

No.1028

## MHI Announces FY2004 First-Half Non-Consolidated Financial Results

Tokyo, October 29, 2004 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for the first-half of fiscal year (FY) 2004 ended September 30, 2004.

(billions of yen)

	<b>FY2004</b> April – Sept.	FY2003 April – Sept.	Change (%)	FY2003 Full-Year
Orders Received	850.8	1,001.9	- 15.1	2,159.2
Net Sales	907.9	787.3	15.3	1,940.1
Operating Income (Loss)	- 12.1	- 8.7	-	35.2
Ordinary Income (Loss)	- 12.9	- 23.8	-	7.5
Income (Loss) Before Tax	- 25.5	- 25.9	-	23.7
Net Income (Loss)	- 17.3	- 16.8	-	5.2
Net Income (Loss) Per Share (Fiscal)	- 5.15 yen	- 5.00 yen	-	1.55 yen
Dividend Per Share	0.0 yen	3.0 yen	-	6.0 yen

### Estimate of Non-Consolidated Financial Results for FY 2004

For the fiscal year 2004 ending March 31, 2005, MHI is expecting 2,150 billion yen in net sales, 36 billion yen in operating income, 20 billion yen in ordinary income, 20 billion yen in income before tax and 10 billion yen in net income. The estimate is based on the assumption of currency exchange rate of US\$1.00 = ¥105.00.

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

NON-CONSOLIDATED BALANCE SHEET (As of September 30, 2004) (1/2)

	As of Sep.30,2004	As of Mar.31,2004	(Millions of Yen) Increase (Decrease)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits	160,083	120,941	39,141
Trade notes receivable	10,620	9,604	1,015
Trade accounts receivable	689,702	873,933	(184,231)
Securities	134,008	8	134,000
Finished products	71,489	73,301	(1,811)
Raw materials and supplies	38,852	34,676	4,175
Work in process	800,078	737,632	62,446
Advances to suppliers	49,399	31,941	17,457
Prepaid expenses	2,343	397	1,945
Deferred income taxes	50,031	45,399	4,632
Other current assets	119,914	125,801	(5,886)
Allowance for doubtful receivables	(51)	(63)	12
<b>Total current assets</b>	<b>2,126,471</b>	<b>2,053,575</b>	<b>72,895</b>
<b>Fixed assets:</b>			
Property, plant and equipment:			
Buildings	208,093	209,523	(1,430)
Structures	21,863	22,055	(192)
Dock and facilities for ship building	2,998	3,096	(98)
Machinery	160,546	164,091	(3,545)
Vessels	1,891	2,107	(216)
Aircraft	184	218	(34)
Vehicles and transportation equipment	2,165	2,067	97
Tools, equipment and furniture	45,659	45,399	260
Land	103,743	104,365	(621)
Construction in progress	21,452	20,087	1,365
Subtotal	568,597	573,013	(4,415)
Intangible fixed assets:			
Software	15,909	15,179	729
Right for facility utilization	2,597	2,760	(163)
Other intangible fixed assets	1,267	1,436	(169)
Subtotal	19,774	19,377	396
Investments and advances:			
Investment securities	432,197	437,923	(5,726)
Long-term loans and advances	3,932	10,760	(6,827)
Investment capital and guarantee deposits	18,418	17,852	565
Long-term prepaid expenses	15,196	16,932	(1,736)
Deferred income taxes	1,865	-	1,865
Other investments	68,019	72,539	(4,519)
Allowance for doubtful accounts	(57,369)	(62,070)	4,701
Subtotal	482,258	493,937	(11,678)
<b>Total fixed assets</b>	<b>1,070,630</b>	<b>1,086,327</b>	<b>(15,696)</b>
<b>TOTAL ASSETS</b>	<b>3,197,102</b>	<b>3,139,903</b>	<b>57,198</b>

## NON-CONSOLIDATED BALANCE SHEET (As of September 30, 2004) (2/2)

(Millions of Yen)

	As of Sep.30,2004	As of Mar.31,2004	Increase (Decrease)
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Trade accounts payable	530,823	577,812	(46,989)
Bank loans	273,657	238,657	35,000
Current portion of long-term debt for exports loans from main contractors	9,222	9,987	(765)
Current portion of debentures	30,000	-	30,000
Accrued payables	25,075	30,303	(5,228)
Accrued expenses	31,944	40,994	(9,050)
Accrued income tax	1,062	212	850
Advance payments received on contracts	375,508	311,336	64,171
Deposits received	13,261	13,046	215
Reserve for product warranties	10,825	-	10,825
Allowance for losses on construction contracts	598	649	(51)
Reserve for the exhibition in the 2005 World Exposition Aichi Japan	93	-	93
Other current liabilities	18,417	17,695	722
<b>Total current liabilities</b>	<b>1,320,490</b>	<b>1,240,695</b>	<b>79,794</b>
Long-term liabilities:			
Debentures	210,000	240,000	(30,000)
Long-term debt	450,871	362,449	88,422
Long-term debt for exports loans from main contractors	25,404	29,538	(4,133)
Deferred tax liabilities	-	20,409	(20,409)
Reserve for retirement allowance	70,785	70,340	445
Reserve for the exhibition in the 2005 World Exposition Aichi Japan	-	79	(79)
Other long-term liabilities	8,747	10,165	(1,417)
<b>Total long-term liabilities</b>	<b>765,808</b>	<b>732,981</b>	<b>32,827</b>
<b>TOTAL LIABILITIES</b>	<b>2,086,299</b>	<b>1,973,677</b>	<b>112,621</b>
<b>STOCKHOLDERS' EQUITY</b>			
Common stock	265,608	265,608	0
Capital surplus:			
Capital reserve	203,536	203,536	0
Gains on sales of treasury stock	0	0	0
Retained earnings:			
Legal reserve	66,363	66,363	0
Revenue reserve			
Reserve for reduction in costs of fixed assets	9,703	6,620	3,082
Reserve for accelerated depreciation	4,347	-	4,347
Reserve for losses on overseas investments	2	4	(2)
General reserves	460,000	460,000	0
Unappropriated earnings	20,010	54,872	(34,862)
Subtotal	560,427	587,861	(27,433)
Net unrealized gains on investment securities	84,769	110,573	(25,804)
Treasury stock	(3,540)	(1,354)	(2,185)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,110,802</b>	<b>1,166,225</b>	<b>(55,422)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>3,197,102</b>	<b>3,139,903</b>	<b>57,198</b>

**NON-CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS**

(From April 1, 2004 to September 30, 2004)

(Millions of Yen)

	For the Six months ended Sep.30,2004	For the Six months ended Sep.30,2003	Increase (Decrease)
<b>ORDINARY INCOME AND LOSS</b>			
<b>Operating income and loss:</b>			
Net sales	907,947	787,307	120,640
Cost of sales	845,417	717,052	128,365
Selling, general and administrative expenses	74,662	79,009	(4,346)
<b>Operating loss</b>	<b>(12,132)</b>	<b>(8,754)</b>	<b>(3,378)</b>
<b>Non-operating income:</b>			
Interest and dividend income	7,961	10,668	(2,707)
Other income	1,383	609	773
<b>Total</b>	<b>9,345</b>	<b>11,278</b>	<b>(1,933)</b>
<b>Non-operating expenses:</b>			
Interest expense	6,345	7,797	(1,451)
Foreign exchange losses	372	13,541	(13,169)
Loss on disposal of fixed assets	1,467	-	1,467
Other expenses	1,996	5,047	(3,050)
<b>Total</b>	<b>10,183</b>	<b>26,387</b>	<b>(16,204)</b>
<b>ORDINARY LOSS</b>	<b>(12,971)</b>	<b>(23,863)</b>	<b>10,891</b>
<b>EXTRAORDINARY INCOME AND LOSS</b>			
<b>Extraordinary income:</b>			
Gains on sales of fixed assets	2,527	-	2,527
<b>Total</b>	<b>2,527</b>	<b>-</b>	<b>2,527</b>
<b>Extraordinary expenses:</b>			
Provision of reserve for product warranties	10,889	-	10,889
Losses on damage from natural disasters	3,668	-	3,668
Losses on impairment for fixed assets	521	-	521
Business improvement and restructuring charges	-	2,057	(2,057)
<b>Total</b>	<b>15,079</b>	<b>2,057</b>	<b>13,021</b>
<b>LOSS BEFORE INCOME TAXES</b>	<b>(25,522)</b>	<b>(25,920)</b>	<b>398</b>
<b>Income taxes</b>			
Current	(429)	100	(529)
Deferred	(7,767)	(9,160)	1,393
<b>NET LOSS</b>	<b>(17,326)</b>	<b>(16,860)</b>	<b>(465)</b>
Retained earnings carried forward from previous period	37,337	59,782	(22,444)
<b>UNAPPROPRIATED EARNINGS</b>	<b>20,010</b>	<b>42,921</b>	<b>(22,910)</b>