

No.1097

MHI ANNOUNCES OUTLINE OF FY2005 FIRST 9 MONTH FINANCIAL RESULTS
ENDED DECEMBER 31, 2005 (CONSOLIDATED)

Tokyo, February 10, 2006 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its consolidated financial results for the first nine months of fiscal year (FY) 2005 ended December 31, 2005.

(billions of yen)

	FY2005 First 9 Months (From April 1 to Dec. 31, 2005)	FY2004 First 9 Months (From April 1 to Dec. 31, 2004)	Changes (%)
Orders Received	1,840.7	1,665.8	10.5
Net Sales	1,852.1	1,632.5	13.4
Operating Income	41.4	—	—
Ordinary Income	30.4	—	—
Income Before Tax	32.0	—	—
Net Income	20.9	—	—
Net Income Per Share	6.25 yen	—	—

For the first nine months' financial results of FY2004, disclosures were limited to "orders received" and "net sales"; therefore, income figures for the same period one year ago are not available.

Orders Received by Operational Segment (billions of yen)

	FY2005 First 9 Months (From April 1 to Dec. 31, 2005)	FY2004 First 9 Months (From April 1 to Dec. 31, 2004)	Difference
Shipbuilding & Ocean Development	140.5 (7.6)	202.6 (12.2)	-62.0
Power Systems	437.3 (23.8)	428.3 (25.7)	8.9
Machinery & Steel Structures	415.8 (22.6)	288.5 (17.3)	127.3
Aerospace	203.1 (11.0)	146.0 (8.8)	57.1
Mass and Medium-Lot Manufactured Machinery	584.7 (31.8)	526.0 (31.6)	58.7
Others	59.1 (3.2)	74.2 (4.4)	-15.1
TOTAL	1,840.7 (100.0)	1,665.8 (100.0)	174.9

Figures in parentheses represent percentage of the segment's orders in total orders.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

	FY2005 First 9 Months (From April 1 to Dec. 31, 2005)	FY2004 First 9 Months (From April 1 to Dec. 31, 2004)	Difference
Shipbuilding & Ocean Development	154.4 (8.3)	186.5 (11.4)	-32.1
Power Systems	479.9 (25.9)	396.6 (24.3)	83.2
Machinery & Steel Structures	345.2 (18.6)	256.2 (15.7)	88.9
Aerospace	247.3 (13.4)	220.1 (13.5)	27.1
Mass and Medium-Lot Manufactured Machinery	568.5 (30.7)	524.1 (32.1)	44.4
Others	56.6 (3.1)	48.7 (3.0)	7.9
TOTAL	1,852.1 (100.0)	1,632.5 (100.0)	219.5

Figures in parentheses represent percentage of the segment's sales in total sales.

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2005 First 9 Months (From April 1 to Dec. 31, 2005)
Shipbuilding & Ocean Development	-7.8
Power Systems	24.9
Machinery & Steel Structures	-2.6
Aerospace	9.0
Mass and Medium-Lot Manufactured Machinery	12.4
Others	5.5
TOTAL	41.4

For the first nine months' financial results of FY2004, operating income (loss) figures were not disclosed; therefore, operating income (loss) figures for the same period one year ago are not available.

Consolidated financial results (continued)

Estimate of Consolidated Financial Results for FY 2005

For the fiscal year 2005 ending March 31, 2006, MHI is expecting 2,800 billion yen in net sales, 63 billion yen in operating income, 46 billion yen in ordinary income, 51 billion yen in income before tax and 30 billion yen in net income.

MHI has hedged foreign exchange risk of major currencies for the rest of fiscal year 2005. Therefore, impact of exchange rate fluctuation on this estimates that may arise in translating foreign currencies into Japanese yen is expected to be minor.

This estimate has been projected with currently available information and data. Therefore please be advised that the actual results may diverge broadly with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

Notes:

Number of consolidated subsidiaries: 185 (154 in FY2004)

Number of companies under the application of equity method:

<u>FY2005</u>	<u>FY2004</u>
33	47

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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 2,590 billion yen in fiscal 2004 (year ended March 31, 2005). MHI's diverse lineup of products and services encompasses shipbuilding, steel structures, power plants, chemical plants, steel plants, environmental equipment, industrial and general machinery, aircraft, space rocketry and air-conditioning systems.

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

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 Dec. 31, 2005	As of Mar. 31, 2005	Increase (Decrease)
<u>ASSETS</u>			
Current assets:			
Cash and deposits	257,518	211,911	45,607
Trade receivables	971,612	1,048,892	(77,280)
Securities	1,352	2,571	(1,219)
Inventories	1,126,453	958,513	167,939
Deferred income taxes	65,032	65,500	(468)
Other current assets	250,033	184,867	65,166
Allowance for doubtful receivables	(7,335)	(6,612)	(722)
Total current assets	2,664,667	2,465,645	199,022
Fixed assets:			
Property, plant and equipment	753,580	736,500	17,080
Intangible fixed assets	33,274	33,726	(452)
Investments and advances			
Investment securities	606,820	538,792	68,027
Deferred income taxes	10,068	9,745	322
Other assets	88,412	98,445	(10,033)
Allowance for doubtful accounts	(45,062)	(51,712)	6,649
Total investments and advances	660,239	595,272	64,966
Total fixed assets	1,447,093	1,365,499	81,594
TOTAL ASSETS	4,111,761	3,831,144	280,616

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Dec. 31, 2005	As of Mar. 31, 2005	Increase (Decrease)
<u>LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY</u>			
LIABILITIES:			
Current liabilities:			
Trade payables	618,586	649,144	(30,557)
Bank loans	400,186	356,682	43,503
Commercial papers	75,000	-	75,000
Current portion of debentures	300	33,426	(33,126)
Reserve for product warranties	14,921	11,913	3,008
Allowance for losses on construction contracts	8,946	6,401	2,545
Advance payments received on contracts	400,079	363,447	36,631
Other current liabilities	215,390	146,972	68,418
Total current liabilities	1,733,409	1,567,987	165,421
Long-term liabilities:			
Debentures	213,363	213,334	29
Long-term debt	588,328	569,452	18,875
Deferred tax liabilities	64,180	17,464	46,716
Reserve for retirement allowance	119,975	109,797	10,177
Other long-term liabilities	23,951	27,919	(3,968)
Total long-term liabilities	1,009,799	937,968	71,831
TOTAL LIABILITIES	2,743,208	2,505,955	237,252
MINORITY INTERESTS	18,333	15,211	3,122
STOCKHOLDERS' EQUITY:			
Common stock	265,608	265,608	0
Capital surplus	203,861	203,854	6
Retained earnings	709,655	741,234	(31,579)
Net unrealized gains on investment securities	178,368	110,460	67,908
Foreign currency translation adjustments	(2,110)	(6,007)	3,897
Treasury stock	(5,165)	(5,173)	8
TOTAL STOCKHOLDERS' EQUITY	1,350,218	1,309,977	40,241
TOTAL LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY	4,111,761	3,831,144	280,616

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2005 First 9 Months (From April 1 to Dec. 31, 2005)	FY2004 First 9 Months (From April 1 to Dec. 31, 2004)	FY2004
Net sales	1,852,109	1,632,538	2,590,733
Cost of sales	1,619,683	-	2,300,894
Selling, general and administrative expenses	190,972	-	275,065
Operating income	41,453	-	14,772
Non-operating income:			
Interest and dividend income	9,298	-	9,907
Equity in earnings of unconsolidated subsidiaries and affiliates	3,842	-	10,003
Foreign exchange gains	-	-	1,631
Other income	2,721	-	4,229
Total non-operating income	15,862	-	25,771
Non-operating expenses:			
Interest expense	11,663	-	15,496
Foreign exchange losses	7,058	-	-
Losses on disposal of fixed assets	3,170	-	4,932
Other expenses	4,993	-	7,576
Total non-operating expenses	26,885	-	28,005
Ordinary income	30,431	-	12,538
Extraordinary income:			
Gains on sales of fixed assets	1,574	-	10,356
Gains on sales of investment securities	-	-	15,745
Total extraordinary income	1,574	-	26,102
Extraordinary expenses:			
Provision of reserve for product warranties	-	-	10,889
Losses on impairment for fixed assets	-	-	6,107
Losses on damage from natural disasters	-	-	3,466
Business improvement and restructuring charges	-	-	1,778
Total extraordinary expenses	-	-	22,242
Income before income taxes and minority interests	32,006	-	16,398
Income taxes	9,711	-	11,466
Minority interests in income after taxes	1,310	-	882
Net income	20,984	-	4,049

For the first nine months' financial results of FY2004, disclosures were limited to "net sales"; therefore, figures except "net sales" for the same period one year ago are not available.