

No.0914

MHI ANNOUNCES FY2001 CONSOLIDATED FINANCIAL RESULTS

Tokyo, May 15, 2002 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its consolidated financial results for fiscal year (FY) 2001 ended March 31, 2002.

(billions of yen)

	FY2001	FY2000	Change (%)
Orders Received	2,424.9	2,640.3	-8.2
Net Sales	2,863.9	3,045.0	-5.9
Operating Income	78.6	74.8	5.0
Ordinary Income	67.9	63.2	7.5
Income (Loss) Before Tax	48.0	-5.1	-
Net Income (Loss)	26.4	-20.3	-
Operation Cash Flow	99.1	254.1	-61.0
Investment Cash Flow	-89.5	-76.1	17.6
Financing Cash Flow	-69.4	-131.2	-47.1
Net Income (Loss) Per Share	7.84 yen	-6.03 yen	-

Orders Received by Industry Segment

(billions of yen)

	FY2001	FY2000	Difference
Shipbuilding & Ocean Development	168.1 (6.9)	272.7 (10.3)	-104.6
Power Systems	596.0 (24.6)	739.1 (28.0)	-143.0
Machinery & Steel Structures	424.1 (17.5)	364.1 (13.8)	60.0
Aerospace	447.2 (18.4)	432.7 (16.4)	14.4
Mass and Medium-Lot Manufactured Machinery	675.7 (27.9)	711.2 (26.9)	-35.4
Others	113.4 (4.7)	120.1 (4.6)	-6.7
TOTAL	2,424.9 (100.0)	2,640.3 (100.0)	-215.3

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

Consolidated financial results (continued)

Sales by Industry Segment

(billions of yen)

	FY2001	FY2000	Difference
Shipbuilding & Ocean Development	290.0 (10.1)	293.7 (9.6)	-3.7
Power Systems	899.7 (31.4)	900.3 (29.6)	-0.6
Machinery & Steel Structures	430.0 (15.0)	541.2 (17.8)	-111.2
Aerospace	472.0 (16.5)	522.2 (17.2)	-50.2
Mass and Medium-Lot Manufactured Machinery	696.9 (24.3)	717.0 (23.5)	-20.1
Others	75.2 (2.7)	70.2 (2.3)	4.9
TOTAL	2,863.9 (100.0)	3,045.0 (100.0)	-181.0

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

Operating Income (Loss) by Industry Segment

(billions of yen)

	FY2001	FY2000	Difference
Shipbuilding & Ocean Development	5.4	-4.1	9.5
Power Systems	31.5	29.0	2.5
Machinery & Steel Structures	9.5	8.4	1.1
Aerospace	33.3	32.8	0.5
Mass and Medium-Lot Manufactured Machinery	-8.2	0.4	-8.6
Others	6.9	8.2	-1.3
TOTAL	78.6	74.8	3.7

Consolidated financial results (continued)

Estimate of Consolidated Financial Results for FY 2002

For the fiscal year 2002 ending March 31, 2003, MHI is expecting 2,630 billion yen in net sales, 92 billion yen in operating income, 80 billion yen in ordinary income, 80 billion yen in income before tax and 45 billion yen in net income.

(This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥125.00)

This estimate has been projected with the information and the data obtained at the date of May 15, 2002. Therefore please be advised the real result can be quite different after a year with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

Notes:

Number of consolidated subsidiaries: 128 (124 in FY2000)

Number of companies under the application of equity method:

	<u>FY2001</u>	<u>FY2000</u>
	53	31

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For further information, please call MHI's Public Relations Group at +81-3-3212-9173.

or

Hideo Ikuno: hikuno@golinharris.com Tel: +81-3-5721-2521, Fax: +81-3-5721-2591
UPR Golin/Harris International (PR for Mitsubishi Heavy Industries)

CONSOLIDATED BALANCE SHEETS (1/2)

(millions of Yen)

	FY 2001	FY 2000	Differences
<u>ASSETS</u>			
Current Assets:			
Cash and deposits	221,287	203,054	18,232
Trade receivables	1,092,277	1,076,164	16,112
Marketable securities	2,827	75,965	(73,137)
Inventories	1,039,518	1,290,684	(251,165)
Deferred income taxes	101,196	87,527	13,669
Other current assets	150,950	164,423	(13,473)
Allowance for doubtful receivables	(9,530)	(6,548)	(2,982)
Total Current Assets	2,598,526	2,891,271	(292,744)
Fixed Assets:			
Property, plant and equipment	758,065	755,771	2,293
Intangible fixed assets	31,027	28,489	2,537
Investments and advances			
Investment securities	422,264	447,867	(25,603)
Deffered income taxes	40,257	32,679	7,577
Other assets	127,871	143,029	(15,158)
Allowances for doubtful advances	(62,736)	(62,476)	(260)
Total Investments and advances	527,656	561,100	(33,443)
Total Fixed Assets	1,316,749	1,345,362	(28,612)
TOTAL ASSETS	3,915,276	4,236,633	(321,357)

CONSOLIDATED BALANCE SHEETS (2/2)

(millions of Yen)

	FY 2001	FY 2000	Differences
<u>LIABILITIES, MINORITY INTERESTS</u>			
<u>AND STOCKHOLDERS' EQUITY</u>			
LIABILITIES:			
Current Liabilities:			
Trade payables	693,994	743,282	(49,287)
Bank loans	455,966	395,849	60,117
Current portion of deventures	90,000	-	90,000
Commercial papers	20,000	15,000	5,000
Allowance for losses on construction contracts	9,685	52,043	(42,358)
Advance payments received on contracts	394,098	552,022	(157,923)
Other current liabilities	217,480	207,610	9,869
Total Current Liabilities	1,881,225	1,965,807	(84,582)
Long-term Liabilities:			
Debentures	226,597	316,490	(89,893)
Long-term debt	257,433	363,356	(105,922)
Reserve for retirement allowances	222,467	268,474	(46,007)
Other long-term liabilities	30,683	31,249	(566)
Total Long-term Liabilities	737,182	979,571	(242,389)
TOTAL LIABILITIES	2,618,407	2,945,379	(326,971)
MINORITY INTERESTS	14,141	13,012	1,128
STOCKHOLDERS' EQUITY:			
Common stock	265,608	265,454	153
Capital surplus	203,853	203,700	153
Retained earnings	759,772	747,613	12,158
Net unrealized gains on investment securities	63,204	78,269	(15,064)
Foreign currency translation adjustments	(9,696)	(16,796)	7,100
Treasury stock	(16)	-	(16)
TOTAL STOCKHOLDERS' EQUITY	1,282,727	1,278,241	4,485
TOTAL LIABILITIES, MINORITY INTERESTS	3,915,276	4,236,633	(321,357)
AND STOCKHOLDERS' EQUITY			

CONSOLIDATED STATEMENTS OF INCOME

(millions of Yen)

	FY 2001	FY 2000	Differences
Net sales	2,863,984	3,045,023	(181,038)
Cost of sales	2,494,489	2,707,842	(213,353)
Selling, general and administrative expenses	290,840	262,292	28,548
Operating income	78,655	74,889	3,765
Non-operating income:			
Interest and dividend income	16,553	20,084	(3,530)
Foreign exchange gains	15	9,771	(9,755)
Equity in earnings of unconsolidated subsidiaries and affiliates	5,712	1,915	3,796
Other income	6,527	3,032	3,495
Total	28,809	34,803	(5,994)
Non-operating expenses:			
Interest expenses	25,961	27,792	(1,831)
Other expenses	13,515	18,669	(5,153)
Total	39,476	46,461	(6,984)
Ordinary income	67,987	63,230	4,756
Extraordinary income:			
Gains on sales of fixed assets	2,887	5,730	(2,843)
Gains on sales of investment securities	2,640	9,901	(7,261)
Gains on contribution of investment securities to trust for retirement allowances	-	167,879	(167,879)
Gains on change in interest of affiliates	-	10,560	(10,560)
Valuation gains on long-term foreign currency receivables and payables	-	6,419	(6,419)
Extraordinary expenses:			
Restructuring charges	12,545	4,346	8,199
Losses on revaluation of investment securities	12,940	16,807	(3,866)
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	-	53,357	(53,357)
Provision for doubtful receivables	-	16,052	(16,052)
Losses on damage from natural disasters	-	5,731	(5,731)
Income (loss) before income taxes	48,028	(5,120)	53,149
Income taxes			
Current	29,345	24,100	5,245
Deferred	(8,419)	(9,938)	1,519
Minority interests in income after taxes	655	1,068	(412)
Net income (loss)	26,447	(20,350)	46,798

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Yen)

	FY 2001	FY 2000	Differences
Cash flows from operating activities:			
Income (loss) before income taxes	48,028	(5,120)	53,149
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities			
Depreciation and amortization	95,962	99,352	(3,389)
(Increase) decrease in receivables	(8,351)	(45,913)	37,562
(Increase) decrease in inventories and advances to suppliers	254,452	482,754	(228,302)
Increase (decrease) in payables	(54,324)	47,374	(101,698)
Increase (decrease) in advance payments received on contracts	(163,041)	(330,474)	167,433
Others	(35,539)	35,217	(70,760)
Subtotal	137,187	283,190	(146,005)
Interest and dividends received	18,031	20,311	(2,279)
Interest paid	(26,791)	(28,110)	1,318
Payments for income taxes	(29,309)	(4,063)	(25,246)
Payments for other non-operating income and expenses	-	(17,196)	17,196
Net cash provided by operating activities	99,116	254,132	(155,016)
Cash flows from investing activities:	(89,538)	(76,161)	(13,376)
Cash flows from financing activities:	(69,462)	(131,247)	61,785
Effect of exchange rate changes on cash and cash equivalents	5,896	(2,872)	8,769
Net increase (decrease) in cash and cash equivalents	(53,986)	43,851	(97,838)
Cash and cash equivalents at beginning of year	243,376	199,525	43,851
Increase in cash and cash equivalents by adding newly consolidated subsidiaries	327	-	327
Cash and cash equivalents at end of year	189,717	243,376	(53,658)