

MHI Announces Outline of FY2011 First 6 Month Financial Results Ended September 30, 2011 (Consolidated)

Tokyo, October 31, 2011 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first six months of fiscal year (FY) 2011 ended September 30, 2011.

(billions of yen)

	FY2011 First 6 Months (From April 1 to September 30, 2011)	FY2010 First 6 Months (From April 1 to September 30, 2010)	Changes (%)
Orders Received	1,403.1	1,201.0	16.8
Net Sales	1,293.6	1,356.8	(4.7)
Operating Income	73.1	64.5	13.3
Ordinary Income	45.6	43.4	5.1
Income Before Taxes and Minority Interests	71.4	40.0	78.5
Net Income	39.8	17.3	129.6
Operating Cash Flow	106.6	208.9	/
Investment Cash Flow	(26.1)	(78.2)	/
Financing Cash Flow	(88.5)	(90.5)	/
Net Income Per Share	11.89 yen	5.18 yen	129.7

Figures in parentheses are minus value.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

	FY2011 First 6 Months (From April 1 to September 30, 2011)	FY2010 First 6 Months (From April 1 to September 30, 2010)
Shipbuilding & Ocean Development	158.4	150.2
Power Systems	442.2	456.3
Machinery & Steel Infrastructure Systems	176.6	302.1
Aerospace Systems	208.8	178.4
General Machinery & Special Vehicles	186.1	159.0
Others	141.9	135.9
Eliminations or Corporate	(20.7)	(25.4)
TOTAL	1,293.6	1,356.8

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2011 First 6 Months (From April 1 to September 30, 2011)	FY2010 First 6 Months (From April 1 to September 30, 2010)
Shipbuilding & Ocean Development	(1.0)	5.8
Power Systems	62.6	48.0
Machinery & Steel Infrastructure Systems	7.6	20.3
Aerospace Systems	(2.7)	(4.6)
General Machinery & Special Vehicles	0.4	(8.1)
Others	6.1	3.2
TOTAL	73.1	64.5

Figures in parentheses are minus value.

Estimate of Consolidated Financial Results for FY 2011

For the fiscal year 2011 ending March 31, 2012, MHI is expecting 2,850 billion yen in net sales, 110 billion yen in operating income, 70 billion yen in ordinary income, and 35 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥80 and €1.00 = ¥110 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.

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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 2,903.7 billion yen in fiscal 2010, the year ended March 31, 2011. MHI's diverse lineup of products and services encompasses shipbuilding, power plants, chemical plants, environmental equipment, steel structures, industrial and general machinery, aircraft, space rocketry and air-conditioning systems.

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

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CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Sep.30, 2011	As of Mar.31, 2011
<u>ASSETS</u>		
Current assets:		
Cash and deposits	164,380	301,047
Trade receivables	785,773	852,645
Securities	164,992	8
Merchandise and finished products	183,571	175,630
Work in process	813,278	803,874
Raw materials and supplies	139,110	136,701
Deferred income taxes	169,367	161,823
Others	176,611	151,383
Allowance for doubtful receivables	(7,054)	(7,500)
Total current assets	2,590,030	2,575,613
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	344,994	355,449
Machinery and transportation equipment	245,908	251,507
Tools, equipment and furniture	39,027	39,714
Land	139,923	166,494
Leased assets	5,634	6,004
Construction in progress	38,057	42,358
Subtotal	813,546	861,528
Intangible assets	26,917	25,165
Investments and advances:		
Investment securities	298,050	321,285
Long-term loans and advances	4,564	5,180
Deferred income taxes	12,538	10,824
Others	183,248	198,938
Allowance for doubtful accounts	(9,439)	(9,535)
Subtotal	488,962	526,693
Total fixed assets	1,329,425	1,413,387
TOTAL ASSETS	3,919,456	3,989,001

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Sep.30, 2011	As of Mar.31, 2011
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	566,046	619,107
Short-term borrowings	59,394	85,488
Current portion of long-term borrowings	248,294	211,114
Current portion of bonds	39,900	14,074
Reserve for product warranties	21,886	23,123
Reserve for losses on construction contracts	57,843	50,753
Reserve for legal claims	2,109	2,167
Advance payments received on contracts	376,146	330,275
Others	191,940	197,965
Total current liabilities	1,563,562	1,534,070
Long-term liabilities:		
Debentures	280,000	330,000
Long-term borrowings	620,155	684,989
Deferred income taxes	5,320	3,607
Reserve for retirement allowance	49,373	49,842
Reserve for treatment of PCB waste	6,836	7,007
Others	65,296	66,805
Total long-term liabilities	1,026,983	1,142,251
TOTAL LIABILITIES	2,590,546	2,676,322
<u>NET ASSETS</u>		
Stockholders' equity:		
Common stock	265,608	265,608
Capital surplus	203,942	203,939
Retained earnings	848,278	815,145
Treasury stock	(5,410)	(5,425)
Total stockholders' equity	1,312,419	1,279,267
Accumulated other comprehensive income (loss)		
Net unrealized gains on investment securities	12,591	25,579
Deferred losses on hedges	(2,985)	(467)
Foreign currency translation adjustments	(42,603)	(42,311)
Total accumulated other comprehensive income (loss)	(32,997)	(17,199)
Share subscription rights	1,504	1,509
Minority interests	47,983	49,101
TOTAL NET ASSETS	1,328,910	1,312,678
TOTAL LIABILITIES AND NET ASSETS	3,919,456	3,989,001

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2010 First 6 Months (From Apr.1 to Sep.30, 2010)	FY2011 First 6 Months (From Apr.1 to Sep.30, 2011)
Net sales	1,356,810	1,293,626
Cost of sales	1,125,834	1,060,018
Gross profit	230,975	233,608
Selling, general and administrative expenses:		
Provision of allowance for doubtful accounts	1,420	-
Directors' compensations, salaries and allowances	60,143	62,300
Research and development expenses	25,398	21,056
Expenses for inquiries	16,188	14,530
Others	63,252	62,539
Total selling, general and administrative expenses	166,403	160,427
Operating income	64,572	73,180
Non-operating income:		
Interest income	2,186	1,792
Dividend income	1,849	2,006
Equity in earnings of unconsolidated subsidiaries and affiliates	3,386	2,391
Others	3,977	2,082
Total non-operating income	11,399	8,273
Non-operating expenses:		
Interest expense	11,583	10,664
Foreign exchange loss	14,000	17,960
Loss on disposal of fixed assets	2,246	1,802
Others	4,733	5,398
Total non-operating expenses	32,563	35,824
Ordinary income	43,409	45,629
Extraordinary gain:		
Gain on sales of fixed assets	-	28,026
Gain on sales of investment securities	2,812	-
Total extraordinary gain	2,812	28,026
Extraordinary loss:		
Loss on revaluation of investment securities	4,192	2,217
Effect of the application of the accounting standard for asset retirement obligations	2,012	-
Total extraordinary loss	6,205	2,217
Income before income taxes and minority interests	40,015	71,438
Income taxes	23,383	31,752
Income before minority interests	16,632	39,686
Minority interests in loss after taxes	(738)	(199)
Net income	17,370	39,885

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2010 First 6 Months (From Apr.1 to Sep.30, 2010)	FY2011 First 6 Months (From Apr.1 to Sep.30, 2011)
Income before minority interests	16,632	39,686
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	(14,935)	(13,179)
Deferred gains (losses) on hedges	(2,115)	(1,543)
Foreign currency translation adjustments	(12,023)	2,688
Share of other comprehensive income (loss) of entities accounted for using the equity method	(3,166)	(3,927)
Total other comprehensive income (loss)	(32,241)	(15,961)
Comprehensive income (loss)	(15,609)	23,724
Comprehensive income (loss) attributable to		
Shareholders of the parent	(14,411)	24,087
Minority interests	(1,197)	(363)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	FY2010 First 6 Months (From Apr.1 to Sep.30,2010)	FY2011 First 6 Months (From Apr.1 to Sep.30,2011)
Cash flows from operating activities:		
Income before income taxes and minority interests	40,015	71,438
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities		
Depreciation and amortization	62,561	58,666
Decrease in reserve for retirement allowance	(15)	(458)
Interest and dividend income	(4,035)	(3,798)
Interest expense	11,583	10,664
Equity in earnings of unconsolidated subsidiaries and affiliates	(3,386)	(2,391)
Gain on sales of investment securities	(2,812)	(150)
Loss on revaluation of investment securities	4,192	2,217
Gain on sales of fixed assets	-	(28,026)
Loss on disposal of fixed assets	2,246	1,802
Effect of the application of the accounting standard for asset retirement obligations	2,012	-
(Increase) decrease in receivables	98,825	67,878
(Increase) decrease in inventories and advances to suppliers	10,521	(34,349)
(Increase) decrease in other assets	(44,772)	6,893
Increase (decrease) in payables	(66,705)	(56,019)
Increase (decrease) in advance payments received on contracts	72,943	45,898
Increase (decrease) in other liabilities	36,848	(4,071)
Others	921	6,186
Subtotal	220,946	142,377
Interest and dividends received	5,022	3,725
Interest paid	(11,732)	(10,684)
Payments for income taxes	(5,272)	(28,780)
Net cash provided by operating activities	208,963	106,638
Cash flows from investing activities:		
Net (increase) decrease in time deposits	(929)	1,916
Purchases of marketable securities	-	(40,000)
Purchases of property, plant, equipment and intangible assets	(70,033)	(53,692)
Proceeds from sales of property, plant, equipment and intangible assets	739	64,989
Purchases of investment securities	(12,481)	(1,194)
Proceeds from sales and redemption of investment securities	4,249	1,711
Disbursement of long-term loans	(743)	(571)
Collection of long-term loans	1,908	1,360
Others	(915)	(691)
Net cash used in investing activities	(78,207)	(26,171)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial papers	(17,418)	(27,295)
Proceeds from long-term borrowings	5,768	7,009
Repayment of long-term borrowings	(51,241)	(35,422)
Payment for redemption of bonds	(20,000)	(24,272)
Proceeds from issuance of stock to minority stockholders of subsidiaries	441	4
Dividends paid to stockholders	(6,680)	(6,690)
Dividends paid to minority stockholders of subsidiaries	(598)	(758)
Others	(773)	(1,126)
Net cash used in financing activities	(90,503)	(88,552)
Effect of exchange rate changes on cash and cash equivalents	(5,381)	(1,724)
Net increase (decrease) in cash and cash equivalents	34,871	(9,810)
Cash and cash equivalents at beginning of year	261,373	288,868
Increase in cash and cash equivalents from newly consolidated subsidiaries	275	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,031)	-
Cash and cash equivalents at end of period	295,488	279,058