

November 19, 2001

CONSOLIDATED FINANCIAL REPORT FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2001

Ishikawajima-Harima Heavy Industries Co., Ltd. (IHI) is listed on the First Section of the Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange, Fukuoka Securities Exchange and Sapporo Stock Exchange with the securities code number 7013.

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Semi-Annual Board of Directors Meeting: November 19, 2001

This consolidated financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures have been rounded off to eliminate amounts less than one million yen.

PERFORMANCE

(1) Business Results

(Millions of yen)						
Six-month period ended	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Sept. 30, 2001	¥453,969	(8.9)%	¥2,429	(86.1) %	¥(934)	- %
Sept. 30, 2000	498,118	7.7	17,527	-	12,031	-
Fiscal year 2001	1,114,817		39,947		28,055	

(Millions of yen)				
Six-month period ended	Net Income	Percentage Change	Net Income per Share	Diluted Net Income per Share
Sept. 30, 2001	¥(7,755)	- %	¥(5.97)	-
Sept. 30, 2000	5,339	-	4.11	-
Fiscal year 2001	9,205		7.09	-

Notes: 1. Equity in earnings of unconsolidated subsidiaries and affiliates

Six-month period ended Sept. 30, 2001:	¥(177) million
Six-month period ended Sept. 30, 2000:	¥ 37 million
Fiscal year 2001:	¥ (26) million

2. Average number of shares outstanding (consolidated)

Six-month period ended Sept. 30, 2001:	1,298,493,126
Six-month period ended Sept. 30, 2000:	1,298,492,452
Fiscal year 2001:	1,298,492,970

3. Changes in accounting policies: Yes

4. Percentages shown for net sales, operating income, ordinary income and net income are the rate of increase or decrease from the previous fiscal year.

(2) Financial Position

(Millions of yen, except per share figures)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share of Common Stock (Yen)
Sept. 30, 2001	¥1,393,969	¥183,489	13.2%	¥141.31
Sept. 30, 2000	1,497,312	210,024	14.0	161.74
March 31, 2001	1,481,841	201,349	13.6	155.06

Note: Number of shares outstanding at the end of period (consolidated)

Six-month period ended Sept. 30, 2001:	1,298,494,861
Six-month period ended Sept. 30, 2000:	1,298,492,196
Fiscal year 2001:	1,298,494,797

(3) Cash Flows

(Millions of yen)

Six-month period ended	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents, End of Year
Sept. 30, 2001	¥26,459	¥(14,442)	¥(26,705)	¥108,488
Sept. 30, 2000	30,769	(52,022)	44,837	143,624
Fiscal year 2001	22,611	(60,613)	40,281	122,391

(4) Consolidated Subsidiaries and Application of the Equity Method

Number of consolidated subsidiaries: 52

Number of non-consolidated subsidiaries accounted for by the equity method: 0

Number of affiliated companies accounted for by the equity method: 5

(5) Changes in Scope of Consolidation and Application of the Equity Method

1. New consolidated companies: 2

Consolidated companies removed: 1

2. New companies accounted for by the equity method: 0

Companies accounted for by the equity method removed: 0

FORECAST OF RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2002

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Fiscal year 2002	¥1,100,000	¥18,000	¥1,000

Reference: Estimated net income per share for the year: Consolidated: ¥0.77

Cautionary Statement

Statements made in this report with respect to IHI's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of IHI. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. IHI cautions you that a number of important factors such as general economic conditions and exchange rates could cause actual results to differ materially from those discussed in the forward-looking statements.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(Millions of yen)

	April 1, 2001– Sept. 30, 2001	April 1, 2000– Sept. 30, 2000	Increase (Decrease)	April 1, 2000– Mar. 31, 2001
Net sales	¥453,969	¥498,118	¥(44,149)	¥1,114,817
Cost of sales	390,018	420,962	(30,944)	951,292
Disposition of deferred contract income	–	1	(1)	2
Selling, general and administrative expenses	61,522	59,630	1,892	123,580
Operating income	2,429	17,527	(15,098)	39,947
Non-operating income:				
Interest and dividend income	2,290	1,647	643	3,124
Equity in earnings of affiliates	–	37	(37)	–
Other income	4,945	3,106	1,839	7,541
Non-operating expenses:				
Interest expenses	2,995	3,075	(80)	6,584
Equity in losses of affiliates	177	–	177	26
Other expenses	7,426	7,211	215	15,947
Ordinary (loss) income	(934)	12,031	(12,965)	28,055
Extraordinary income:				
Reversal of allowance for doubtful receivables	–	1,370	(1,370)	1,370
Gain on sale of investment securities	–	–	–	753
Extraordinary expenses:				
Loss on valuation of investment securities	4,659	–	4,659	–
Provision for employees' retirement allowances for prior period	2,254	2,741	(487)	5,476
Loss on valuation of shares of subsidiaries	1,114	–	1,114	–
Loss on disposal of property, plant and equipment	892	–	892	–
Extraordinary retirement benefits	–	–	–	2,771
Loss on valuation of golf memberships	–	956	(956)	1,655
Provision for allowance for doubtful receivables of affiliates	–	–	–	1,125
Loss on evaluation of shares of subsidiaries and affiliates	–	941	(941)	1,003
Income (loss) before income taxes, minority interests and other	(9,853)	8,763	(18,616)	18,148
Corporation, inhabitants' and enterprise taxes	1,590	2,759	(1,169)	11,316
Adjustments to corporation taxes	(3,160)	857	(4,017)	(2,451)
Minority interests	(528)	(192)	(336)	78
Net (loss) income	(7,755)	5,339	(13,094)	9,205
Retained earnings, beginning of year:	88,073	83,010	5,063	83,010
Increase in retained earnings:				
Increase resulting from inclusion of subsidiaries in consolidation	–	679	(679)	679

FORWARD

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (CONTINUED)

(Millions of yen)

	April 1, 2001– Sept. 30, 2001	April 1, 2000– Sept. 30, 2000	Increase (Decrease)	April 1, 2000– Mar. 31, 2001
Decrease in retained earnings:				
Decrease resulting from inclusion of subsidiaries in consolidation	1	–	1	–
Decrease resulting from inclusion of affiliates accounted for by the equity method	–	634	(634)	634
Decrease resulting from removal of subsidiaries accounted for by the equity method	–	80	(80)	80
Cash dividends	–	–	–	3,895
Directors' bonuses	–	–	–	212
Retained earnings, end of year	¥80,317	¥88,314	¥(7,997)	¥88,073

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Sept. 30, 2001	Mar. 31, 2001	Increase (Decrease)	Sept. 30, 2000
ASSETS				
Current assets:				
Cash and time deposits	¥61,913	¥65,215	¥(3,302)	¥94,767
Trade receivables	246,931	355,189	(108,258)	288,314
Marketable securities	41,923	51,913	(9,990)	50,122
Inventories	437,297	403,921	33,376	429,691
Deferred income taxes	23,582	22,442	1,140	19,582
Other current assets	56,073	46,906	9,167	65,464
Less allowance for doubtful receivables	(1,333)	(1,734)	401	(1,178)
Total current assets	866,386	943,852	(77,466)	946,762
Fixed assets:				
Property, plant and equipment:				
Buildings and structures	110,002	109,740	262	112,547
Machinery and equipment	75,420	75,240	180	75,657
Land	84,975	83,987	988	84,349
Construction in progress	10,397	6,026	4,371	5,347
Other tangible fixed assets	19,789	20,782	(993)	23,343
Total property, plant and equipment	300,583	295,775	4,808	301,243
Intangible assets:				
Software	9,944	9,978	(34)	9,639
Royalties and other intangible assets	5,803	5,305	498	5,919
Total intangible assets	15,747	15,283	464	15,558
Investments and other assets:				
Investment securities	122,147	146,310	(24,163)	160,341
Deferred income taxes	44,197	34,701	9,496	28,076
Other	59,262	60,281	(1,019)	59,223
Less allowance for doubtful receivables	(14,353)	(14,361)	8	(13,891)
Total investments and other assets	211,253	226,931	(15,678)	233,749
Total fixed assets	527,583	537,989	(10,406)	550,550
Total assets	¥1,393,969	¥1,481,841	¥(87,872)	¥1,497,312

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	Sept. 30, 2001	Mar. 31, 2001	Increase (Decrease)	Sept. 30, 2000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade payables	¥259,683	¥308,471	¥(48,788)	¥275,177
Short-term loans and current portion of long-term loans and debentures	199,903	219,828	(19,925)	217,147
Accrued income taxes	1,963	10,060	(8,097)	2,924
Accrued expenses	25,171	32,055	(6,884)	24,459
Advances from customers	206,193	197,681	8,512	247,946
Allowance for employees' bonuses	21,944	22,359	(415)	21,330
Allowance for guaranteed contracts	7,456	7,812	(356)	7,128
Reserve for loss on sales contracts	1,511	1,926	(415)	10,927
Other current liabilities	25,034	24,911	123	16,413
Total current liabilities	748,858	825,103	(76,245)	823,451
Long-term liabilities:				
Debentures	90,000	90,000	–	90,000
Long-term loans	145,522	145,081	441	152,187
Allowance for employees' retirement benefits	169,360	172,053	(2,693)	178,361
Deferred tax liabilities from revaluation of land	4,189	4,189	–	4,189
Other long-term liabilities	36,857	27,856	9,001	22,873
Total long-term liabilities	445,928	439,179	6,749	447,610
Total liabilities	1,194,786	1,264,282	(69,496)	1,271,061
Minority interests:				
Minority interests in consolidated subsidiaries	15,694	16,210	(516)	16,227
Shareholders' equity:				
Common stock	64,925	64,925	–	64,925
Capital surplus	10,359	10,359	–	10,359
Revaluation excess	5,397	5,397	–	5,397
Retained earnings	80,317	88,073	(7,756)	88,314
Unrealized holding gain on other securities	24,235	34,509	(10,274)	42,855
Foreign exchange translation adjustments	(1,744)	(1,914)	170	(1,826)
Less treasury stock, at cost	0	0	0	0
Total shareholders' equity	183,489	201,349	(17,860)	210,024
Total liabilities and shareholders' equity	¥1,393,969	¥1,481,841	¥(87,872)	¥1,497,312

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	April 1, 2001– Sept. 30, 2001	April 1, 2000– Sept. 30, 2000	April 1, 2000– Mar. 31, 2001
Operating activities:			
Net income (loss) before income taxes	¥(9,853)	¥8,763	¥18,148
Depreciation and amortization	17,754	18,475	38,914
Amortization of long-term prepaid expenses	1,643	1,748	3,563
Increase (decrease) in allowance for bad debts	(409)	(2,106)	(1,080)
Increase (decrease) in allowance for employees' bonuses	(417)	(97)	932
Increase (decrease) in reserve for secured orders	(356)	1,170	1,854
Increase (decrease) in accrued losses on sales contracts	(415)	978	(8,023)
Increase (decrease) in accrued employees' retirement allowances	(2,709)	(490)	(6,247)
Interest and dividends income	(2,290)	(1,647)	(3,124)
Interest expense	2,995	3,075	6,584
Loss on foreign exchange	9	285	125
Loss on disposal of property, plant and equipment	598	–	1,565
Gain on sale of marketable and investment securities	(200)	(1,414)	(2,186)
Loss on valuation of marketable and investment securities and golf Memberships	5,773	2,148	4,018
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	177	(37)	26
Changes in operating assets and liabilities			
Notes and accounts receivable	108,282	16,902	(49,897)
Advances received	10,853	(9,639)	(59,904)
Inventories	(27,208)	27,401	53,606
Advance payments	(4,525)	(5,600)	12,926
Notes and accounts payable	(48,857)	(24,012)	9,282
Other current assets	(1,786)	(2,619)	(1,455)
Other current liabilities	(7,401)	1,533	8,415
Accrued consumption taxes	(4,374)	128	2,516
Directors' and corporate auditors' bonuses	(234)	(156)	(156)
Others	(83)	433	(26)
Subtotal	36,967	35,222	30,376
Interest and dividends received	2,275	2,052	3,737
Interest paid	(3,096)	(2,765)	(6,341)
Income taxes paid	(9,687)	(3,740)	(5,161)
Net cash provided by (used in) operating activities	26,459	30,769	22,611
Investing activities:			
Net decrease (increase) in time deposits due more than three months	(725)	(1,460)	(34)
Purchases of marketable and investment securities	(1,243)	(4,441)	(3,867)
Proceeds from sale of marketable and investment securities	336	3,377	4,492
Outlay from transfer of aerospace division from Nissan Motor Co., Ltd.	–	(30,592)	(30,592)
Purchases of property, plant and equipment and intangible fixed assets	(19,072)	(17,502)	(36,787)
Proceeds from sale of property, plant and equipment	1,802	285	2,274
Net decrease (increase) in short-term loans	626	(1,987)	(239)
Increase in long-term loans	(925)	(211)	(2,234)
Decrease in loans	348	227	1,788
Decrease (increase) in other non-current assets	1,166	644	813
Increase (decrease) in other fixed liabilities	3,245	(362)	3,773
Net cash provided by (used in) investing activities	(14,442)	(52,022)	(60,613)

FORWARD

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(Millions of yen)

	April 1, 2001– Sept. 30, 2001	April 1, 2000– Sept. 30, 2000	April 1, 2000– Mar. 31, 2001
Financing Activities:			
Net increase (decrease) in short-term debt	¥(17,910)	¥(10,168)	¥(4,047)
Proceeds from issuance of long-term debt	25,572	51,552	71,170
Repayment of long-term debt	(30,125)	(16,343)	(46,507)
Proceeds from issuance of debentures	–	20,000	20,000
Purchases of treasury stock of subsidiaries in consolidation	(113)	–	–
Dividends paid	(3,895)	–	–
Dividends paid to minority interests	(234)	(204)	(335)
Net cash provided by (used in) financing activities	(26,705)	44,837	40,281
Effect of Exchange Rate Changes on Cash and Cash Equivalents	161	54	126
Net Increase (Decrease) in Cash and Cash Equivalents	(14,527)	23,638	2,405
Cash and Cash Equivalents, Beginning of Year	122,391	119,092	119,092
Increase in Cash and Cash Equivalents from Consolidation of Nonconsolidated Subsidiaries	624	894	894
Cash and Cash Equivalents, End of Year	¥108,488	¥143,624	¥122,391

Note: A reconciliation of cash and cash equivalents to the amounts shown in the consolidated balance sheets are as follows:

	Sept. 30, 2001	Sept. 30, 2000	March 31, 2001
Cash and time deposits	¥61,913	¥94,767	¥65,215
Time deposits due more than three months	(1,634)	(2,335)	(909)
Convertible time deposits included in marketable securities	500	28,000	21,700
Commercial paper included in marketable securities	–	3,999	6,066
Investment trust included in marketable securities	41,211	15,195	23,932
Sales under agreement to repurchase and beneficiary rights to trust included in other current assets (short-term loans)	6,498	3,998	6,387
Cash and cash equivalents	¥108,488	¥143,624	¥122,391

BASIS FOR PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Consolidated subsidiaries:

The consolidated accounts reflect the results of 52 consolidated subsidiaries. Major companies include Ishikawajima Shibaura Machinery Co., Ltd., IHI Aerospace Co., Ltd., IHI Construction Machinery Co., Ltd., Ishikawajima Transport Machinery Co., Ltd., Ishikawajima Mass-Produced Machinery Co., Ltd., Ishikawajima Construction Materials Co., Ltd., Ishikawajima Ship & Chemical Plant Co., Ltd., Ishikawajima Hanyoki Service Co., Ltd., PC BRIDGE Co., Ltd., Ishikawajima Plant Construction Co., Ltd., Star Farm Machinery Manufacturing Co., Ltd., IHI Inc. and IHI Turbo America Co.

Other subsidiaries are not included in consolidation as their effect on consolidated results would not be material.

Two subsidiaries, Sunny River Line S.A. and Voith IHI Paper Technology Co., Ltd., were added to the scope of consolidation during the period under review and Ishikawajima Granitech Co., Ltd. was liquidated.

2. Application of the Equity Method of Accounting

Companies accounted for by the equity method comprise JURONG ENGINEERING LIMITED and 4 other companies.

3. Consolidated Subsidiaries Having Different Fiscal Year-Ends

As Star Farm Machinery Manufacturing Co., Ltd. closes its books of account for the interim period on March 31, provisional interim financial statements are used for the purpose of consolidation. IHI Inc., IHI Turbo America Co., South-Point Marine S.A. and Sunny River Line S.A. close their books of account for the interim period on June 30, and Kaisho Marine S.A. on July 31. As these periods do not exceed 3 months, their interim financial statements are used.

4. Summary of Significant Accounting Policies

(1) *Securities*

Securities to be held until maturity are stated at cost with discounts or premiums amortized throughout the holding periods. Other securities with market prices available are stated at fair market value as of the interim balance-sheet date, with the sale price computed by the moving-average method. Other securities without market prices available are stated at cost by the moving-average method.

(2) *Derivatives*

Derivatives are stated at fair market value.

(3) *Inventories*

Raw materials and supplies are stated principally at the lower of cost or market by the moving-average method, and finished goods, work in process and contracts in process are stated principally at identified cost.

(4) *Depreciation*

Depreciation of plant and equipment is principally computed by the declining-balance method. However, depreciation of the Toyosu Center Building (office building for lease) held by the parent company, lend-lease properties, certain assets of consolidated subsidiaries and buildings (excluding building fixtures) acquired after April 1, 1998, are computed by the straight-line method. Previously computed by the declining-balance method, depreciation of lend-lease properties held by the parent company is now computed by the straight-line method from the period under review to more accurately reflect expenses and income. The effects of this change were immaterial. Amortization of intangible assets is computed by the straight-line method.

(5) *Foreign currency translation*

The assets, liabilities, income and expenses of overseas subsidiaries are translated at the exchange rates prevailing at the interim balance-sheet date. Translation differences are included as a component of shareholders' equity in foreign exchange translation adjustments.

(6) *Basis for recording significant allowances*

a. Allowance for doubtful receivables

To provide for losses on doubtful receivables, the allowance for doubtful receivables is provided based on historical default rates, plus additional estimated amounts to cover specific uncollectible receivables.

b. Allowance for employees' bonuses

For payment of employee bonuses, the allowance for employees' bonuses is provided for in the amount that is expected to be paid.

- c. Allowance for guaranteed contracts
To provide for guaranteed project expenses, the allowance for guaranteed contracts is recorded as an estimate of future expenditures based on historical experience.
- d. Accrued losses on sales contracts
Accrued losses on sales contracts are provided for in the amount of estimated losses for work in progress at the balance-sheet date.
- e. Employees' retirement allowances
The employees' retirement allowances are provided for based on the expected difference between estimated severance liabilities and pension fund assets at the end of the consolidated fiscal year, as of the consolidated interim balance-sheet date. Differences arising from this change in accounting method will be disposed of as expenses over five years. Actuarial differences are disposed of as expenses from the next fiscal year using the straight-line method over a certain number of years within the average remaining work period of employees.

(7) *Hedging transactions*

Gains or losses and evaluation differences related to hedging transactions accounted for at fair market value are deferred as assets or liabilities until recognized. Evaluation gains and losses on foreign exchange contracts are allocated to settlement periods throughout the period of the contract.

(8) *Recognition of revenues and related costs*

Net sales from contracts are recognized at the time the projects are completed, except for the net sales of projects with construction lasting more than two years and revenue of more than ¥5 billion, which are recorded using the percentage-of-completion method.

(9) *Leases*

Financial leases are accounted for by the operating lease accounting method, except lease agreements that stipulate the transfer of ownership of the leased property to the lessee.

(10) *Consumption tax*

Consumption taxes are accounted for using the net-of-tax method.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries are stated as a whole at fair market value.

6. Depreciation of Consolidated Adjustment Account

Depreciation of consolidated adjustment account is calculated using the straight-line method based on the estimated period of investment return. However, immaterial amounts are depreciated with a one-time charge in the period in which they occur.

7. Appropriation of Retained Earnings

Appropriations with respect to each balance sheet date are retroactively reflected in the consolidated financial statements for each applicable period.

8. Cash and Cash Equivalents

Cash and cash equivalents include deposits that can be easily withdrawn and converted to cash and short-term investments with a maturity within three months of their acquisition that are not subject to significant price risk.

SEGMENT INFORMATION

(1) Performance by business segment

Six months ended September 30, 2001

(Millions of yen)

	Industrial Machinery and Steel Structure Operations	Energy, Environment and Plant Operations	Standard Machinery and Other Operations	Aero-Engine and Space Operations	Ship-Building and Offshore Operations	Total	Eliminations and Corporate	Consolidated
Sales and operating income:								
Sales to outside customers	¥79,467	¥125,579	¥103,651	¥90,927	¥54,345	¥453,969	–	¥453,969
Intersegment sales and transfers	8,172	3,041	10,702	2,158	350	24,423	(24,423)	–
Total	87,639	128,620	114,353	93,085	54,695	478,392	(24,423)	453,969
Operating expenses	94,990	128,148	112,067	89,471	51,310	475,986	(24,446)	451,540
Operating income (loss)	¥(7,351)	¥472	¥2,286	¥3,614	¥3,385	¥2,406	¥23	¥2,429

Six months ended September 30, 2000

(Millions of yen)

	Industrial Machinery and Steel Structure Operations	Energy, Environment and Plant Operations	Standard Machinery and Other Operations	Aero-Engine and Space Operations	Ship-Building and Offshore Operations	Total	Eliminations and Corporate	Consolidated
Sales and operating income:								
Sales to outside customers	¥93,442	¥163,960	¥95,766	¥79,574	¥65,376	¥498,118	–	¥498,118
Intersegment sales and transfers	8,593	4,607	10,571	1,593	404	25,768	(25,768)	–
Total	102,035	168,567	106,337	81,167	65,780	523,886	(25,768)	498,118
Operating expenses	105,625	155,979	105,334	76,892	63,069	506,899	(26,308)	480,591
Operating income (loss)	¥(3,590)	¥12,588	¥1,003	¥4,275	¥2,711	¥16,987	¥540	¥17,527

Fiscal year ended March 31, 2001

(Millions of yen)

	Industrial Machinery and Steel Structure Operations	Energy, Environment and Plant Operations	Standard Machinery and Other Operations	Aero-Engine and Space Operations	Ship-Building and Offshore Operations	Total	Eliminations and Corporate	Consolidated
Sales and operating income:								
Sales to outside customers	¥230,911	¥307,628	¥229,641	¥233,953	¥112,684	¥1,114,817	–	¥1,114,817
Intersegment sales and transfers	16,499	9,175	26,395	5,464	1,420	58,953	(58,953)	–
Total	247,410	316,803	256,036	239,417	114,104	1,173,770	(58,953)	1,114,817
Operating expenses	248,229	295,512	248,664	231,387	109,748	1,133,540	(58,670)	1,074,870
Operating income (loss)	¥(819)	¥21,291	¥7,372	¥8,030	¥4,356	¥40,230	¥(283)	¥39,947

Notes:

1. Business segments are based on current classifications.
2. Main products and machinery included in each segment:
 - (1) Industrial Machinery and Steel Structure Operations
Iron and steel manufacturing equipment, diesel engines, material handling systems, physical distribution and factory automation systems, bridges and others
 - (2) Energy, Environment and Plant Operations
Boilers, gas turbines, components for nuclear power plants, environmental control systems, storage facilities and others
 - (3) Standard Machinery and Other Operations
Mass-produced machinery, parking systems, agricultural machinery, construction machinery, financing and service industry and others
 - (4) Aero-Engine and Space Operations
Jet engines, space-related equipment and others
 - (5) Shipbuilding and Offshore Operations
Shipbuilding, ship repairs, offshore structures, marine transport and others
3. Operating expenses are entirely allocated to each business segment.

(2) Segment information by region

Six months ended September 30, 2001

Japan accounted for more than 90% of the total net sales of all segments. Consequently, disclosure of segment information of areas other than Japan is not required in accordance with generally accepted standards for the presentation of consolidated financial statements.

Six months ended September 30, 2000

Japan accounted for more than 90% of the total net sales of all segments. Consequently, disclosure of segment information of areas other than Japan is not required in accordance with generally accepted standards for the presentation of consolidated financial statements.

Fiscal year ended March 31, 2001

Japan accounted for more than 90% of the total net sales of all segments and the total amount of segment assets. Consequently, disclosure of segment information of areas other than Japan is not required in accordance with generally accepted standards for the presentation of consolidated financial statements.

(3) Overseas sales

(Millions of yen, %)

Six months ended September 30, 2001						Total
	Asia	North America	Central and South America	Europe	Others	
Overseas sales	¥14,615	¥48,356	¥36,365	¥13,428	¥19,132	¥131,896
Consolidated net sales						¥453,969
Overseas sales as a percentage of consolidated net sales	3.2%	10.7%	8.0%	3.0%	4.2%	29.1%

(Millions of yen, %)

Six months ended September 30, 2000						Total
	Asia	North America	Central and South America	Europe	Others	

Overseas sales	¥24,345	¥26,246	¥37,706	¥15,439	¥8,048	¥111,784
Consolidated net sales						¥498,118
Overseas sales as a percentage of consolidated net sales	4.9%	5.2%	7.6%	3.1%	1.6%	22.4%

(Millions of yen, %)

Fiscal year ended March 31, 2001	Asia	North America	Central and South America	Europe	Others	Total
Overseas sales	¥37,875	¥68,614	¥62,648	¥32,111	¥22,402	¥223,650
Consolidated net sales						¥1,114,817
Overseas sales as a percentage of consolidated net sales	3.4%	6.2%	5.6%	2.9%	2.0%	20.1%

Notes:

1. Countries and regions are classified according to geographical proximity.
2. The countries included in each segment are as follows:
 - (1) Asia: China, Taiwan, Korea, Thailand, Singapore, Malaysia, Indonesia, Philippines, India, Pakistan, etc.
 - (2) North America: U.S.A., Canada
 - (3) Central and South America: Brazil, Panama, etc.
 - (4) Europe: United Kingdom, Germany, France, Italy, Holland, Spain, Norway, Russia, Turkey, etc.