

**MHI ANNOUNCES FY2001 FIRST-HALF CONSOLIDATED FINANCIAL RESULTS**

Tokyo, November 15, 2001 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first half of fiscal year (FY) 2001 ended September 30, 2001.

(billions of yen)

	<b>FY2001</b> <b>April. – Sept.</b>	FY2000 April – Sept.	Change (%)	FY2000 Full-Year
Orders Received	<b>973.2</b>	1,019.7	- 4.6	2,640.3
Net Sales	<b>1,252.6</b>	1,304.7	- 4.0	3,045.0
Operating Income (Loss)	<b>20.3</b>	23.2	- 12.2	74.8
Ordinary Income (Loss)	<b>2.7</b>	10.9	- 74.6	63.2
Income (Loss) Before Tax	<b>- 10.3</b>	- 29.3	-	- 5.1
Net Income (Loss)	<b>- 8.2</b>	- 23.4	-	- 20.3
Operation Cash Flow	<b>114.0</b>	160.1	- 28.8	254.1
Investment Cash Flow	<b>- 44.5</b>	- 37.7	-	- 76.1
Financing Cash Flow	<b>- 68.0</b>	- 124.3	-	- 131.2
Income (Loss) Per Share	<b>- 2.45 yen</b>	- 6.96 yen	-	- 6.03 yen

**Orders Received by Industry Segment**

(billions of yen)

	<b>FY2001</b> <b>April – Sept.</b>	FY2000 April – Sept.	Difference	FY2000 Full-Year
Shipbuilding & Ocean Development	<b>75.8</b> <b>(7.8)</b>	100.2 (9.8)	- 24.4	272.7 (10.3)
Power Systems	<b>277.3</b> <b>(28.5)</b>	271.5 (26.6)	5.8	739.1 (28.0)
Machinery & Steel Structures	<b>145.6</b> <b>(15.0)</b>	152.8 (15.0)	- 7.2	364.1 (13.8)
Aerospace	<b>100.4</b> <b>(10.3)</b>	97.7 (9.6)	2.6	432.7 (16.4)
Mass and Medium-Lot Manufactured Machinery	<b>321.1</b> <b>(33.0)</b>	341.8 (33.5)	- 20.7	711.2 (26.9)
Others	<b>52.8</b> <b>(5.4)</b>	55.5 (5.5)	- 2.6	120.1 (4.6)
<b>TOTAL</b>	<b>973.2</b> <b>(100.0)</b>	1,019.7 (100.0)	- 46.4	2,640.3 (100.0)

Figures in parentheses represent percentage of each segment's orders in total orders.

**Consolidated financial results (continued)**

**Sales by Industry Segment**

(billions of yen)

	<b>FY2001 April – Sept.</b>	<b>FY2000 April – Sept.</b>	<b>Difference</b>	<b>FY2000 Full-Year</b>
Shipbuilding & Ocean Development	<b>132.5 (10.6)</b>	135.1 (10.4)	- 2.6	293.7 (9.6)
Power Systems	<b>421.0 (33.6)</b>	401.5 (30.8)	19.4	900.3 (29.6)
Machinery & Steel Structures	<b>140.6 (11.2)</b>	242.7 (18.6)	- 102.1	541.2 (17.8)
Aerospace	<b>178.0 (14.2)</b>	142.7 (10.9)	35.2	522.2 (17.2)
Mass and Medium-Lot Manufactured Machinery	<b>344.5 (27.5)</b>	347.4 (26.6)	- 2.9	717.0 (23.5)
Others	<b>35.8 (2.9)</b>	35.0 (2.7)	0.8	70.2 (2.3)
<b>TOTAL</b>	<b>1,252.6 (100.0)</b>	1,304.7 (100.0)	- 52.0	3,045.0 (100.0)

Figures in parentheses represent percentage of each segment's sales in total sales.

**Operating Income (Loss) by Industry Segment**

(billions of yen)

	<b>FY2001 April – Sept.</b>	<b>FY2000 April – Sept.</b>	<b>Difference</b>	<b>FY2000 Full-Year</b>
Shipbuilding & Ocean Development	<b>0.5</b>	- 2.1	2.7	- 4.1
Power Systems	<b>10.4</b>	4.3	6.1	29.0
Machinery & Steel Structures	<b>- 7.3</b>	2.1	- 9.5	8.4
Aerospace	<b>16.6</b>	9.2	7.4	32.8
Mass and Medium-Lot Manufactured Machinery	<b>- 3.2</b>	5.8	- 9.1	0.4
Others	<b>3.3</b>	3.8	- 0.4	8.2
<b>TOTAL</b>	<b>20.3</b>	23.2	- 2.8	74.8

**Consolidated financial results (continued)**

## Estimate of Consolidated Financial Results for FY 2001

For the fiscal year 2001 ending March 31, 2002, MHI is expecting 2,850 billion yen in net sales, 80 billion yen in operating income, 55 billion yen in ordinary income and net income of 20 billion yen. (Estimated assuming USD 1 = JPY 120 as currency exchange rate)

This estimate has been projected with the information and the data obtained at the date of November 15, 2001. Therefore, please be advised the real result can be quite different after six months with the influence of the variety of the outside factors such as economics surrounding MHI, currency exchange rate fluctuation, or movement of market prices of stocks. And also be advised not to depend upon too much on this estimate to make your decision for the investments.

### Notes:

Number of consolidated subsidiaries: 127 (124 in FY2000)

Number of companies under the application of equity method:

	<u>FY2001</u>	<u>FY2000</u>
# # #	52	31

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## CONSOLIDATED BALANCE SHEETS (1/2)

(millions of Yen)

	As of Sept. 30, 2001	As of Mar. 31, 2001	Differences
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and deposits	207,336	203,054	4,281
Trade receivables	910,500	1,076,164	(165,664)
Marketable securities	76,495	75,965	530
Inventories	1,255,688	1,290,684	(34,995)
Deferred income taxes	90,689	87,527	3,162
Other current assets	155,113	164,423	(9,309)
Allowance for doubtful receivables	(6,395)	(6,548)	152
<b>Total Current Assets</b>	<b>2,689,428</b>	<b>2,891,271</b>	<b>(201,842)</b>
Fixed Assets:			
<b>Property, plant and equipment</b>	<b>754,690</b>	<b>755,771</b>	<b>(1,081)</b>
<b>Intangible fixed assets</b>	<b>28,098</b>	<b>28,489</b>	<b>(390)</b>
Investments and advances			
Investment securities	416,344	447,867	(31,523)
Deferred income taxes	46,902	32,679	14,222
Other assets	147,031	143,029	4,002
Allowances for doubtful advances	(63,048)	(62,476)	(571)
<b>Total Investments and advances</b>	<b>547,230</b>	<b>561,100</b>	<b>(13,870)</b>
<b>Total Fixed Assets</b>	<b>1,330,020</b>	<b>1,345,362</b>	<b>(15,342)</b>
<b>TOTAL ASSETS</b>	<b>4,019,448</b>	<b>4,236,633</b>	<b>(217,184)</b>

## CONSOLIDATED BALANCE SHEETS (2/2)

(millions of Yen)

	As of Sept. 30, 2001	As of Mar. 31, 2001	Differences
<b><u>LIABILITIES, MINORITY INTERESTS</u></b>			
<b><u>AND STOCKHOLDERS' EQUITY</u></b>			
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Trade payables	646,134	743,282	(97,148)
Bank loans	394,481	395,849	(1,367)
Current portion of debentures	40,000	-	40,000
Commercial papers	-	15,000	(15,000)
Allowance for losses on construction contracts	13,091	52,043	(38,952)
Advance payments received on contracts	565,516	552,022	13,493
Other current liabilities	184,143	207,610	(23,467)
<b>Total Current Liabilities</b>	<b>1,843,366</b>	<b>1,965,807</b>	<b>(122,441)</b>
<b>Long-term Liabilities:</b>			
Debentures	276,230	316,490	(40,260)
Long-term debt	328,363	363,356	(34,993)
Reserve for retirement allowances	269,904	268,474	1,430
Other long-term liabilities	30,801	31,249	(448)
<b>Total Long-term Liabilities</b>	<b>905,299</b>	<b>979,571</b>	<b>(74,272)</b>
<b>TOTAL LIABILITIES</b>	<b>2,748,665</b>	<b>2,945,379</b>	<b>(196,713)</b>
<b>MINORITY INTERESTS</b>	<b>13,353</b>	<b>13,012</b>	<b>340</b>
<b>STOCKHOLDERS' EQUITY:</b>			
Common stock	265,608	265,454	153
Capital surplus	203,853	203,700	153
Retained earnings	731,819	747,613	(15,794)
Net unrealized gains on investment securities	66,382	78,269	(11,886)
Foreign currency translation adjustment	(10,234)	(16,796)	6,562
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,257,429</b>	<b>1,278,241</b>	<b>(20,812)</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS</b>	<b>4,019,448</b>	<b>4,236,633</b>	<b>(217,184)</b>
<b>AND STOCKHOLDERS' EQUITY</b>			

CONSOLIDATED STATEMENTS OF INCOME

(millions of Yen)

	Six months ended Sept. 30, 2001	Six months ended Sept. 30, 2000	Differences
Net sales	1,252,653	1,304,736	(52,083)
Cost of sales	1,091,502	1,156,994	(65,492)
Selling, general and administrative expenses	140,758	124,521	16,236
Operating income (loss)	<b>20,392</b>	<b>23,220</b>	<b>(2,828)</b>
Non-operating income:			
Interest and dividend income	8,552	10,069	(1,517)
Equity in earnings of unconsolidated subsidiaries and affiliates	-	739	(739)
Other income	2,875	1,218	1,656
Total	<b>11,427</b>	<b>12,027</b>	<b>(599)</b>
Non-operating expenses:			
Interest expense	13,039	13,728	(689)
Foreign exchange losses	6,468	2,995	3,473
Equity in losses of unconsolidated subsidiaries and affiliates	2,974	-	2,974
Other expenses	6,569	7,618	(1,049)
Total	<b>29,051</b>	<b>24,342</b>	<b>4,708</b>
Ordinary income (loss)	<b>2,768</b>	<b>10,905</b>	<b>(8,136)</b>
Extraordinary income:			
Gains on sales of investment securities	2,216	4,949	(2,733)
Gains on contribution of investment securities to trust for retirement allowances	-	167,879	(167,879)
Extraordinary expenses:			
Losses on revaluation of investment securities	15,367	5,009	10,358
Amortization of transition difference arising from initial adoption of the new accounting standard for retirement benefits	-	172,548	(172,548)
Equity in loss of affiliates	-	19,375	(19,375)
Valuation losses on long-term foreign currency receivables and payables	-	8,387	(8,387)
Provision for doubtful receivables	-	6,827	(6,827)
Losses on damage from natural disasters	-	966	(966)
Income (loss) before income taxes	<b>(10,383)</b>	<b>(29,380)</b>	<b>18,997</b>
Income taxes			
Current	7,694	7,960	(266)
Deferred	(9,988)	(14,718)	4,730
Minority interests in income after taxes	173	843	(669)
Net income (loss)	<b>(8,263)</b>	<b>(23,466)</b>	<b>15,203</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Yen)

	Six months ended Sept. 30, 2001	Six months ended Sept. 30, 2000	Differences
Cash flows from operating activities:			
Income (loss) before income taxes	<b>(10,383)</b>	<b>(29,380)</b>	<b>18,997</b>
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities			
Depreciation and amortization	45,943	48,522	(2,579)
(Increase) decrease in receivables	168,327	133,584	34,742
(Increase) decrease in inventories and advances to suppliers	27,158	112,870	(85,712)
Increase (decrease) in payables	(94,009)	(55,342)	(38,667)
Increase (decrease) in advance payments received on contracts	11,311	(59,597)	70,908
Others	(11,877)	9,413	(21,291)
Subtotal	<b>136,468</b>	<b>160,069</b>	<b>(23,601)</b>
Interest and dividends received	8,989	10,791	(1,802)
Interest paid	(13,412)	(14,106)	693
Payments for income taxes	(17,950)	9,408	(27,359)
Payments for other non-operating income and expenses	-	(5,989)	5,989
Net cash provided by operating activities	<b>114,094</b>	<b>160,174</b>	<b>(46,079)</b>
Cash flows from investing activities:	<b>(44,555)</b>	<b>(37,741)</b>	<b>(6,813)</b>
Cash flows from financing activities:	<b>(68,019)</b>	<b>(124,355)</b>	<b>56,335</b>
Effect of exchange rate changes on cash and cash equivalents	<b>2,212</b>	<b>(525)</b>	<b>2,738</b>
Net increase (decrease) in cash and cash equivalents	<b>3,732</b>	<b>(2,447)</b>	<b>6,180</b>
Cash and cash equivalents at beginning of year	<b>243,376</b>	<b>199,525</b>	<b>43,851</b>
Increase in cash and cash equivalents by adding newly consolidated subsidiaries	<b>327</b>	-	<b>327</b>
Cash and cash equivalents at end of year	<b>247,436</b>	<b>197,077</b>	<b>50,359</b>