

No.0927

MHI ANNOUNCES FY2002 FIRST HALF CONSOLIDATED FINANCIAL RESULTS

Tokyo, November 13, 2002 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first half of fiscal year (FY) 2002 ended September 30, 2002.

(billions of yen)

	FY2002 April – Sept.	FY2001 April – Sept.	Change (%)	FY2001 Full-Year
Orders Received	810.5	973.2	-16.7	2,424.9
Net Sales	1,090.1	1,252.6	-13.0	2,863.9
Operating Income	26.5	20.3	30.1	78.6
Ordinary Income	2.5	2.7	-6.2	67.9
Income (Loss) Before Tax	3.3	-10.3	-	48.0
Net Income (Loss)	0.6	-8.2	-	26.4
Operation Cash Flow	94.6	114.0	-17.0	99.1
Investment Cash Flow	-51.7	-44.5	16.2	-89.5
Financing Cash Flow	-44.7	-68.0	-34.2	-69.4
Net Income (Loss) Per Share (Fiscal)	0.18 yen	-2.45 yen (-2.45 yen)	- (-)	7.84 yen (7.80 yen)

Beginning this interim term, interim net income (loss) per share is being calculated using the "Accounting Standard for Earnings per Share" (Financial Accounting Standard No.2) and the "Implementation Guidance for Accounting Standard for Earnings per Share" (Financial Accounting Standards Implementation Guidance No.4). Further, the interim (fiscal) net income (loss) per share for last fiscal year calculated using said accounting standard and implementation guidance has been indicated in parentheses.

Consolidated financial results (continued)

Orders Received by Operational Segment

(billions of yen)

	FY2002 Apr. – Sept.	FY2001 Apr. – Sept.	Difference	FY2001 Full-Year
Shipbuilding & Ocean Development	71.5 (8.8)	75.8 (7.8)	-4.3	168.1 (6.9)
Power Systems	149.3 (18.4)	277.3 (28.5)	-128.0	596.0 (24.6)
Machinery & Steel Structures	119.1 (14.7)	145.6 (15.0)	-26.4	424.1 (17.5)
Aerospace	95.2 (11.8)	100.4 (10.3)	-5.1	447.2 (18.4)
Mass and Medium-Lot Manufactured Machinery	325.8 (40.2)	321.1 (33.0)	4.6	675.7 (27.9)
Others	49.4 (6.1)	52.8 (5.4)	-3.4	113.4 (4.7)
TOTAL	810.5 (100.0)	973.2 (100.0)	-162.7	2,424.9 (100.0)

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

Sales by Operational Segment

(billions of yen)

	FY2002 Apr. – Sept.	FY2001 Apr. – Sept.	Difference	FY2001 Full-Year
Shipbuilding & Ocean Development	123.4 (11.3)	132.5 (10.6)	-9.1	290.0 (10.1)
Power Systems	292.4 (26.8)	421.0 (33.6)	-128.5	899.7 (31.4)
Machinery & Steel Structures	121.2 (11.1)	140.6 (11.2)	-19.3	430.0 (15.0)
Aerospace	188.8 (17.3)	178.0 (14.2)	10.7	472.0 (16.5)
Mass and Medium-Lot Manufactured Machinery	332.5 (30.5)	344.5 (27.5)	-11.9	696.9 (24.3)
Others	31.7 (3.0)	35.8 (2.9)	-4.1	75.2 (2.7)
TOTAL	1,090.1 (100.0)	1,252.6 (100.0)	-162.4	2,863.9 (100.0)

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

Consolidated financial results (continued)

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2002 Apr. – Sept.	FY2001 Apr. – Sept.	Difference	FY2001 Full-Year
Shipbuilding & Ocean Development	0.5	0.5	0.0	5.4
Power Systems	18.2	10.4	7.8	31.5
Machinery & Steel Structures	-6.8	-7.3	0.5	9.5
Aerospace	18.7	16.6	2.1	33.3
Mass and Medium-Lot Manufactured Machinery	-7.6	-3.2	-4.3	-8.2
Others	3.4	3.3	0.0	6.9
TOTAL	26.5	20.3	6.1	78.6

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, 103 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 November 13, 2002. Therefore please be advised that 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 or currency exchange rate fluctuation.

Notes:

Number of consolidated subsidiaries: 131 (128 in FY2001)

Number of companies under the application of equity method:

<u>FY2002</u>	<u>FY2001</u>
54	53

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CONSOLIDATED BALANCE SHEETS (1/2)

(millions of Ye

	As of Sep. 30, 2002	As of Mar. 31, 2002	Differences
<u>ASSETS</u>			
Current Assets:			
Cash and deposits	195,926	221,287	(25,360)
Trade receivables	885,249	1,092,277	(207,027)
Securities	21,156	2,827	18,328
Inventories	1,155,393	1,039,518	115,874
Deferred income taxes	106,077	101,196	4,880
Other current assets	134,988	150,950	(15,962)
Allowance for doubtful receivables	(7,828)	(9,530)	1,702
Total Current Assets	2,490,963	2,598,526	(107,563)
Fixed Assets:			
Property, plant and equipment	759,957	758,065	1,892
Intangible fixed assets	31,008	31,027	(18)
Investments and advances			
Investment securities	410,359	422,264	(11,905)
Deferred income taxes	27,977	40,257	(12,279)
Other assets	126,246	127,871	(1,624)
Allowance for doubtful advances	(60,946)	(62,736)	1,790
Total Investments and advances	503,638	527,656	(24,018)
Total Fixed Assets	1,294,604	1,316,749	(22,145)
TOTAL ASSETS	3,785,567	3,915,276	(129,708)

CONSOLIDATED BALANCE SHEETS (2/2)

(millions of Ye

	As of Sep. 30, 2002	As of Mar. 31, 2002	Differences
<u>LIABILITIES, MINORITY INTERESTS</u>			
<u>AND STOCKHOLDERS' EQUITY</u>			
LIABILITIES:			
Current Liabilities:			
Trade payable	582,707	693,994	(111,286)
Bank loans	436,772	455,966	(19,194)
Commercial papers	20,000	20,000	-
Current portion of debentures	150,000	90,000	60,000
Allowance for losses on construction contracts	8,980	9,685	(705)
Advance payments received on contracts	495,875	394,098	101,776
Other current liabilities	179,990	217,480	(37,489)
Total Current Liabilities	1,874,326	1,881,225	(6,898)
Long-term Liabilities:			
Debentures	125,975	226,597	(100,622)
Long-term debt	275,227	257,433	17,793
Reserve for retirement allowance	211,291	222,467	(11,175)
Other long-term liabilities	28,761	30,683	(1,922)
Total Long-term Liabilities	641,255	737,182	(95,926)
TOTAL LIABILITIES	2,515,582	2,618,407	(102,825)
MINORITY INTERESTS	12,652	14,141	(1,488)
STOCKHOLDERS' EQUITY:			
Common stoc	265,608	265,608	-
Capital surplus	203,853	203,853	-
Retained earnings	721,680	759,772	(38,092)
Net unrealized gains on investment securities	70,683	63,204	7,478
Foreign currency translation adjustments	(4,442)	(9,696)	5,254
Treasury stock	(50)	(16)	(34)
TOTAL STOCKHOLDERS' EQUITY	1,257,332	1,282,727	(25,394)
TOTAL LIABILITIES, MINORITY INTERESTS	3,785,567	3,915,276	(129,708)
AND STOCKHOLDERS' EQUITY			

CONSOLIDATED STATEMENTS OF OPERATIONS

(millions of Yen)

	Six months ended Sep. 30, 2002	Six months ended Sep. 30, 2001	Differences
Net sales	1,090,183	1,252,653	(162,469)
Cost of sales	923,129	1,091,502	(168,372)
Selling, general and administrative expenses	140,530	140,758	(228)
Operating income	26,523	20,392	6,130
Non-operating income:			
Interest and dividend income	7,156	8,552	(1,396)
Equity in earnings of unconsolidated subsidiaries and affiliates	2,186	-	2,186
Other income	2,675	2,875	(199)
Total	12,018	11,427	591
Non-operating expenses:			
Interest expense	11,748	13,039	(1,290)
Foreign exchange losses	19,349	6,468	12,880
Equity in losses of unconsolidated subsidiaries and affiliates	-	2,974	(2,974)
Other expenses	4,846	6,569	(1,722)
Total	35,944	29,051	6,892
Ordinary income	2,598	2,768	(170)
Extraordinary income:			
Gains on sales of investment securities	3,280	2,216	1,064
Extraordinary expenses:			
Losses on revaluation of investment securities	2,511	15,367	(12,856)
Income (loss) before income taxes	3,367	(10,383)	13,750
Income taxes			
Current	4,700	7,694	(2,994)
Deferred	(1,996)	(9,988)	7,991
Minority interests in income after taxes	61	173	(112)
Net income (loss)	602	(8,263)	8,866

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Yen)

	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Differences
Cash flows from operating activities:			
Income (loss) before income taxes	3,367	(10,383)	13,750
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities			
Depreciation and amortization	46,221	45,943	277
(Increase) decrease in receivables	202,678	168,327	34,350
(Increase) decrease in inventories and advances to suppliers	(108,215)	27,158	(135,373)
Increase (decrease) in payables	(103,390)	(94,009)	(9,380)
Increase (decrease) in advance payments received on contracts	105,770	11,311	94,458
Others	(32,265)	(11,877)	(20,387)
Subtotal	114,164	136,468	(22,303)
Interest and dividends received	7,537	8,989	(1,451)
Interest paid	(12,170)	(13,412)	1,242
Payments for income taxes	(14,864)	(17,950)	3,086
Net cash provided by operating activities	94,668	114,094	(19,426)
Cash flows from investing activities:	(51,769)	(44,555)	(7,214)
Cash flows from financing activities:	(44,730)	(68,019)	23,289
Effect of exchange rate changes on cash and cash equivalents	(3,699)	2,212	(5,911)
Net increase (decrease) in cash and cash equivalents	(5,530)	3,732	(9,263)
Cash and cash equivalents at beginning of year	189,717	243,376	(53,658)
Increase in cash and cash equivalents by adding newly consolidated subsidiaries	961	327	634
Cash and cash equivalents at end of period	185,148	247,436	(62,288)