

# CONSOLIDATED STATEMENTS OF INCOME

Mitsubishi Heavy Industries, Ltd. and Consolidated Subsidiaries

For the fiscal years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
<b>Net sales</b>	<b>¥4,110,816</b>	¥3,914,018	<b>\$38,693,674</b>
Cost of sales	<b>3,379,874</b>	3,180,898	<b>31,813,573</b>
<b>Gross profit</b>	<b>730,942</b>	733,119	<b>6,880,101</b>
Selling, general and administrative expenses	<b>604,412</b>	582,576	<b>5,689,118</b>
<b>Operating income</b>	<b>126,530</b>	150,543	<b>1,190,982</b>
<b>Non-operating income (expense):</b>			
Interest income	<b>4,155</b>	3,799	<b>39,109</b>
Dividend income	<b>12,211</b>	11,637	<b>114,937</b>
Foreign exchange gain	—	10,213	—
Income from equity method investments	<b>3,230</b>	—	<b>30,402</b>
Gain on arbitration expenses awarded in the arbitration relating to nuclear equipment in the US	—	6,558	—
Other income	<b>15,674</b>	9,945	<b>147,533</b>
Interest expense	<b>(9,036)</b>	(11,461)	<b>(85,052)</b>
Foreign exchange loss	<b>(10,385)</b>	—	<b>(97,750)</b>
Loss from equity method investments	—	(22,845)	—
Loss on disposal of fixed assets	<b>(7,022)</b>	(7,627)	<b>(66,095)</b>
Other expenses	<b>(20,896)</b>	(26,470)	<b>(196,686)</b>
<b>Total non-operating income (expense)</b>	<b>(12,067)</b>	(26,249)	<b>(113,582)</b>
<b>Ordinary income</b>	<b>114,462</b>	124,293	<b>1,077,390</b>
<b>Extraordinary gain (loss):</b>			
Gain on sales of investment securities	<b>31,303</b>	61,047	<b>294,644</b>
Gain on sales of fixed assets	—	53,861	—
Business structure improvement expenses	<b>(14,548)</b>	(12,810)	<b>(136,935)</b>
Impairment loss	<b>(3,174)</b>	—	<b>(29,875)</b>
Loss on passenger vessel construction business provision	—	(34,323)	—
Compensation for damages decided in the arbitration relating to nuclear equipment in the US	—	(16,076)	—
Loss on revaluation of investment securities	—	(6,272)	—
<b>Total extraordinary gain (loss)</b>	<b>13,579</b>	45,424	<b>127,814</b>
<b>Profit before income taxes</b>	<b>128,042</b>	169,718	<b>1,205,214</b>
<b>Income taxes:</b>			
Current	<b>63,184</b>	49,856	<b>594,728</b>
Deferred	<b>(31,315)</b>	14,584	<b>(294,757)</b>
<b>Total income taxes</b>	<b>31,868</b>	64,440	<b>299,962</b>
<b>Profit</b>	<b>96,173</b>	105,278	<b>905,242</b>
Profit attributable to non-controlling interests	<b>25,689</b>	17,557	<b>241,801</b>
<b>Profit attributable to owners of the parent</b>	<b>¥ 70,484</b>	¥ 87,720	<b>\$ 663,441</b>

	Yen		U.S. dollars
	2018	2017	2018
<b>Per share information of common stock:</b>			
Profit attributable to owners of the parent - basic	<b>¥209.82</b>	¥261.24	<b>\$1.975</b>
Profit attributable to owners of the parent - diluted	<b>209.39</b>	260.71	<b>1.971</b>
Cash dividends	—*	12.00	—

\* The Company conducted a 1-for-10 reverse stock split on common shares on October 1, 2017. Taking this reverse stock split into account, dividends for fiscal 2017 amount to ¥120 per share.