

No. 1822

**MHI Announces Outline of FY2014 First 3 Month Financial Results**  
**Ended June 30, 2014 (Consolidated)**

Tokyo, July 31, 2014 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first three months of fiscal year (FY) 2014 ended June 30, 2014.

(billions of yen)

	<b>FY2014 First 3 Months</b> (From April 1 to June 30, 2014)	FY2013 First 3 Months (From April 1 to June 30, 2013)	Changes (%)
Orders Received	<b>817.1</b>	585.4	39.6
Net Sales	<b>859.7</b>	747.4	15.0
Operating Income	<b>56.0</b>	35.3	58.7
Ordinary Income	<b>50.0</b>	28.0	78.7
Income Before Taxes and Minority Interests	<b>50.0</b>	24.1	107.4
Net Income	<b>22.5</b>	13.6	65.0
Net Income Per Share	<b>6.72 yen</b>	4.07 yen	64.9

**Consolidated financial results (continued)**

**Sales by Operational Segment**

(billions of yen)

	<b>FY2014 First 3 Months</b> (From April 1 to June 30, 2014)	FY2013 First 3 Months
		(From April 1 to June 30, 2013)
Energy & Environment	<b>300.8</b>	284.9
Commercial Aviation & Transportation Systems	<b>114.7</b>	127.7
Integrated Defense & Space Systems	<b>82.3</b>	81.2
Machinery, Equipment & Infrastructure	<b>349.1</b>	239.0
Others	<b>36.9</b>	36.5
Eliminations or Corporate	<b>(24.3)</b>	(22.1)
<b>TOTAL</b>	<b>859.7</b>	747.4

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

(billions of yen)

	<b>FY2014 First 3 Months</b> (From April 1 to June 30, 2014)	FY2013 First 3 Months
		(From April 1 to June 30, 2013)
Energy & Environment	<b>21.4</b>	19.8
Commercial Aviation & Transportation Systems	<b>6.0</b>	7.0
Integrated Defense & Space Systems	<b>4.4</b>	3.8
Machinery, Equipment & Infrastructure	<b>23.5</b>	7.2
Others	<b>2.2</b>	2.2
Eliminations or Corporate	<b>(1.6)</b>	(4.8)
<b>TOTAL</b>	<b>56.0</b>	35.3

Figures in parentheses are negative.

## **Estimate of Consolidated Financial Results for FY 2014**

For the fiscal year 2014 ending March 31, 2015, MHI is expecting 4,000 billion yen in net sales, 250 billion yen in operating income, 230 billion yen in ordinary income, and 130 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥100 and €1.00 = ¥130 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, 2014	As of Jun.30, 2014
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and deposits	381,056	369,949
Trade receivables	1,188,928	1,019,363
Merchandise and finished products	161,401	175,286
Work in process	846,201	927,550
Raw materials and supplies	143,298	146,269
Deferred income taxes	177,253	178,999
Others	290,737	384,583
Allowance for doubtful accounts	(8,015)	(7,950)
<b>Total current assets</b>	<b>3,180,861</b>	<b>3,194,052</b>
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures	373,000	373,835
Machinery and transportation equipment	262,123	250,340
Tools, equipment and furniture	43,502	45,611
Land	176,418	177,572
Leased assets	4,843	4,642
Construction in progress	70,609	71,870
Subtotal	930,498	923,872
Intangible assets:		
Goodwill	116,175	111,514
Others	54,925	48,976
Subtotal	171,100	160,491
Investments and advances:		
Investment securities	402,827	421,615
Long-term loans and advances	3,212	6,134
Asset for retirement benefit	80,468	105,696
Deferred income taxes	41,091	31,040
Others	85,056	88,802
Allowance for doubtful accounts	(9,081)	(10,750)
Subtotal	603,575	642,539
<b>Total fixed assets</b>	<b>1,705,174</b>	<b>1,726,903</b>
<b>TOTAL ASSETS</b>	<b>4,886,035</b>	<b>4,920,955</b>

## CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar.31, 2014	As of Jun.30, 2014
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Trade payables	801,445	723,126
Short-term borrowings	166,296	149,974
Current portion of long-term borrowings	186,245	147,512
Commercial papers	-	91,000
Current portion of bonds	70,000	70,000
Income taxes payable	64,487	15,523
Reserve for product warranties	18,314	17,520
Reserve for loss on construction contracts	62,523	58,748
Reserve for loss on passenger vessel construction business	64,126	66,615
Advance payments received on contracts	567,470	649,961
Others	284,368	296,931
<b>Total current liabilities</b>	<b>2,285,278</b>	<b>2,286,913</b>
<b>Long-term liabilities:</b>		
Bonds	175,000	175,000
Long-term borrowings	359,946	374,758
Deferred income taxes	25,377	50,757
Reserve for treatment of PCB waste	10,459	10,398
Liability for retirement benefit	189,937	131,655
Others	65,812	63,372
<b>Total long-term liabilities</b>	<b>826,533</b>	<b>805,942</b>
<b>TOTAL LIABILITIES</b>	<b>3,111,812</b>	<b>3,092,856</b>
<b><u>NET ASSETS</u></b>		
<b>Stockholders' equity:</b>		
Common stock	265,608	265,608
Capital surplus	203,978	203,993
Retained earnings	1,031,371	1,077,176
Treasury stock	(5,385)	(5,345)
<b>Total stockholders' equity</b>	<b>1,495,573</b>	<b>1,541,432</b>
<b>Accumulated other comprehensive income (loss)</b>		
Net unrealized gains (losses) on investment securities	43,188	50,731
Deferred gains (losses) on hedges	(1,001)	(698)
Foreign currency translation adjustments	34,658	23,600
Remeasurements of defined benefit plans	(29,019)	(26,404)
<b>Total accumulated other comprehensive income (loss)</b>	<b>47,825</b>	<b>47,229</b>
<b>Share subscription rights</b>	<b>2,635</b>	<b>2,583</b>
<b>Minority interests</b>	<b>228,188</b>	<b>236,853</b>
<b>TOTAL NET ASSETS</b>	<b>1,774,223</b>	<b>1,828,099</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,886,035</b>	<b>4,920,955</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2013 First 3 Months (From Apr.1 to Jun.30, 2013)	FY2014 First 3 Months (From Apr.1 to Jun.30, 2014)
Net sales	747,491	859,721
Cost of sales	612,016	671,776
<b>Gross profit</b>	<b>135,475</b>	<b>187,945</b>
<b>Selling, general and administrative expenses:</b>		
Provision of allowance for doubtful accounts	-	300
Directors' compensations, salaries and allowances	40,549	48,244
Research and development expenses	11,601	14,712
Expenses for inquiries	8,448	10,357
Others	39,550	58,271
<b>Total selling, general and administrative expenses</b>	<b>100,150</b>	<b>131,886</b>
<b>Operating income</b>	<b>35,325</b>	<b>56,058</b>
<b>Non-operating income:</b>		
Interest income	654	2,169
Dividend income	1,258	2,524
Equity in earnings of unconsolidated subsidiaries and affiliates	-	1,152
Others	2,508	2,311
<b>Total non-operating income</b>	<b>4,420</b>	<b>8,156</b>
<b>Non-operating expenses:</b>		
Interest expense	3,824	4,145
Equity in losses of unconsolidated subsidiaries and affiliates	913	-
Foreign exchange loss	3,849	2,480
Loss on disposal of fixed assets	1,244	838
Others	1,892	6,682
<b>Total non-operating expenses</b>	<b>11,724</b>	<b>14,148</b>
<b>Ordinary income</b>	<b>28,022</b>	<b>50,067</b>
<b>Extraordinary gain:</b>		
Gain on negative goodwill	3,281	-
<b>Total extraordinary gain</b>	<b>3,281</b>	<b>-</b>
<b>Extraordinary loss:</b>		
Impairment loss	4,676	-
Business structure improvement expenses	2,481	-
<b>Total extraordinary loss</b>	<b>7,158</b>	<b>-</b>
<b>Income before income taxes and minority interests</b>	<b>24,145</b>	<b>50,067</b>
Income taxes	9,951	20,049
<b>Income before minority interests</b>	<b>14,194</b>	<b>30,017</b>
Minority interests in income after taxes	529	7,475
<b>Net income</b>	<b>13,665</b>	<b>22,541</b>

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2013 First 3 Months (From Apr. 1 to Jun 30, 2013)	FY2014 First 3 Months (From Apr. 1 to Jun 30, 2014)
<b>Income before minority interests</b>	<b>14,194</b>	<b>30,017</b>
<b>Other comprehensive income (loss)</b>		
Net unrealized gains (losses) on investment securities	12,132	7,531
Deferred gains (losses) on hedges	110	247
Foreign currency translation adjustments	22,238	(11,981)
Remeasurements of defined benefit plans	-	2,593
Share of other comprehensive income (loss) of entities accounted for using the equity method	1,521	(1,275)
Changes in equity interest	4	-
<b>Total other comprehensive income (loss)</b>	<b>36,006</b>	<b>(2,884)</b>
<b>Comprehensive income (loss)</b>	<b>50,201</b>	<b>27,133</b>
<b>Comprehensive income (loss) attributable to</b>		
Shareholders of the parent	47,890	21,945
Minority interests	2,310	5,188