

## MHI Announces Outline of FY2009 First 9 Month Financial Results Ended December 31, 2009 (Consolidated)

Tokyo, February 4, 2010 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first nine months of fiscal year (FY) 2009 ended December 31, 2009.

(billions of yen)

	<b>FY2009</b> <b>First 9 Months</b> (From April 1 to December 31, 2009)	FY2008 First 9 Months (From April 1 to December 31, 2008)	Changes (%)
Orders Received	<b>1,496.1</b>	2,613.2	(42.7)
Net Sales	<b>1,999.3</b>	2,379.6	(16.0)
Operating Income	<b>46.0</b>	100.5	(54.2)
Ordinary Income	<b>17.9</b>	86.6	(79.3)
Income Before Taxes and Minority Interests	<b>15.3</b>	59.8	(74.3)
Net Income	<b>4.2</b>	27.8	(84.6)
Operating Cash Flow	<b>(5.9)</b>	(92.4)	/
Investment Cash Flow	<b>(149.2)</b>	(87.7)	/
Financing Cash Flow	<b>(27.9)</b>	153.1	/
Net Income Per Share	<b>1.28 yen</b>	8.30 yen	(84.6)

Figures in parentheses are minus value.

## Consolidated financial results (continued)

### Sales by Operational Segment

(billions of yen)

	<b>FY2009 First 9 Months</b> (From April 1 to December 31, 2009)	<b>FY2008 First 9 Months</b> (From April 1 to December 31, 2008)
Shipbuilding & Ocean Development	<b>165.6</b>	186.5
Power Systems	<b>719.1</b>	847.2
Machinery & Steel Structures	<b>365.6</b>	354.5
Aerospace	<b>320.8</b>	325.1
Mass and Medium-Lot Manufactured Machinery	<b>381.9</b>	630.0
Others	<b>45.9</b>	36.0
<b>TOTAL</b>	<b>1,999.3</b>	2,379.6

### Operating Income (Loss) by Operational Segment

(billions of yen)

	<b>FY2009 First 9 Months</b> (From April 1 to December 31, 2009)	<b>FY2008 First 9 Months</b> (From April 1 to December 31, 2008)
Shipbuilding & Ocean Development	<b>10.5</b>	8.6
Power Systems	<b>57.3</b>	66.6
Machinery & Steel Structures	<b>16.4</b>	17.5
Aerospace	<b>(0.9)</b>	(6.0)
Mass and Medium-Lot Manufactured Machinery	<b>(43.6)</b>	8.0
Others	<b>6.3</b>	5.7
<b>TOTAL</b>	<b>46.0</b>	100.5

Figures in parentheses are minus value.

## **Consolidated financial results (continued)**

### **Estimate of Consolidated Financial Results for FY 2009**

For the fiscal year 2009 ending March 31, 2010, MHI is expecting 3,000 billion yen in net sales, 65 billion yen in operating income, 20 billion yen in ordinary income and 12 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥92 and €1.00 = ¥132 for the portion yet to be fixed.

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.

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# CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Dec.31, 2009	As of Mar.31, 2009
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and deposits	259,766	435,038
Trade receivables	908,352	1,082,569
Securities	9	3,010
Merchandise and finished products	184,268	170,754
Work in process	1,081,296	959,138
Raw materials and supplies	134,745	138,724
Deferred income taxes	142,753	136,341
Others	308,344	245,100
Allowance for doubtful receivables	(7,267)	(5,617)
<b>Total current assets</b>	<b>3,012,270</b>	<b>3,165,059</b>
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures	338,901	331,063
Machinery and transportation equipment	269,487	282,371
Tools, equipment and furniture	51,542	65,916
Land	163,700	157,986
Leased assets	5,759	3,044
Construction in progress	70,619	51,966
Subtotal	900,010	892,347
Intangible assets	29,716	30,991
Investments and advances:		
Investment securities	330,745	274,195
Long-term loans and advances	2,589	2,505
Deferred income taxes	9,762	9,372
Others	148,983	162,274
Allowance for doubtful accounts	(9,086)	(10,533)
Subtotal	482,995	437,814
<b>Total fixed assets</b>	<b>1,412,722</b>	<b>1,361,153</b>
<b>TOTAL ASSETS</b>	<b>4,424,993</b>	<b>4,526,213</b>

# CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Dec.31, 2009	As of Mar.31, 2009
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Trade payables	602,547	699,648
Short-term borrowings	113,709	248,734
Current portion of long-term borrowings	112,089	108,267
Commercial papers	95,000	115,000
Current portion of bonds	40,000	20,300
Reserve for product warranties	29,090	23,872
Reserve for losses on construction contracts	21,288	37,911
Reserve for legal claims	13,591	23,300
Advance payments received on contracts	503,047	479,004
Others	229,370	238,853
<b>Total current liabilities</b>	<b>1,759,737</b>	<b>1,994,892</b>
<b>Long-term liabilities:</b>		
Debentures	344,510	264,601
Long-term borrowings	874,272	855,956
Deferred income taxes	17,382	7,519
Reserve for retirement allowance	50,422	50,776
Reserve for treatment of PCB waste	3,823	4,293
Others	63,929	64,921
<b>Total long-term liabilities</b>	<b>1,354,342</b>	<b>1,248,068</b>
<b>TOTAL LIABILITIES</b>	<b>3,114,080</b>	<b>3,242,961</b>
<b><u>NET ASSETS</u></b>		
<b>Stockholders' equity:</b>		
Common stock	265,608	265,608
Capital surplus	203,938	203,928
Retained earnings	790,329	788,948
Treasury stock	(5,044)	(5,041)
<b>Total stockholders' equity</b>	<b>1,254,831</b>	<b>1,253,443</b>
<b>Valuation, translation adjustments and others:</b>		
Net unrealized gains on investment securities	30,817	17,313
Deferred gains or losses on hedges	(852)	323
Foreign currency translation adjustments	(25,423)	(29,482)
<b>Total valuation, translation adjustments and others</b>	<b>4,541</b>	<b>(11,845)</b>
<b>Share subscription rights</b>	<b>1,184</b>	<b>881</b>
<b>Minority interests</b>	<b>50,355</b>	<b>40,772</b>
<b>TOTAL NET ASSETS</b>	<b>1,310,913</b>	<b>1,283,251</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,424,993</b>	<b>4,526,213</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2008 First 9 Months (From Apr.1 to Dec.31, 2008)	FY2009 First 9 Months (From Apr.1 to Dec.31, 2009)
<b>Net sales</b>	<b>2,379,652</b>	<b>1,999,312</b>
Cost of sales	2,040,951	1,703,758
<b>Gross profit</b>	<b>338,701</b>	<b>295,553</b>
<b>Selling, general and administrative expenses:</b>		
Provision of allowance for doubtful accounts	-	2,346
Directors' compensations, salaries and allowances	92,063	93,267
Research and development expenses	34,594	41,792
Expenses for inquiries	17,775	21,589
Others	93,704	90,492
<b>Total selling, general and administrative expenses</b>	<b>238,138</b>	<b>249,487</b>
<b>Operating income</b>	<b>100,563</b>	<b>46,065</b>
<b>Non-operating income:</b>		
Interest income	4,552	2,895
Dividend income	8,165	2,926
Others	3,047	5,106
<b>Total non-operating income</b>	<b>15,765</b>	<b>10,929</b>
<b>Non-operating expenses:</b>		
Interest expense	14,856	16,790
Equity in losses of unconsolidated subsidiaries and affiliates	746	7,407
Foreign exchange loss	3,354	750
Loss on disposal of fixed assets	3,966	4,003
Others	6,805	10,125
<b>Total non-operating expenses</b>	<b>29,728</b>	<b>39,077</b>
<b>Ordinary income</b>	<b>86,600</b>	<b>17,917</b>
<b>Extraordinary gain:</b>		
Gain on sales of fixed assets	2,712	-
Gain on sales of investment securities	14,146	-
<b>Total extraordinary gain</b>	<b>16,859</b>	<b>-</b>
<b>Extraordinary loss:</b>		
Business structure improvement expenses	-	2,526
Effect of the application of the accounting standard for measurement of inventories	33,436	-
Loss on legal claims	10,146	-
<b>Total extraordinary loss</b>	<b>43,582</b>	<b>2,526</b>
<b>Income before income taxes and minority interests</b>	<b>59,876</b>	<b>15,391</b>
Income taxes	31,306	14,488
Minority interests in income(loss) after taxes	717	(3,390)
<b>Net income</b>	<b>27,853</b>	<b>4,293</b>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	FY2008 First 9 Months (From Apr.1 to Dec.31,2008)	FY2009 First 9 Months (From Apr.1 to Dec.31,2009)
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	59,876	15,391
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities		
Depreciation and amortization	110,977	101,103
Increase in reserve for retirement allowance	5,297	1,240
Interest and dividend income	(12,718)	(5,822)
Interest expense	14,856	16,790
Equity in losses of unconsolidated subsidiaries and affiliates	746	7,407
Gain on sales of investment securities	(14,146)	-
Gain on sales of fixed assets	(2,712)	-
Loss on disposal of fixed assets	3,966	4,003
Loss on legal claims	10,146	-
Business structure improvement expenses	-	2,526
(Increase) decrease in receivables	13,060	171,122
(Increase) decrease in inventories and advances to suppliers	(265,870)	(144,870)
(Increase) decrease in other assets	(62,685)	(28,564)
Increase (decrease) in payables	(7,189)	(97,666)
Increase (decrease) in advance payments received on contracts	66,929	25,554
Increase (decrease) in other liabilities	62,719	(22,424)
Others	2,958	(2,168)
Subtotal	<b>(13,787)</b>	<b>43,624</b>
Interest and dividends received	13,674	7,176
Interest paid	(14,435)	(15,751)
Payments for income taxes	(77,925)	(40,957)
Net cash used in operating activities	<b>(92,474)</b>	<b>(5,908)</b>
<b>Cash flows from investing activities:</b>		
Net (increase) decrease in time deposits	2,518	(1,489)
Purchases of marketable securities	(257)	-
Proceeds from sales and redemption of marketable securities	567	-
Purchases of property, plant, equipment and intangible assets	(123,833)	(138,566)
Proceeds from sales of property, plant, equipment and intangible assets	3,779	21,001
Purchases of investment securities	(24,681)	(38,627)
Proceeds from sales and redemption of investment securities	50,637	2,146
Disbursement of long-term loans	(1,448)	(467)
Collection of long-term loans	4,910	6,955
Others	80	(203)
Net cash used in investing activities	<b>(87,727)</b>	<b>(149,249)</b>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term borrowings and commercial papers	173,198	(155,364)
Proceeds from long-term borrowings	92,062	144,881
Repayment of long-term borrowings	(75,192)	(111,755)
Proceeds from issuance of bonds	-	100,000
Payment for redemption of bonds	(40,150)	(350)
Proceeds from issuance of stock to minority stockholders of subsidiaries	23,488	13,971
Dividends paid to stockholders	(19,597)	(16,386)
Dividends paid to minority stockholders of subsidiaries	(501)	(806)
Others	(156)	(2,157)
Net cash provided by (used in) financing activities	<b>153,152</b>	<b>(27,968)</b>
Effect of exchange rate changes on cash and cash equivalents	<b>(13,034)</b>	<b>3,526</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(40,084)</b>	<b>(179,600)</b>
Cash and cash equivalents at beginning of year	<b>262,852</b>	<b>425,913</b>
Cash and cash equivalents at end of period	<b>222,767</b>	<b>246,313</b>