



Financial Results for Second Quarter FY2009

October 2009

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. Second Quarter FY2009 Financial Results

Summary of Second Quarter Financial Results

(In billion yen)

	FY2008-1H	FY2009-1H	Change
Orders received	1,841.7	1,115.7	- 726.0
Net sales	1,574.6	1,321.6	- 253.0
Operating income	72.7	25.1	- 47.6
Ordinary income	75.5	2.6	- 72.8
Extraordinary income	- 23.4	- 2.0	+21.3
Income before income taxes	52.0	0.5	- 51.5
Net income	29.0	- 3.1	- 32.1

Orders received ⇒ Down ¥726.0 billion YoY (¥1,841.7 bn → ¥1,115.7 bn)

- Orders declined from a year ago in all segments, especially in the Mass and Medium-Lot Manufactured Machinery segment, which was influenced by economic stagnation in Japan and overseas, and in the Power Systems segment, where the volume of orders was high a year ago.

Net sales ⇒ Down ¥253.0 billion YoY (¥1,574.6 bn → ¥1,321.6 bn)

- Although sales in the Machinery & Steel Structures, Aerospace, and other segments changed only slightly, overall net sales were down from a year ago, as sales declined sharply in the Mass and Medium-Lot Manufactured Machinery segment, and fell in the Power Systems and Shipbuilding & Ocean Development segments.

Net income ⇒ Down ¥32.1 billion YoY (¥29.0 bn → - ¥3.1 bn)

- Operating income, ordinary income, and net income all declined from a year ago, reflecting weaker profitability, especially in the Mass and Medium-Lot Manufactured Machinery segment because of lower sales and a stronger yen. However, a pretax profit was achieved thanks to initiatives to improve profitability.

Second Quarter Financial Results by Segment

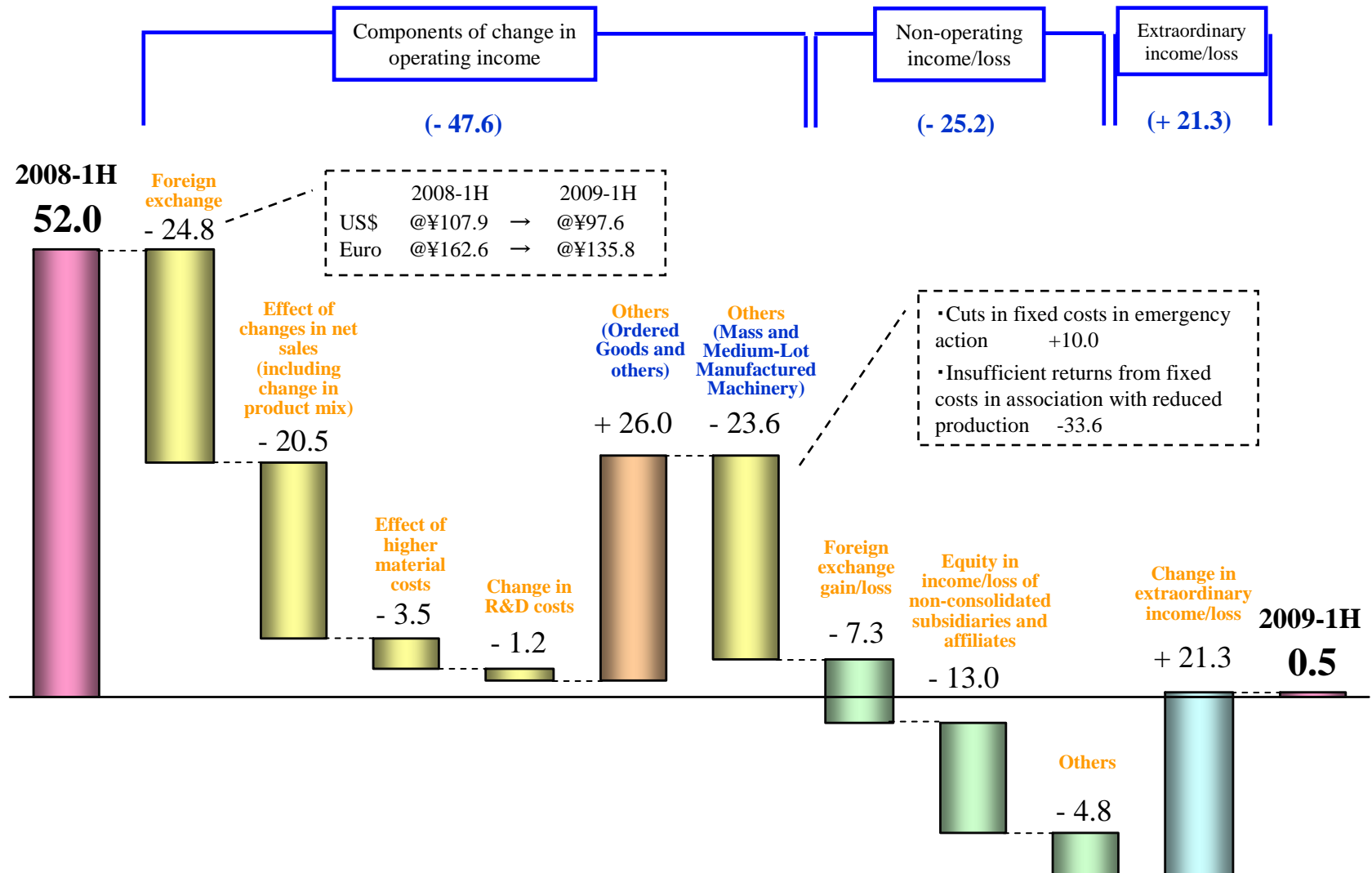
(In billion yen)

	Orders received		Net sales		Operating income		
	2008-1H	2009-1H	2008-1H	2009-1H	2008-1H	2009-1H	
Shipbuilding & Ocean Development	180.5	55.1	127.6	105.5	6.8	12.5	
Power Systems	820.0	526.8	541.5	487.2	42.6	31.7	
Machinery & Steel Structures	223.3	141.2	219.1	214.9	3.5	3.8	
Aerospace	142.6	118.7	215.9	213.7	0.3	3.1	
Mass and Medium-Lot Manufactured Machinery	GM & SV	238.8	132.2	238.7	133.7	7.6	- 15.1
	Air-Con	115.1	70.8	111.7	68.1	4.6	- 3.9
	Industrial	97.5	54.5	97.8	57.6	3.2	- 10.2
Others	49.6	37.1	51.6	64.0	3.8	3.1	
Inter-group consolidation adjustments	- 25.9	- 21.0	- 29.5	- 23.4	-	-	
Total	1,841.7	1,115.7	1,574.6	1,321.6	72.7	25.1	

GM&SV: General Machinery & Special Vehicles
 Air con: Air-conditioning and Refrigeration Systems
 Industrial: Industrial Machinery

Components of Change in Income before Income Taxes

Down ¥51.5 billion (¥52.0 bn → ¥0.5 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (- ¥72.8 billion YoY (¥75.5 bn → ¥2.6 bn))

(In billion yen)

	2008-1H	2009-1H	Change
Operating income	72.7	25.1	- 47.6
Foreign exchange gains	5.5	- 1.8	- 7.3
Net interest expense	- 2.4	- 7.3	- 4.8
Equity in earnings of non-consolidated subsidiaries and affiliates	3.7	- 9.3	- 13.0
Other	- 4.0	- 3.9	+ 0.0
Non-operating income	2.7	- 22.4	- 25.2
Ordinary income	75.5	2.6	- 72.8

- Extraordinary Income (+ ¥21.3 billion YoY (-¥23.4 bn → -¥2.0bn))

(In billion yen)

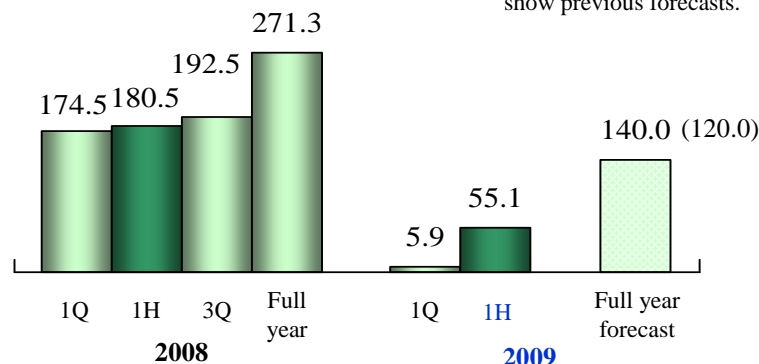
	2008-1H	2009-1H	Change
Gain on sale of fixed assets	2.4	-	-2.4
Gain on sales of investment securities	14.1	-	-14.1
Extraordinary gain	16.5	-	-16.5
Effect of application of the accounting standard for measurement of inventories	- 33.4	-	+ 33.4
Loss on legal claims	- 6.5	-	+ 6.5
Business structure improvement expenses	-	- 2.0	-2.0
Extraordinary loss	- 40.0	- 2.0	+ 37.9
Extraordinary income/loss	- 23.4	- 2.0	+ 21.3

< Shipbuilding & Ocean Development >

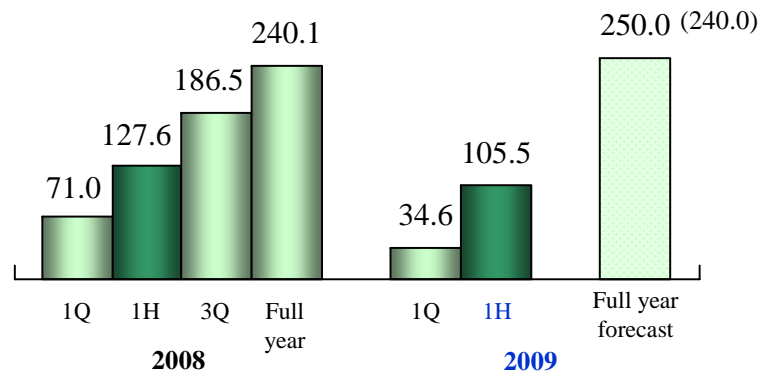
(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

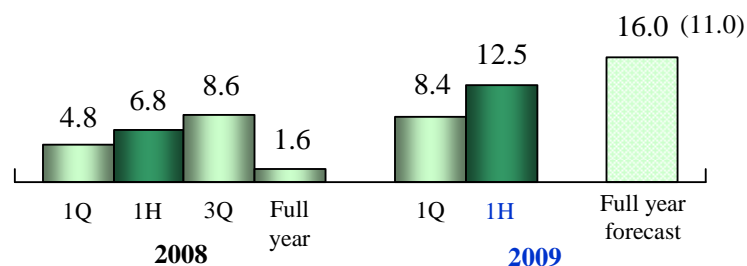
Orders Received



Net Sales



Operating Income



Orders received: Down ¥125.3 billion YoY

- Although interest in new commercial vessels remained weak, orders for one escort ship and five patrol vessels were received in the period under review.

[Number of ships orders received]

FY2008-1H: 16 (1Q: 16, 2Q: 0)

FY2009-1H: 6 (1Q: 0, 2Q: 6)

[Backlog of ship orders] 65

(19 pure car carriers, 14 container ships, 8 LPG carriers, 7 patrol vessels, and others)

Net sales/Earnings: Increased earning (+ ¥5.7 billion YoY) on decreased sales (- ¥22.0 billion YoY)

- We delivered a total of 7 vessels, including five pure car carriers and two LPG carriers.

[Number of ships delivered]

FY2008-1H: 8 (1Q: 5, 2Q: 3)

FY2009-1H: 7 (1Q: 3, 2Q: 4)

- Earnings rose from a year ago, reflecting a review of the allowance for losses posted in the previous year in association with changes in the exchange rate and the steel price, which are assumptions underlying the estimate, in addition to improvements in profitability.

Full-year forecast:

Orders: Orders were revised from ¥120 billion to ¥140 billion, reflecting the latest situation of negotiations.

Net sales: Net sales were revised from ¥240 billion to ¥250 billion.

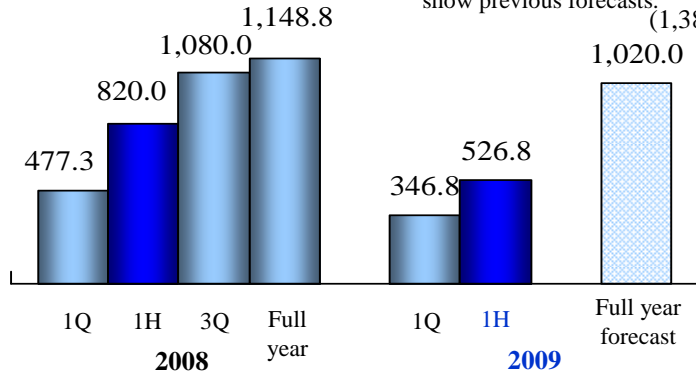
Operating income: Operating income was revised from ¥11 billion to ¥16 billion, reflecting an expected increase in net sales and improvements in profitability.

< Power Systems >

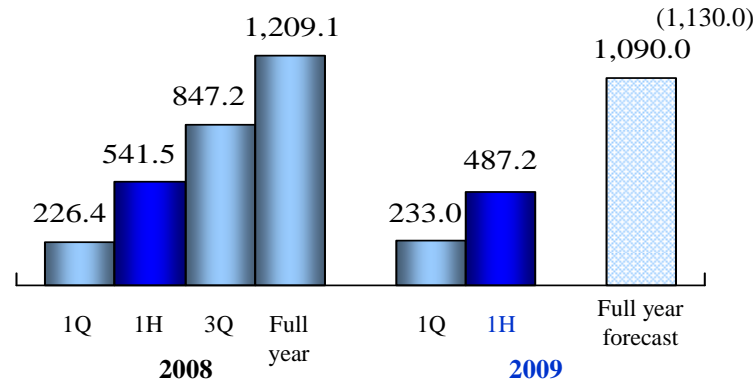
(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

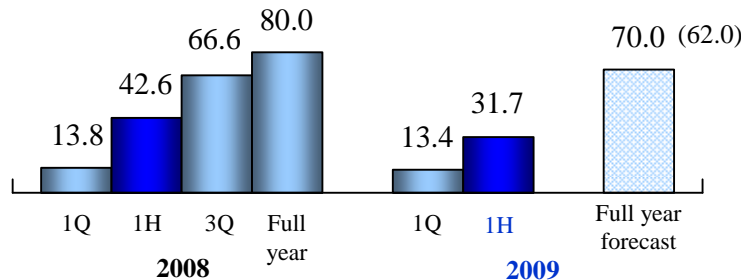
Orders Received



Net Sales



Operating Income



Orders received: Down ¥293.2 billion YoY

- Orders for wind turbines fell sharply from a strong level a year ago. Orders for thermal power plants overseas also declined as the recovery in the environment for accepting orders was delayed. Although the environment remained difficult, the Company received orders for new-type GTCC plants in Japan. Meanwhile, the Company steadily received orders for after-sales service work, including long-term GTCC maintenance contracts.

[Wind turbines (Output-based)]

FY2008-1H: 900MW

(FY2008: Orders 963MW, Cancels -1,094MW)

FY2009-1H: 0MW

[Backlog of Gas turbine orders (Non-consolidated)]

FY2008-2Q: 77 (FY2008: 66)

FY2009-2Q: 67

Net sales/Earnings: Decreased earning (- ¥10.8 billion YoY) on decreased sales (- ¥54.3 billion YoY)

- Net sales fell from a year ago, with sales of thermal power plants declining, compared with the year-ago period, when sales of many large-scale projects were posted.

- Earnings declined from a year ago, attributable to a stronger yen and a fall in net sales. The construction of plants for which orders had been received progressed as planned, and after-sales service work was solid.

Full-year forecast:

Orders: Orders were revised from ¥1,380 billion to ¥1,020 billion, reflecting the progress of negotiations over overseas projects.

Net sales: Net sales were revised from ¥1,130 billion to ¥1,090 billion.

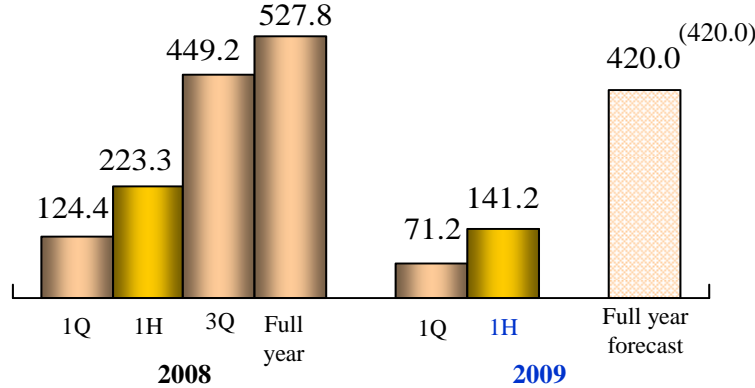
Operating income: Operating income was revised from ¥62 billion to ¥70 billion, reflecting improvements in profitability.

< Machinery & Steel Structures >

(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

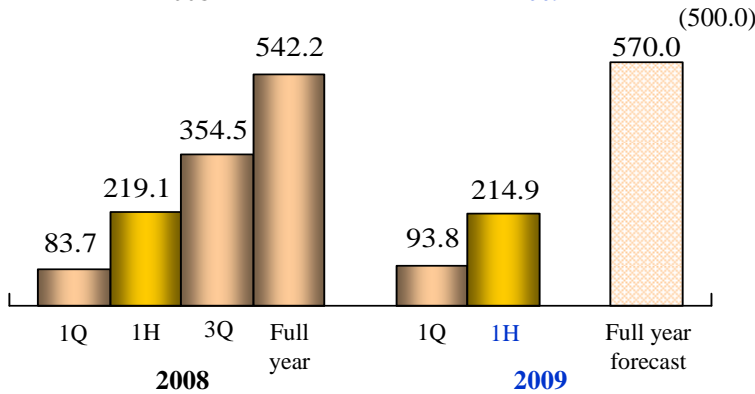
Orders Received



Orders received: Down ¥82.0 billion YoY

-Orders were down from a year ago, with orders for steel machinery, which were strong a year ago, declining.

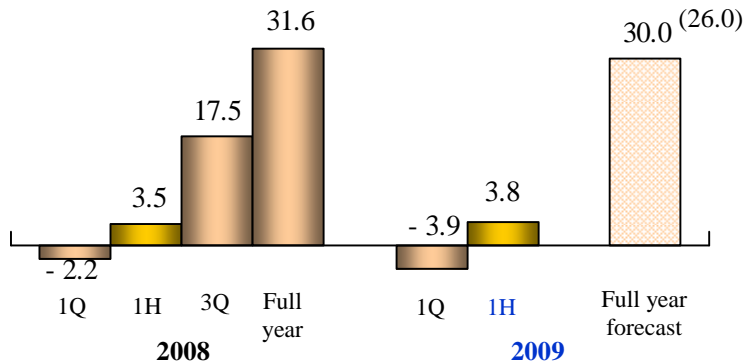
Net Sales



Net sales/Earnings: Increased earning (+ ¥0.3 billion YoY) on decreased sales (- ¥4.2 billion YoY)

-Net sales declined only slightly from a year ago.
-Earnings increased only slightly from a year ago.

Operating Income



Full-year forecast:

Orders: Since there were no significant changes in negotiations overall, the previous forecast was not revised.

Net sales: Net sales were revised from ¥500 billion to ¥570 billion, reflecting the latest outlook for the progress of construction work.

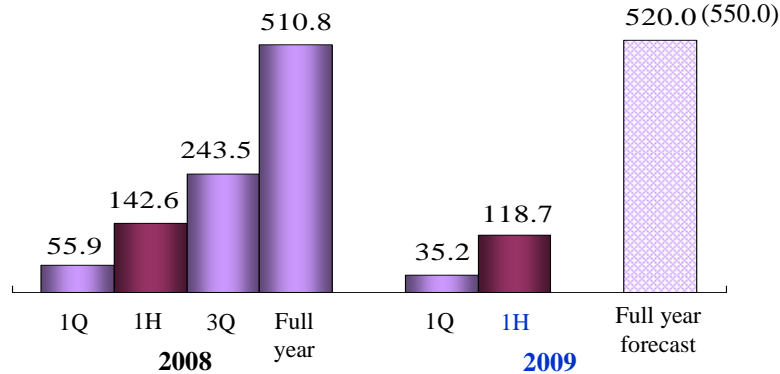
Operating income: Operating income was revised from ¥26 billion to ¥30 billion, reflecting an expected rise in net sales.

< Aerospace >

(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

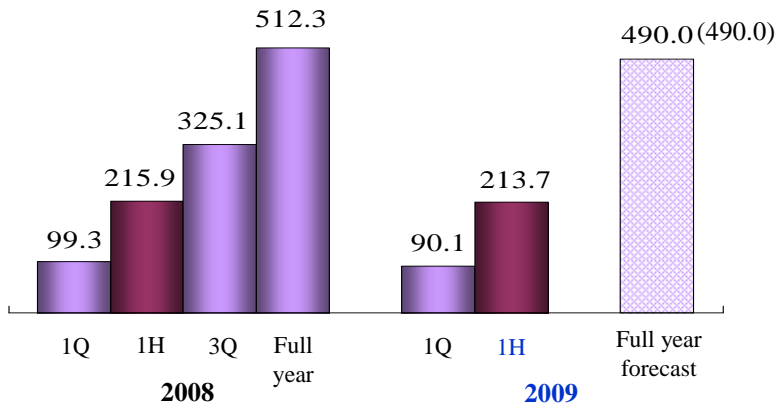
Orders Received



Orders received: Down ¥23.9 billion YoY

- Orders fell below the year-ago level, with orders both for commercial aircraft and for defense-related products declining due to the global economic downturn.

Net Sales



Net sales/Earnings: Increased earning (+ ¥2.8 billion YoY) on decreased sales (- ¥2.2 billion YoY)

-Net sales remained on a par with the year-ago result. Although sales of space-related products increased, sales of defense-related products were down.

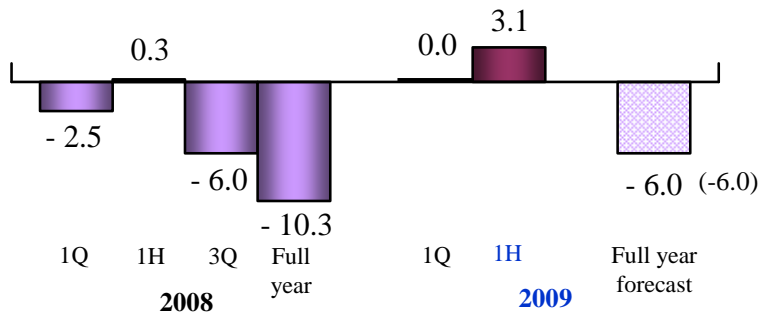
Earnings rose from a year ago, reflecting an improvement in earnings from commercial aircraft, which offset the adverse effect of a stronger yen.

[Number of B777s delivered]

FY2008-1H: 42 (FY2008: 67)

FY2009-1H: 42

Operating Income



Full-year forecast:

Orders: Orders were revised from ¥550 billion to ¥520 billion, because of a decline in commercial aircraft for Boeing.

Net sales: There were no changes to the previous forecast.

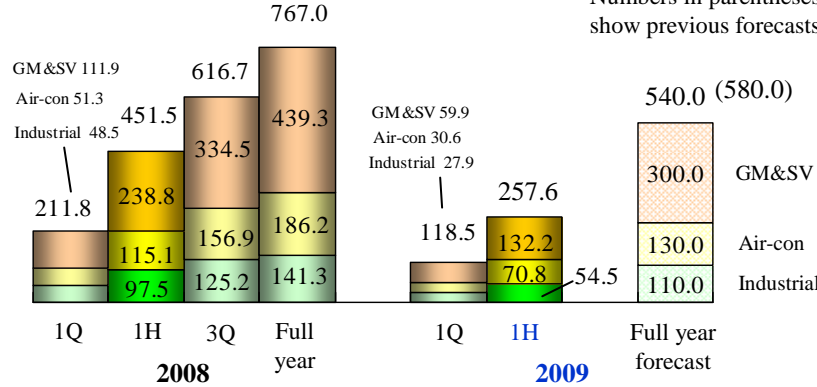
Operating income: There were no changes to the previous forecast.

< Mass and Medium-Lot Manufactured Machinery >

(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

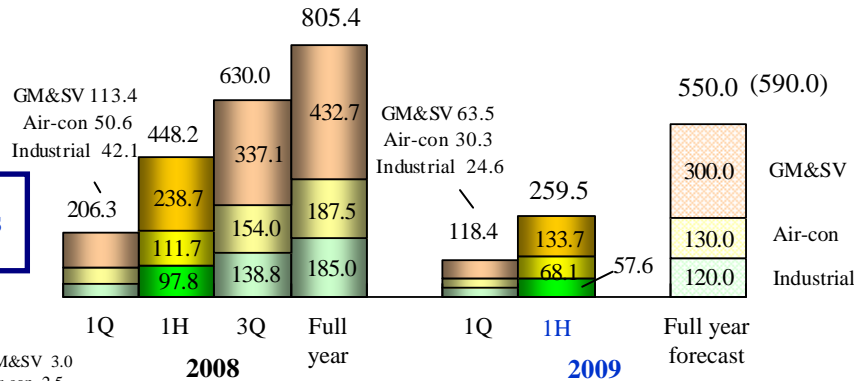
Orders Received



Orders received: Down ¥193.8 billion YoY

-Although there were signs of a recovery in orders for certain products, demand remained weak overall. As a result, orders were down significantly from a year ago.

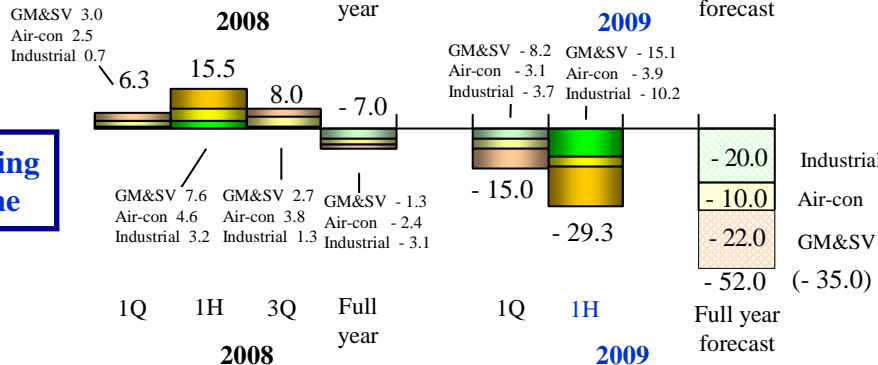
Net Sales



Net sales/Earnings: Decreased earnings (- ¥44.9 billion YoY) on decreased sales (- ¥188.7 billion YoY)

-Earnings fell sharply from a year ago because of a stronger yen, a decline in sales, and lower profitability due to insufficient returns from fixed costs in association with reduced production, despite emergency actions including the reduction of fixed costs.

Operating Income



Full-year forecast:

Orders: Orders were revised from ¥580 billion to ¥540 billion, reflecting the latest demand forecast.

Net sales: Net sales was revised from ¥590 billion to ¥550 billion.

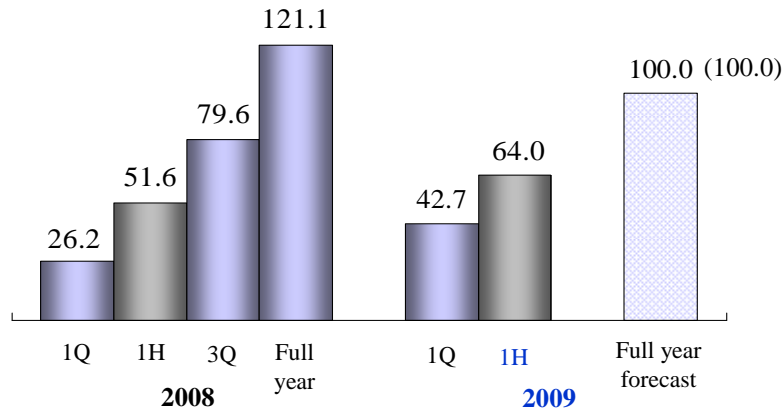
Operating income: Operating income was revised from -¥35 billion to -¥52 billion, given an expected fall in net sales.

< Others >

(In billion yen, accumulated amount)

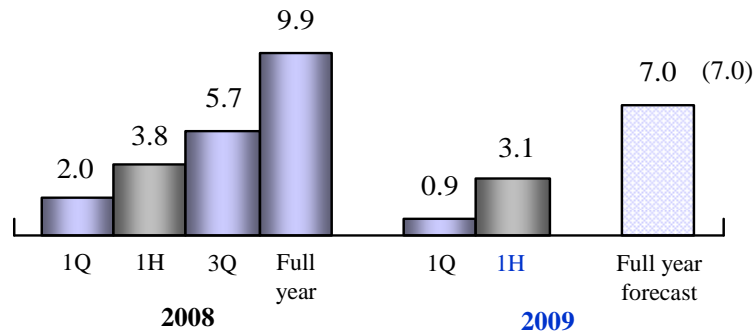
Numbers in parentheses show previous forecasts.

Net Sales



- Real estate and construction
- Information and communication systems, etc.

Operating Income



Balance Sheets

(In billion yen)

	As of March 31, 2009	As of September 30, 2009	Changes
Assets			
Trade receivables	1,082.5	838.0	-244.5
Inventories	1,268.6	1,375.2	+106.6
Other current assets	813.8	602.8	-210.9
Total current assets	3,165.0	2,816.1	-348.8
Total fixed assets	1,361.1	1,419.6	+58.4
Total assets	4,526.2	4,235.7	-290.4
Liabilities			
Trade payables	699.6	596.8	-102.8
Advance payments received on contracts	479.0	512.9	+33.9
Other current liabilities	816.2	497.8	-318.4
Total current liabilities	1,994.8	1,607.5	-387.3
Total long-term liabilities	1,248.0	1,310.2	+62.1
Total liabilities	3,242.9	2,917.8	-325.1
Net assets			
Stockholders' equity	1,253.4	1,254.2	+0.8
Valuation, translation adjustments and others	-11.8	9.6	+21.5
Others (Minority interests, etc.)	41.6	53.9	+12.3
Total net assets	1,283.2	1,317.9	+34.6
Total liabilities and net assets	4,526.2	4,235.7	-290.4
Interest-bearing debt outstanding	1,612.8	1,399.2	-213.5

Including Cash and deposits -246.4

Including Interest-bearing debt outstanding 269.0

Including Interest-bearing debt outstanding +55.5

II. Forecast for FY2009

Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. As such, those projection simply risks and insecurity. For this reason, investors are recommended not to depend solely on these projections for making investment decision. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan.

Summary of Forecast for FY2009

(In billion yen)

	FY2008 (Actual)	FY2009 (Previous forecast) '09.7.31	FY2009 (Forecast)
Orders received	3,268.7	3,100.0	2,700.0
Net sales	3,375.6	3,000.0	3,000.0
Operating income	105.8	65.0	65.0
Ordinary income	75.3	20.0	20.0
Net income	24.2	12.0	12.0

- ◇ Assumes foreign exchange rates of undetermined amount ¥95 to the U.S. dollar and ¥125 to the Euro (US\$ 2.7 billion, Euro 0.4 billion undetermined)

Forecast for FY2009 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2008	FY2009		FY2008	FY2009		FY2008	FY2009	
		Previous forecast	forecast		Previous forecast	forecast		Previous forecast	forecast
Shipbuilding & Ocean Development	271.3	120.0	140.0	240.1	240.0	250.0	1.6	11.0	16.0
Power Systems	1,148.8	1,380.0	1,020.0	1,209.1	1,130.0	1,090.0	80.0	62.0	70.0
Machinery & Steel Structures	527.8	420.0	420.0	542.2	500.0	570.0	31.6	26.0	30.0
Aerospace	510.8	550.0	520.0	512.3	490.0	490.0	- 10.3	- 6.0	- 6.0
GM & SV	439.3	320.0	300.0	432.7	320.0	300.0	- 1.3	- 14.0	- 22.0
Air-Con	186.2	140.0	130.0	187.5	140.0	130.0	- 2.4	- 12.0	- 10.0
Industrial	141.3	120.0	110.0	185.0	130.0	120.0	- 3.1	- 9.0	- 20.0
Mass and Medium-lot Manufactured Machinery	767.0	580.0	540.0	805.4	590.0	550.0	- 7.0	- 35.0	- 52.0
Others	99.0	100.0	100.0	121.1	100.0	100.0	9.9	7.0	7.0
Inter-group consolidation adjustments	- 56.2	- 50.0	- 40.0	- 54.7	- 50.0	- 50.0	-	-	-
Total	3,268.7	3,100.0	2,700.0	3,375.6	3,000.0	3,000.0	105.8	65.0	65.0

GM&SV: General Machinery & Special Vehicles
 Air con: Air-conditioning and Refrigeration Systems
 Industrial: Industrial Machinery