(Note) This is a translation of the official Japanese original for reference purposes only. In the event of any discrepancy between this translation and the official Japanese original, the Japanese original shall prevail. Please note that differences between this translation and those in the previous years may not necessarily mean that there have been changes in the official Japanese original, since the translation differences may stem only from a more accurate translation. All the number of pages referred in this translation is translated directly from the official Japanese original without any adjustment or modification.

THE 88TH

ORDINARY GENERAL MEETING OF SHAREHOLDERS

THE INFORMATION DISCLOSED ON THE WEBSITE

2012 FISCAL YEAR (from April 1, 2012 to March 31, 2013)

① NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

② NOTES TO THE FINANCIAL STATEMENTS

Pursuant to the laws of Japan and the Article 16 of MHI's Articles of Incorporation, this information is disclosed to the Shareholders on MHI's website. (http://www.mhi.co.jp/finance/stock/meeting/index.html) (available in Japanese only)

Notes to the Consolidated Financial Statements

Significant Accounting Policies and Essential Facts in Preparing Consolidated Financial Statements

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 236
   Principal consolidated subsidiaries are described in "OVERVIEW OF MHI GROUP 10. OUTLINES OF MAIN SUBSIDIARIES" of the business report.
   In this fiscal year, 17 companies have been added to the scope of consolidation; 12 are newly formed companies; five are due to equity acquisition. 17 companies have been excluded from the scope of consolidation; nine are due to mergers among consolidated subsidiaries; six are due to liquidation; two are due to the sale of their equities.

   (2) Principal non-consolidated subsidiaries:
   RYOYO ENGINEERING CO., LTD., etc (Total: eight companies)
   (Reasons for excluding from the scope of consolidation)
   Non-consolidated subsidiaries are excluded from the scope of consolidation because their consolidation would have a negligible impact on the consolidated financial statements given their aggregate level of total assets, sales, net income, etc.

2. Application of the equity method
   (1) Non-consolidated subsidiaries and affiliated companies accounted for by the equity method

   Non-consolidated subsidiaries accounted for by the equity method:
   RYOYO ENGINEERING CO., LTD, etc (Total: three companies)

   Affiliated companies accounted for by the equity method:
   MITSUBISHI MOTORS CORPORATION, etc (Total:36 companies)
   In this fiscal year, two companies have been added to the scope of equity method application; one is a newly formed company; the other is due to equity acquisition. One company has been excluded from the scope of equity method application due to the sale of its equities.

   (2) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

   Non-consolidated subsidiaries not accounted for by the equity method:
   DIA KIKOU K.K., etc (Total: five companies)
   Affiliated companies not accounted for by the equity method:
   ASA-TECH CORPORATION, etc (Total: 36 companies)
   (Reasons for not applying the equity method)
   The equity method is not applied to the above non-consolidated subsidiaries and affiliated companies because the change in investment accounts from the application of the equity method would have a negligible impact on the consolidated financial statements.

3. Asset valuation standards and methods
   (1) Securities
   Other securities
   Other securities with market value
   …Market value method based on market prices and other fair values at the balance sheet date. (Unrealized holding gains and losses are accounted for as a component of net assets. The costs of sold securities are computed based on the moving average method.)

Other securities without market value
…Historical cost method (moving average method).

(2) Inventories

Merchandise and finished products
…Principally historical cost method (moving average method).
(Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

Work in process
…Principally historical cost method (specific identification method).
(Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

Raw materials and supplies
…Principally historical cost method (moving average method).
(Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

4. Depreciation methods for fixed assets

(1) Property, plant and equipment (excluding leased assets)

Principally straight-line method for buildings (excluding the equipment attached to them); principally declining-balance method for the other items of property, plant and equipment.

(2) Leased Assets

Straight-line method (where useful lives are equal to the lease terms and residual values are assumed to be zero).

5. Allowance and reserves

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible losses on the collection of receivables. The amount of the allowance for general receivables is based on the write-off ratio. As for certain receivables such as the ones from the debtors whose solvency is in doubt, the recoverability of each receivable is examined individually and the estimated unrecoverable amounts are recognized as the allowance.

(2) Reserve for product warranties

Reserve for product warranties is provided for the product warranty expenditure after products are delivered. The amounts are estimated based on the past statistics and other relevant factors.

(3) Reserve for losses on construction contracts

Reserve for losses on construction contracts is provided for the expected total losses to be realized in the following years on the construction contracts if (i) those losses are judged inevitable at current year-end and (ii) reasonable estimation of the amounts of such losses is possible.

With regard to the construction contracts for which this reserve is recognized, if the year-end balances of their work-in-process already exceed their respective total contract revenues, the exceeding portion is recognized as the loss on devaluation of the work-in-process and, accordingly, is not included in the reserve for losses on construction contracts.

(4) Reserve for legal claims

Reserve for legal claims is provided based on estimates of damage compensations and other expenses on legal claims.

(5) Reserve for retirement allowance

Reserve for retirement allowance is provided for employees' retirement benefits. The amounts are based on the balances of retirement benefit obligations and estimated pension fund assets (including a retirement benefit trust) at the end of the fiscal year.

Prior service costs are either expensed as incurred or amortized by the straight-line method over the years shorter than the average remaining service period of employees.

Actuarial gains and losses for each year are amortized by the straight-line method, starting in the following year of incurrence, over the years shorter than the average remaining service period of employees.

(6) Reserve for treatment of PCB waste

Reserve for treatment of PCB (Poly Chlorinated Biphenyl) waste is provided based on estimated costs of the treatment of PCB products and equipment.

6. Other essential facts in preparing consolidated financial statements

(1) Recognition of revenue and costs

With regard to construction contracts, the percentage-of-completion method is applied if a reliable estimation of the (i) total costs on and revenues from a contract and (ii) percentage of completion at the balance sheet date is available. In applying this method the percentage of completion at the balance sheet date is estimated based on the costs incurred to date divided by the estimated total costs on the contracts. The completed-contract method is applied when the above conditions are not met.

(2) Accounting treatment of consumption tax

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of such taxes.

7. Change in accounting policy

When foreign currency receivables or payables were covered by forward exchange contracts (excluding the cases where comprehensive forward exchange contracts were concluded with regard to build-to-stock products) and the transactions met the requirements of relevant accounting standards, the MHI Group applied the “assigning method for foreign currency receivables or payables” until the previous fiscal year. However, the MHI Group has changed the accounting treatment of foreign currency receivables and payables to a regular method as a result of the revision of management policy on forward exchange contracts, which was made in line with the renewal of the business operating structure. The change was made effective this fiscal year, when “2012 Business Plan” was implemented. The effect of this change was immaterial.

Notes to the Consolidated Balance Sheet

1. Pledged assets and related liabilities

(1) Assets pledged as collateral

Property, plant and equipment	¥	10,020 million
Trade receivables	¥	1,903 million
Others	¥	359 million
Total	¥	12,282 million

(2) Liabilities related to the assets pledged as collateral

Long-term borrowings	¥	3,137 million
Short-term borrowings	¥	1,372 million
Total	¥	4,509 million

2. Accumulated depreciation

Accumulated depreciation of property, plant and equipment	¥	1,800,938 million

3. Contingent liabilities

(1) Guarantee obligations on such debts as borrowings from financial institutions by parties outside the MHI Group

Employees (Residence fund loan, etc)	¥	29,554 million
L&T-MHI Turbine Generators Private Ltd.	¥	8,302 million
Others	¥	17,381 million
Total	¥	55,238 million

(2) Unsettled balances of notes receivable endorsed

Notes receivable discounted	¥	931 million
Notes receivable endorsed	¥	27 million

Notes to the Consolidated Statement of Income

Business structure improvement expenses

Business structure improvement expenses are comprised mainly of business reorganization expenses.

Notes to the Consolidated Statement of Changes in Net Assets

1. Total number of the shares issued
   Common stock 3,373,647,813 shares

2. Cash dividends
   (1) Cash dividends paid

Resolution	Type of shares	Total cash dividends paid	Cash dividends per share	Record date	Effective date
Jun 21, 2012 Ordinary General Meeting of Shareholders	Common Stock	¥ 10,065 million	¥ 3	Mar 31, 2012	Jun 22, 2012
Oct 31, 2012 Board of Directors	Common Stock	¥ 10,065 million	¥ 3	Sep 30, 2012	Dec 5, 2012

   (2) Dividends of which the record date is within this fiscal year which take effect in the next fiscal year

Resolution	Type of shares	Total cash dividends to be paid	Source of the cash dividends	Cash dividends per share	Record date	Effective date
Jun 26, 2013 Ordinary General Meeting of Shareholders	Common Stock	¥ 16,776 million	Retained Earnings	¥ 5	Mar 31, 2013	Jun 27, 2013

Note: The above is scheduled to be resolved at the ordinary general meeting of shareholders on June 26, 2013.

3. Type and number of shares subject to the share subscription rights
   Common stock 6,989,000 shares

Notes on Financial Instruments

1. Condition of financial instruments

The primary source of the MHI Group's operations and plant/equipment investment is the cash earned through operating activities; necessary capital exceeding that is procured mainly through bank loans and debenture issuance. Financial investment is limited to short-term bank deposits and similar assets.

The MHI Group takes steps to mitigate the credit risk on the trade receivables from customers by regularly keeping track of due dates and balances of the receivables from each customer. When necessary, such measures as forward exchange contracts are used to hedge against foreign exchange risk on trade receivables denominated in foreign currencies.

Securities and investment securities are mainly comprised of equities; the MHI Group regularly grasps their fair values and financial conditions of the equity issuers.

Short-term borrowings are used for operations; long-term borrowings and debenture issuance are used for operations and plant/equipment investment. Interest payment for some long-term borrowings with interest-rate risks is fixed by means of interest-rate swaps.

The use of derivatives is subject to the internal control policy and limited to the extent corresponding to actual business.

2. Fair value of financial instruments

The amounts on the consolidated balance sheet, fair values and the variance between them as of March 31, 2013 are shown in the following table. The ones whose fair values are extremely difficult to determine are excluded from the following table. (See Footnote 2 below the table.)

(Unit: million yen)

	Consolidated Balance Sheet Amount (*)	Fair Value (*)	Variance
(1) Cash and deposits	328,365	328,365	—
(2) Trade receivables	931,469	931,469	—
(3) Securities and investment securities	183,083	243,146	60,062
(4) Trade payables	(663,451)	(663,451)	—
(5) Short-term borrowings	(154,014)	(154,014)	—
(6) Debentures	(250,000)	(260,183)	(10,183)
(7) Long-term borrowings	(627,224)	(645,459)	(18,235)
(8) Derivatives (*)			
･to which hedge accounting is not applied	(18,132)	(18,132)	—
･to which hedge accounting is applied	(64)	(64)	—

(*) The amounts recognized as liabilities are shown in parentheses. The derivatives positions shown are net amounts; if the total net position of an item results in obligations, the amounts are shown in parentheses.

(Footnote 1) The computation method of the fair values of financial instruments

(1) Cash and deposits

The book values are used as the fair values since all the deposits are short-term and the fair values are almost equal to the book values.

(2) Trade receivables

The book values are used as the fair values since large portion of these are settled in a short period and the fair values could be deemed almost equal to the book values.

(3) Securities and investment securities

Market prices are used as the fair values.

(4) Trade payables; (5) Short-term borrowings

The book values are used as the fair values since large portion of these are settled in a short period and the fair values are almost equal to the book values.

(6) Debentures

Market prices are used as the fair values.

(7) Long-term borrowings

The present values of the principal and total interest (*) (discounted by the rate assumed to be applied to the new borrowings of the same conditions) are used as the fair values.

(*) As for the long-term borrowings to which the “exceptional method for interest-rate swaps” are applied (see (8) below), the principal and total interest according to the interest rate under the interest-rate swaps are used.

(8) Derivatives

The fair values of exchange contracts are based on forward exchange rates.

Those to which the “exceptional method for interest-rate swaps” are applied are treated as part of the hedged long-term borrowings, thus their fair values are included in those long-term borrowings. (See above (7).)

(Footnote 2) Unlisted securities, whose consolidated balance sheet amount is 114,543 million yen, are excluded from the above table because it is extremely difficult to determine their fair values; they do not have market prices and reliable estimation by alternative methods is not available due to the impossibility of estimating their future cash flows or other difficulties.

Per Share Information

Book value per share	¥ 410.90
Net income per share	¥ 29.01

Notes to the Financial Statements

Significant Accounting Policies

1. Asset valuation standards and methods
   (1) Securities
   Securities of subsidiaries and affiliated companies
   …Historical cost method (moving average method).
   Other securities
   Other securities with market value
   …Market value method based on market prices and other fair values at the balance sheet date. (Unrealized holding gains and losses are accounted for as a component of net assets. The costs of sold securities are computed based on the moving average method.)
   Other securities without market value
   …Historical cost method (moving average method).

   (2) Inventories
   Merchandise and finished products
   …Historical cost method (moving average method).
   (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)
   Work in process
   …Historical cost method (specific identification method).
   (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)
   Raw materials and supplies
   …Historical cost method (moving average method).(*)
   (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

   *Some standardized steel materials for building new ships are stated at cost determined by the specific identification method. (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.) Inventories held by certain business units are stated at cost determined by the yearly average method. (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

2. Depreciation methods for fixed assets
   (1) Property, plant and equipment (excluding leased assets)
   Straight-line method for buildings (excluding the equipment attached to them); declining-balance method for the other items of property, plant and equipment.

   (2) Leased Assets
   Straight-line method (where useful lives are equal to the lease terms and residual values are assumed to be zero).

3. Allowance and reserves
   (1) Allowance for doubtful accounts
   Allowance for doubtful accounts is provided for possible losses on the collection of receivables. The amount of the allowance for general receivables is based on the write-off ratio. As for certain receivables such as the ones from the debtors whose solvency is in doubt, the recoverability of each receivable is examined individually and the estimated unrecoverable amounts are recognized as the allowance.

(2) Reserve for product warranties

Reserve for product warranties is provided for the product warranty expenditure after products are delivered. The amounts are estimated based on the past statistics and other relevant factors.

(3) Reserve for losses on construction contracts

Reserve for losses on construction contracts is provided for the expected total losses to be realized in the following years on the construction contracts if (i) those losses are judged inevitable at current year-end and (ii) reasonable estimation of the amounts of such losses is possible.

With regard to the construction contracts for which this reserve is recognized, if the year-end balances of their work-in-process already exceed their respective total contract revenues, the exceeding portion is recognized as the loss on devaluation of the work-in-process and, accordingly, is not included in the reserve for losses on construction contracts.

(4) Reserve for legal claims

Reserve for legal claims is provided based on estimates of damage compensations and other expenses on legal claims.

(5) Reserve for retirement allowance

Reserve for retirement allowance is provided for employees' retirement benefits. The amounts are based on the balances of retirement benefit obligations and estimated pension fund assets (including a retirement benefit trust) at the end of the fiscal year.

Prior service costs are expensed as incurred and actuarial gains and losses for each year are amortized by the straight-line method, starting in the following year of incurrence, over the average remaining service period of employees.

(6) Reserve for treatment of PCB waste

Reserve for treatment of PCB (Poly Chlorinated Biphenyl) waste is provided based on estimated costs of the treatment of PCB products and equipment.

4. Recognition of revenue and costs

With regard to construction contracts, the percentage-of-completion method is applied if a reliable estimation of the (i) total costs on and revenues from a contract and (ii) percentage of completion at the balance sheet date is available. In applying this method the percentage of completion at the balance sheet date is estimated based on the costs incurred to date divided by the estimated total costs on the contracts. The completed-contract method is applied when the above conditions are not met.

5. Other essential facts in preparing financial statements

Accounting treatment of consumption tax

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of such taxes.

6. Change in accounting policy

When foreign currency receivables or payables were covered by forward exchange contracts (excluding the cases where comprehensive forward exchange contracts were concluded with regard to build-to-stock products) and the transactions met the requirements of relevant accounting standards, MHI applied the "assigning method for foreign currency receivables or payables" until the previous fiscal year. However, MHI has changed the accounting treatment of foreign currency receivables and payables to a regular method as a result of the revision of management policy on forward exchange contracts, which was made in line with the renewal of the business operating structure. The change was made effective this fiscal year, when "2012 Business Plan" was implemented.

The effect of this change was immaterial.

7. Changes in the presentation/classification of line items
   (Balance sheet items)
   "Short-term loans receivable from subsidiaries and affiliates," which was included in "Others" under current assets in previous fiscal years is separately shown from this fiscal year due to the increased materiality of the account. The ending balances of the account for the previous and current fiscal years are 18,393 million yen and 41,535 million yen, respectively.

Notes to the Balance Sheet

1. Accumulated depreciation

Accumulated depreciation of property, plant and equipment	¥	1,511,814 million

2. Contingent liabilities

Guarantee obligations on such debts as borrowings from financial institutions

Employees (Residence fund loan, etc)	¥	28,853 million
L&T-MHI Turbine Generators Private Ltd.	¥	8,302 million
Mitsubishi Heavy Industries Printing & Packaging Machinery, Ltd.	¥	5,081 million
Others	¥	34,951 million
Total	¥	77,188 million

3. Monetary receivables from / payables to subsidiaries and affiliated companies

Short-term monetary receivables	¥	304,412 million
Long-term monetary receivables	¥	47,198 million
Short-term monetary payables	¥	138,008 million
Long-term monetary payables	¥	20,502 million

Notes to the Statement of Income

1. Transactions with subsidiaries and affiliated companies

Sales	¥	450,320 million
Purchases	¥	329,778 million
Transactions other than operating transactions	¥	14,253 million

2. Business structure improvement expenses

   Business structure improvement expenses are comprised mainly of business reorganization expenses.

Notes to the Statement of Changes in Net Assets

The number of treasury stock

Common stock	18,357,952 shares

Notes on Tax Effect Accounting

Deferred tax assets are principally caused by the reserve for retirement allowance. Deferred tax liabilities are principally caused by the gain on contribution of securities to retirement benefit trust.

Related Party Transactions

Category	Name	Address	Capital Stock (in millions of yen)	Description of the Business	Percentage of voting rights held by the issuer (%)	Relation with the Related Parties	Contents of the Transactions	Transaction Amounts (in millions of yen)	Account	Ending Balance
Affiliated Company (*2)	Caterpillar Japan Ltd.	Setagaya-ku, Tokyo	15,000 (*2)	Manufacture and sale of construction machinery, including hydraulic excavators, wheel loaders and track-type tractors	Direct 33.3 (*2)	MHI sells its products to Caterpillar Japan Ltd.	Sale of the shares of Caterpillar Japan Ltd. held by MHI Price Gain on Sales (*1)	 36,543 30,768	–	–

*1. Terms of the Contracts and the Policy in Deciding Them

On April 2, 2012, MHI sold all the shares it held in Caterpillar Japan Ltd. (CJL), to CJL itself under the contract concluded on November 7, 2011. The price was decided after the negotiation based on the enterprise value.

*2. Since CJL no longer is a related party to MHI after the sale of all the shares MHI held in CJL, the information for the period when CJL was a related party to MHI is shown in “category,” “capital stock,” and the “percentage of voting rights held by the issuer” in the table above.

Per Share Information

Book value per share	¥ 357.57
Net income per share	¥ 27.24