

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES FLASH CONSOLIDATED FINANCIAL RESULTS

For nine months ended December 31, 2011 and 2010 and one year ended March 31, 2011

Operating results

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2010	Nine months ended Dec. 31, 2011
Net sales	¥ 906,314	¥ 870,540	\$ 11,659,771
Operating income	47,282	38,750	608,285
Net income	33,679	28,159	433,281
Earnings per share (Yen)	20.1	16.8	

Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of net assets less minority interests to total assets
	Total assets	Net assets	
As of December 31, 2011	¥ 1,404,498	¥ 319,257	22%
As of March 31, 2011	1,354,278	297,433	21%
As of December 31, 2011	\$ 18,068,930	\$ 4,107,255	—

	Thousand shares	
	Number of shares issued and outstanding	
As of December 31, 2011	1,671,817	
As of March 31, 2011	1,670,546	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2010	Nine months ended Dec. 31, 2011
Operating activities	¥ (16,113)	¥ (33,545)	\$ (207,294)
Investing activities	(51,417)	(41,504)	(661,482)
Financing activities	61,232	78,049	787,752
Cash and cash equivalents at end of term	34,301	35,820	441,283

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2012	¥ 1,330,000	¥ 50,000	¥ 26,000

- Notes : 1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥77.73=\$1, the rate prevailing as of December 31, 2011, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2011

	Millions of yen		Thousands of U.S. dollars
	As of Dec. 31, 2011	As of Mar. 31, 2011	As of Dec. 31, 2011
Assets :			
Current assets :			
Cash on hand and in banks	¥ 35,954	¥ 47,233	\$ 462,549
Receivables, less allowance	387,923	416,450	4,990,648
Inventories	479,685	425,322	6,171,169
Other current assets	84,885	62,714	1,092,049
Total current assets	<u>988,447</u>	<u>951,719</u>	<u>12,716,415</u>
Investments and long-term loans less allowance	62,618	56,306	805,583
Net property, plant and equipment	281,276	275,780	3,618,629
Intangible and other assets	72,157	70,473	928,303
Total assets	<u>¥ 1,404,498</u>	<u>¥ 1,354,278</u>	<u>\$ 18,068,930</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 235,509	¥ 174,697	\$ 3,029,834
Payables	290,034	319,272	3,731,300
Advances from customers	85,993	80,816	1,106,304
Other current liabilities	126,215	128,942	1,623,762
Total current liabilities	<u>737,751</u>	<u>703,727</u>	<u>9,491,200</u>
Long-term liabilities :			
Long-term debt, less current portion	256,148	254,447	3,295,355
Others	91,342	98,671	1,175,120
Total long-term liabilities	<u>347,490</u>	<u>353,118</u>	<u>4,470,475</u>
Net assets :			
Common stock	104,484	104,340	1,344,191
Capital surplus	54,394	54,251	699,782
Retained earnings	186,770	158,615	2,402,804
Treasury stock	(22)	(30)	(283)
Net unrealized gains on securities	2,579	3,876	33,178
Gains (losses) on hedging items	(1,244)	(990)	(16,004)
Foreign currency translation adjustments	(37,261)	(31,006)	(479,364)
Minority interests	9,557	8,377	122,951
Total net assets	<u>319,257</u>	<u>297,433</u>	<u>4,107,255</u>
Total liabilities and net assets	<u>¥ 1,404,498</u>	<u>¥ 1,354,278</u>	<u>\$ 18,068,930</u>

Condensed Consolidated Statements of Income

For nine months ended December 31, 2011 and 2010

	Millions of yen		% Change	Thousands of
	Nine months ended Dec.31, 2011	Nine months ended Dec.31, 2010		U.S. dollars
				Nine months ended Dec.31, 2011
Net sales	¥ 906,314	¥ 870,540	+4%	\$ 11,659,771
Cost of sales	749,212	727,703		9,638,647
Gross profit	157,102	142,837		2,021,124
Selling, general and administrative expenses	109,820	104,087		1,412,839
Operating income	47,282	38,750		608,285
Other income (expenses) :				
Interest and dividend income	1,813	1,901		23,324
Equity in income of unconsolidated subsidiaries and affiliates	7,100	7,076		91,341
Interest expense	(3,237)	(3,590)		(41,644)
Other, net	4,228	505		54,394
Income before income taxes and minority interests	57,186	44,642		735,700
Income taxes	(21,442)	(15,029)		(275,853)
Minority interests in net income of consolidated subsidiaries	(2,065)	(1,454)		(26,566)
Net income	¥ 33,679	¥ 28,159		\$ 433,281

Segment information
Information by reportable segment

		Millions of yen				
		Nine months ended				
		Dec.31,2010				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	
Ship & Offshore Structure	¥ 93,222	¥ 1,332	¥ 94,554	¥ 89,564	¥ 4,990	
Rolling Stock	95,588	1,458	97,046	91,126	5,920	
Aerospace	135,020	1,309	136,329	134,253	2,076	
Gas Turbine & Machinery	149,644	15,071	164,715	155,036	9,679	
Plant & Infrastructure	56,479	9,416	65,895	61,242	4,653	
Motorcycle & Engine	159,219	866	160,085	162,711	(2,626)	
Precision Machinery	99,091	9,060	108,151	93,460	14,691	
Other	82,277	23,632	105,909	104,227	1,682	
Total	870,540	62,144	932,684	891,619	41,065	
Eliminations and corporate	-	(62,144)	(62,144)	(59,829)	(2,315)	
Consolidated total	¥ 870,540	¥ -	¥ 870,540	¥ 831,790	¥ 38,750	

		Millions of yen				
		Nine months ended				
		Dec.31,2011				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	
Ship & Offshore Structure	¥ 87,113	¥ 1,048	¥ 88,161	¥ 84,029	¥ 4,132	
Rolling Stock	94,651	1,641	96,292	91,387	4,905	
Aerospace	138,586	1,433	140,019	134,114	5,905	
Gas Turbine & Machinery	137,070	14,428	151,498	143,464	8,034	
Plant & Infrastructure	78,773	8,313	87,086	78,249	8,837	
Motorcycle & Engine	154,277	766	155,043	159,624	(4,581)	
Precision Machinery	129,097	9,497	138,594	117,805	20,789	
Other	86,747	24,972	111,719	108,367	3,352	
Total	906,314	62,098	968,412	917,039	51,373	
Eliminations and corporate	-	(62,098)	(62,098)	(58,007)	(4,091)	
Consolidated total	¥ 906,314	¥ -	¥ 906,314	¥ 859,032	¥ 47,282	

		Thousands of U.S. dollars				
		Nine months ended				
		Dec.31,2011				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	
Ship & Offshore Structure	\$ 1,120,713	\$ 13,483	\$ 1,134,196	\$ 1,081,037	\$ 53,159	
Rolling Stock	1,217,689	21,111	1,238,800	1,175,698	63,102	
Aerospace	1,782,915	18,436	1,801,351	1,725,383	75,968	
Gas Turbine & Machinery	1,763,412	185,617	1,949,029	1,845,671	103,358	
Plant & Infrastructure	1,013,418	106,947	1,120,365	1,006,677	113,688	
Motorcycle & Engine	1,984,781	9,854	1,994,635	2,053,570	(58,935)	
Precision Machinery	1,660,839	122,179	1,783,018	1,515,566	267,452	
Other	1,116,004	321,266	1,437,270	1,394,146	43,124	
Total	11,659,771	798,893	12,458,664	11,797,748	660,916	
Eliminations and corporate	-	(798,893)	(798,893)	(746,262)	(52,631)	
Consolidated total	\$ 11,659,771	\$ -	\$ 11,659,771	\$ 11,051,486	\$ 608,285	

Net sales, orders and order backlog by industry segment

For nine months ended December 31, 2011 and 2010 and as of December 31 and March 31, 2011

	Millions of yen			Thousands of U.S. dollars	
	Nine months ended		%	Nine months ended	
	Dec. 31, 2011	Dec. 31, 2010		Dec. 31, 2011	
Net sales :					
Ship & Offshore Structure	¥ 87,113 (10%)	¥ 93,222 (10%)	-7%	\$ 1,120,712	
Rolling Stock	94,651 (10%)	95,588 (11%)	-1%	1,217,689	
Aerospace	138,586 (15%)	135,020 (16%)	+3%	1,782,915	
Gas Turbine & Machinery	137,070 (15%)	149,644 (17%)	-8%	1,763,411	
Plant & Infrastructure	78,773 (9%)	56,479 (7%)	+39%	1,013,418	
Motorcycle & Engine	154,277 (17%)	159,219 (18%)	-3%	1,984,780	
Precision Machinery	129,097 (14%)	99,091 (12%)	+30%	1,660,838	
Other	86,747 (10%)	82,277 (9%)	+5%	1,116,008	
Total	¥ 906,314 (100%)	¥ 870,540 (100%)	+4%	\$ 11,659,771	
Orders :					
Ship & Offshore Structure	¥ 36,911 (5%)	¥ 67,256 (8%)	-45%	\$ 474,861	
Rolling Stock	49,937 (6%)	124,166 (14%)	-60%	642,441	
Aerospace	114,110 (14%)	123,700 (14%)	-8%	1,468,030	
Gas Turbine & Machinery	123,344 (16%)	113,677 (13%)	+9%	1,586,826	
Plant & Infrastructure	84,069 (11%)	105,436 (12%)	-20%	1,081,551	
Motorcycle & Engine	154,277 (20%)	159,219 (18%)	-3%	1,984,780	
Precision Machinery	131,185 (17%)	106,719 (12%)	+23%	1,687,701	
Other	88,273 (11%)	73,897 (9%)	+19%	1,135,639	
Total	¥ 782,106 (100%)	¥ 874,070 (100%)	-11%	\$ 10,061,829	

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Dec. 31, 2011	Mar. 31, 2011		Dec. 31, 2011	
Order backlog :					
Ship & Offshore Structure	¥ 124,552 (9%)	¥ 177,254 (12%)	-30%	\$ 1,602,367	
Rolling Stock	353,272 (27%)	411,560 (28%)	-14%	4,544,860	
Aerospace	240,560 (18%)	269,470 (18%)	-11%	3,094,815	
Gas Turbine & Machinery	350,921 (26%)	382,269 (26%)	-8%	4,514,614	
Plant & Infrastructure	190,502 (14%)	185,414 (12%)	+3%	2,450,816	
Motorcycle & Engine	- (- %)	- (- %)	-%	-	
Precision Machinery	44,878 (4%)	42,790 (3%)	+5%	577,357	
Other	28,373 (2%)	26,592 (1%)	7%	365,023	
Total	¥ 1,333,058 (100%)	¥ 1,495,349 (100%)	-11%	\$ 17,149,852	

Net Sales by geographic area

For nine months ended December 31, 2011 and 2010

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Dec. 31, 2011	Dec. 31, 2010		Dec. 31, 2011	
Japan	¥ 385,211 (42%)	¥ 391,842 (45%)	-2%	\$ 4,955,757	
United States	152,505 (17%)	164,453 (19%)	-7%	1,961,983	
Europe	89,937 (10%)	58,459 (7%)	+54%	1,157,043	
Asia	179,109 (20%)	168,258 (19%)	+6%	2,304,245	
Other	99,552 (11%)	87,528 (10%)	+14%	1,280,743	
Total	¥ 906,314 (100%)	¥ 870,540 (100%)	+4%	\$ 11,659,771	