8,891)	(8,889)
Subtotal	488,144	522,976
Total fixed assets	1,310,294	1,427,918
TOTAL ASSETS	3,935,119	4,146,070

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar.31, 2013	As of Sep.30, 2013
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	663,451	686,906
Short-term borrowings	154,014	153,937
Current portion of long-term borrowings	150,171	216,598
Commercial papers	-	50,000
Current portion of bonds	50,000	20,000
Reserve for product warranties	22,135	21,207
Reserve for losses on construction contracts	35,405	31,748
Reserve for legal claims	61	140
Advance payments received on contracts	427,390	452,046
Others	191,193	206,046
Total current liabilities	1,693,822	1,840,633
Long-term liabilities:		
Bonds	200,000	225,000
Long-term borrowings	477,053	396,338
Deferred income taxes	9,922	23,125
Reserve for retirement allowance	51,904	72,324
Reserve for treatment of PCB waste	10,865	10,822
Others	61,324	63,459
Total long-term liabilities	811,070	791,071
TOTAL LIABILITIES	2,504,893	2,631,705
<u>NET ASSETS</u>		
Stockholders' equity:		
Common stock	265,608	265,608
Capital surplus	203,956	203,976
Retained earnings	901,397	917,186
Treasury stock	(5,394)	(5,366)
Total stockholders' equity	1,365,568	1,381,404
Accumulated other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	30,979	49,062
Deferred gains (losses) on hedges	142	(247)
Foreign currency translation adjustments	(18,040)	8,919
Total accumulated other comprehensive income (loss)	13,081	57,735
Share subscription rights	2,243	2,565
Minority interests	49,332	72,660
TOTAL NET ASSETS	1,430,225	1,514,365
TOTAL LIABILITIES AND NET ASSETS	3,935,119	4,146,070

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2012 First 6 Months (From Apr.1 to Sep.30, 2012)	FY2013 First 6 Months (From Apr.1 to Sep.30, 2013)
Net sales	1,325,404	1,505,573
Cost of sales	1,106,475	1,227,128
Gross profit	218,928	278,444
Selling, general and administrative expenses:		
Provision of allowance for doubtful accounts	883	-
Directors' compensations, salaries and allowances	65,712	78,785
Research and development expenses	22,707	27,278
Expenses for inquiries	16,065	16,645
Others	66,321	80,266
Total selling, general and administrative expenses	171,690	202,975
Operating income	47,238	75,469
Non-operating income:		
Interest income	1,532	1,774
Dividend income	2,282	1,785
Equity in earnings of unconsolidated subsidiaries and affiliates	542	144
Others	1,906	4,214
Total non-operating income	6,265	7,918
Non-operating expenses:		
Interest expense	9,064	7,709
Foreign exchange loss	10,606	8,024
Loss on disposal of fixed assets	1,968	2,122
Others	1,458	5,723
Total non-operating expenses	23,098	23,578
Ordinary income	30,405	59,809
Extraordinary gain:		
Gain on negative goodwill	-	4,781
Gain on changes in equity interest	-	1,688
Gain on sales of investment securities	6,860	-
Total extraordinary gain	6,860	6,470
Extraordinary loss:		
Impairment loss	-	4,677
Business structure improvement expenses	-	2,481
Loss on revaluation of investment securities	9,549	-
Total extraordinary loss	9,549	7,159
Income before income taxes and minority interests	27,716	59,120
Income taxes	8,455	25,665
Income before minority interests	19,261	33,455
Minority interests in loss after taxes	110	644
Net income	19,151	32,811

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2012 First 6 Months (From Apr.1 to Sep.30, 2012)	FY2013 First 6 Months (From Apr.1 to Sep.30, 2013)
Income before minority interests	19,261	33,455
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	(14,049)	17,196
Deferred gains (losses) on hedges	213	(165)
Foreign currency translation adjustments	(561)	27,136
Share of other comprehensive income (loss) of entities accounted for using the equity method	(2,956)	3,092
Changes in equity interest	-	4
Total other comprehensive income (loss)	(17,352)	47,264
Comprehensive income (loss)	1,908	80,720
Comprehensive income (loss) attributable to		
Shareholders of the parent	1,782	77,469
Minority interests	126	3,250

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	FY2012 First 6 Months (From Apr.1 to Sep.30,2012)	FY2013 First 6 Months (From Apr.1 to Sep.30,2013)
Cash flows from operating activities:		
Income before income taxes and minority interests	27,716	59,120
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	55,280	60,261
Impairment loss	-	4,677
Increase (decrease) in reserve for retirement allowance	5,582	9,405
Interest and dividend income	(3,815)	(3,560)
Interest expense	9,064	7,709
(Income) loss from equity method investments	(542)	(144)
(Gain) loss on sales of investment securities	(6,860)	-
Loss on revaluation of investment securities	9,549	-
Loss on disposal of fixed assets	1,968	2,122
Business structure improvement expenses	-	2,481
Gain on negative goodwill	-	(4,781)
(Gain) loss on changes in equity interest	-	(1,688)
(Increase) decrease in receivables	168,823	72,298
(Increase) decrease in inventories and advances to suppliers	1,781	(85,428)
(Increase) decrease in other assets	(8,151)	(16,422)
Increase (decrease) in payables	(40,581)	(27,375)
Increase (decrease) in advance payments received on contracts	(14,376)	17,398
Increase (decrease) in other liabilities	(34,732)	(30,803)
Others	4,443	13,799
Subtotal	175,148	79,068
Interest and dividends received	4,286	4,064
Interest paid	(8,793)	(7,982)
Income taxes paid	(39,196)	(1,201)
Net cash provided by operating activities	131,445	73,948
Cash flows from investing activities:		
Net (increase) decrease in time deposits	748	2,159
Purchases of property, plant, equipment and intangible assets	(54,519)	(67,381)
Proceeds from sales of property, plant, equipment and intangible assets	2,868	3,713
Purchases of investment securities	(2,300)	(658)
Proceeds from sales and redemption of investment securities	39,115	4,936
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(52,095)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	3,819
Disbursement of long-term loans	(1,395)	(1,852)
Collection of long-term loans	650	507
Others	(6,234)	509
Net cash used in investing activities	(21,066)	(106,341)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial papers	147,881	41,406
Proceeds from long-term borrowings	1,919	25,320
Repayment of long-term borrowings	(60,422)	(46,466)
Proceeds from issuance of bonds	-	45,000
Payment for redemption of bonds	(39,900)	(50,000)
Proceeds from issuance of stock to minority stockholders of subsidiaries	12	664
Dividends paid to stockholders	(10,029)	(16,711)
Dividends paid to minority stockholders of subsidiaries	(539)	(1,066)
Others	(1,174)	(2,629)
Net cash provided by (used in) financing activities	37,747	(4,482)
Effect of exchange rate changes on cash and cash equivalents	(4,626)	(9,968)
Net increase (decrease) in cash and cash equivalents	143,500	(46,843)
Cash and cash equivalents at beginning of year	254,605	319,426
Increase in cash and cash equivalents due to changes in scope of consolidation	-	3,933
Cash and cash equivalents at end of period	398,106	276,516