

MHI Announces Outline of FY2011 First 9 Month Financial Results Ended December 31, 2011 (Consolidated)

Tokyo, February 3, 2012 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first nine months of fiscal year (FY) 2011 ended December 31, 2011.

(billions of yen)

| | FY2011 First 9 Months (From April 1 to December 31, 2011) | FY2010 First 9 Months (From April 1 to December 31, 2010) | Changes (%) |
|---|--|--|----------------|
| Orders Received | 2,111.8 | 1,873.7 | 12.7 |
| Net Sales | 1,958.9 | 2,087.7 | (6.2) |
| Operating Income | 98.0 | 80.8 | 21.3 |
| Ordinary Income | 69.5 | 50.8 | 36.8 |
| Income Before Taxes and Minority Interests | 85.7 | 47.7 | 79.4 |
| Net Income | 32.7 | 17.9 | 82.1 |
| Net Income Per Share | 9.75 yen | 5.35 yen | 82.2 |

Figures in parentheses are minus value.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

| | FY2011 First 9 Months (From April 1 to December 31, 2011) | FY2010 First 9 Months (From April 1 to December 31, 2010) |
|--|--|--|
| Shipbuilding & Ocean Development | 235.0 | 215.0 |
| Power Systems | 665.9 | 735.5 |
| Machinery & Steel Infrastructure Systems | 266.3 | 426.9 |
| Aerospace Systems | 331.3 | 304.2 |
| General Machinery & Special Vehicles | 281.5 | 241.1 |
| Others | 210.0 | 202.6 |
| Eliminations or Corporate | (31.3) | (37.8) |
| TOTAL | 1,958.9 | 2,087.7 |

Operating Income (Loss) by Operational Segment

(billions of yen)

| | FY2011 First 9 Months (From April 1 to December 31, 2011) | FY2010 First 9 Months (From April 1 to December 31, 2010) |
|--|--|--|
| Shipbuilding & Ocean Development | (5.1) | 4.5 |
| Power Systems | 76.8 | 64.8 |
| Machinery & Steel Infrastructure Systems | 12.4 | 22.7 |
| Aerospace Systems | (0.3) | (5.6) |
| General Machinery & Special Vehicles | 3.4 | (10.5) |
| Others | 10.8 | 4.9 |
| TOTAL | 98.0 | 80.8 |

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 20 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥77 and €1.00 = ¥100 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 Dec.31, 2011 | As of Mar.31, 2011 |
|--|-----------------------|-----------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and deposits | 232,626 | 301,047 |
| Trade receivables | 890,442 | 852,645 |
| Securities | 1 | 8 |
| Merchandise and finished products | 173,972 | 175,630 |
| Work in process | 863,541 | 803,874 |
| Raw materials and supplies | 136,801 | 136,701 |
| Deferred income taxes | 155,382 | 161,823 |
| Others | 226,073 | 151,383 |
| Allowance for doubtful receivables | (6,874) | (7,500) |
| Total current assets | 2,671,968 | 2,575,613 |
| Fixed assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures | 344,092 | 355,449 |
| Machinery and transportation equipment | 238,548 | 251,507 |
| Tools, equipment and furniture | 37,289 | 39,714 |
| Land | 137,688 | 166,494 |
| Leased assets | 5,381 | 6,004 |
| Construction in progress | 35,332 | 42,358 |
| Subtotal | 798,331 | 861,528 |
| Intangible assets | 25,014 | 25,165 |
| Investments and advances: | | |
| Investment securities | 285,203 | 321,285 |
| Long-term loans and advances | 5,265 | 5,180 |
| Deferred income taxes | 14,914 | 10,824 |
| Others | 171,293 | 198,938 |
| Allowance for doubtful accounts | (9,018) | (9,535) |
| Subtotal | 467,657 | 526,693 |
| Total fixed assets | 1,291,004 | 1,413,387 |
| TOTAL ASSETS | 3,962,973 | 3,989,001 |

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

| | As of Dec.31, 2011 | As of Mar.31, 2011 |
|--|-----------------------|-----------------------|
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Trade payables | 595,804 | 619,107 |
| Short-term borrowings | 57,839 | 85,488 |
| Current portion of long-term borrowings | 200,350 | 211,114 |
| Commercial papers | 80,000 | - |
| Current portion of bonds | 39,900 | 14,074 |
| Reserve for product warranties | 21,397 | 23,123 |
| Reserve for losses on construction contracts | 71,151 | 50,753 |
| Reserve for legal claims | 2,175 | 2,167 |
| Advance payments received on contracts | 380,981 | 330,275 |
| Others | 206,125 | 197,965 |
| Total current liabilities | 1,655,725 | 1,534,070 |
| Long-term liabilities: | | |
| Debentures | 280,000 | 330,000 |
| Long-term borrowings | 604,666 | 684,989 |
| Deferred income taxes | 3,820 | 3,607 |
| Reserve for retirement allowance | 50,466 | 49,842 |
| Reserve for treatment of PCB waste | 6,720 | 7,007 |
| Others | 64,598 | 66,805 |
| Total long-term liabilities | 1,010,271 | 1,142,251 |
| TOTAL LIABILITIES | 2,665,997 | 2,676,322 |
| <u>NET ASSETS</u> | | |
| Stockholders' equity: | | |
| Common stock | 265,608 | 265,608 |
| Capital surplus | 203,942 | 203,939 |
| Retained earnings | 831,051 | 815,145 |
| Treasury stock | (5,413) | (5,425) |
| Total stockholders' equity | 1,295,188 | 1,279,267 |
| Accumulated other comprehensive income (loss) | | |
| Net unrealized gains on investment securities | 9,087 | 25,579 |
| Deferred losses on hedges | (1,923) | (467) |
| Foreign currency translation adjustments | (56,068) | (42,311) |
| Total accumulated other comprehensive income (loss) | (48,903) | (17,199) |
| Share subscription rights | 1,868 | 1,509 |
| Minority interests | 48,822 | 49,101 |
| TOTAL NET ASSETS | 1,296,975 | 1,312,678 |
| TOTAL LIABILITIES AND NET ASSETS | 3,962,973 | 3,989,001 |

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

| | FY2010 First 9 Months (From Apr.1 to Dec.31, 2010) | FY2011 First 9 Months (From Apr.1 to Dec.31, 2011) |
|--|--|--|
| Net sales | 2,087,762 | 1,958,984 |
| Cost of sales | 1,756,540 | 1,619,200 |
| Gross profit | 331,222 | 339,783 |
| Selling, general and administrative expenses: | | |
| Provision of allowance for doubtful accounts | 1,218 | - |
| Directors' compensations, salaries and allowances | 89,523 | 93,237 |
| Research and development expenses | 42,532 | 32,940 |
| Expenses for inquiries | 24,248 | 21,500 |
| Others | 92,886 | 94,045 |
| Total selling, general and administrative expenses | 250,410 | 241,723 |
| Operating income | 80,811 | 98,059 |
| Non-operating income: | | |
| Interest income | 2,928 | 2,764 |
| Dividend income | 2,986 | 3,426 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 3,670 | 876 |
| Others | 5,344 | 3,478 |
| Total non-operating income | 14,929 | 10,545 |
| Non-operating expenses: | | |
| Interest expense | 17,113 | 15,770 |
| Foreign exchange loss | 18,784 | 13,538 |
| Loss on disposal of fixed assets | 3,711 | 3,233 |
| Others | 5,298 | 6,500 |
| Total non-operating expenses | 44,907 | 39,043 |
| Ordinary income | 50,834 | 69,561 |
| Extraordinary gain: | | |
| Gain on sales of fixed assets | - | 28,064 |
| Gain on sales of investment securities | 2,871 | - |
| Total extraordinary gain | 2,871 | 28,064 |
| Extraordinary loss: | | |
| Business structure improvement expenses | - | 9,188 |
| Loss on revaluation of investment securities | 3,899 | 2,697 |
| Effect of the application of the accounting standard for asset retirement obligations | 2,012 | - |
| Total extraordinary loss | 5,911 | 11,885 |
| Income before income taxes and minority interests | 47,794 | 85,739 |
| Income taxes | 31,464 | 53,168 |
| Income before minority interests | 16,330 | 32,571 |
| Minority interests in loss after taxes | (1,636) | (152) |
| Net income | 17,966 | 32,724 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

| | FY2010 First 9 Months (From Apr.1 to Dec.31, 2010) | FY2011 First 9 Months (From Apr.1 to Dec.31, 2011) |
|--|--|--|
| Income before minority interests | 16,330 | 32,571 |
| Other comprehensive income (loss) | | |
| Net unrealized gains (losses) on investment securities | (10,208) | (16,857) |
| Deferred gains (losses) on hedges | (2,159) | (963) |
| Foreign currency translation adjustments | (13,380) | (9,396) |
| Share of other comprehensive income (loss) of entities accounted for using the equity method | (3,360) | (4,926) |
| Total other comprehensive income (loss) | (29,108) | (32,143) |
| Comprehensive income (loss) | (12,778) | 428 |
| Comprehensive income (loss) attributable to | | |
| Shareholders of the parent | (10,514) | 1,019 |
| Minority interests | (2,264) | (591) |