

DATA FILE 2004

KAWASAKI HEAVY INDUSTRIES, LTD.

Code No. (7012)

HISTORY

Kawasaki Heavy Industries, Ltd. (KHI) traces its origins to an industrial shipyard in Tsukiji, Tokyo, established by Shozo Kawasaki in 1878. In 1896, the Company was incorporated under the laws of Japan as Kawasaki Dockyard Co., Ltd. The Company later expanded its business to include the manufacture of rolling stock, steel, steel structures, industrial machinery, automobiles and aircraft. The Company also engaged in the shipping business through the company known as Kawasaki Kisen Kaisha, Ltd. (the “K” Line), which later became an independent company. In 1939, the Company adopted its present name, Kawasaki Heavy Industries, Ltd.

In 1950, the Company’s steel manufacturing division was divested and Kawasaki Steel Corporation was formed. In 1969, Kawasaki Aircraft Co., Ltd. and Kawasaki Rolling Stock Mfg. Co., Ltd., former divisions which had been divested, were merged back into the Company, forming an integrated heavy industry enterprise.

The Company established a subsidiary in the United States to sell its motorcycles in 1966. In 1975, through its local subsidiary, the Company began to produce motorcycles in the United States ahead of any other Japanese producer of any type of motor vehicle. Subsequently, through its U.S. subsidiaries, the Company began to manufacture rolling stock in New York in 1986, wheel loaders in Georgia in 1987, and small gasoline engines in Missouri in 1989. In 1993, the Company established a local subsidiary to acquire a hydraulic machinery manufacturing business in Plymouth, U.K., its first production facility in Europe. In 2001, The Company built a new rolling stock plant in Lincoln, Nebraska, where we already have a motorcycle plant. The new plant started full-scale operation in April 2002.

The Company also reorganised several industry segments of the Group to improve profitability, including spinning off Kawasaki Shipbuilding Corporation as a new subsidiary in 2002 and setting up its hydraulics business as a new subsidiary, Kawasaki Precision Machinery, Ltd. in 2002.

The Company has been seeking to expand its activities in Asia. The Company has joint ventures in Malaysia, Thailand, the Philippines and Indonesia to manufacture motorcycles as well as a shipbuilding joint venture in China and other production and/or sales facilities in Taiwan and Korea.

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FINANCIAL HIGHLIGHTS

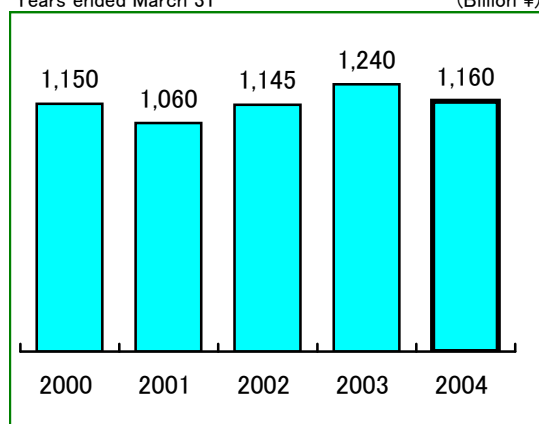
Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

Years ended March 31

	Millions of yen				
	2004	2003	2002	2001	2000
For the year:					
Net sales	¥1,160,252	¥1,239,598	¥1,144,534	¥1,060,479	¥1,149,698
Net income (loss)	6,333	13,022	6,282	(10,320)	(18,632)
Net income (loss) per share (yen)	4.4	9.3	4.5	(7.4)	(13.4)
Return on average shareholders' equity (%)	3.5%	7.6%	3.8%	(6.1%)	(9.9%)
Cash dividends per share (yen)	2.0	2.0	—	—	—
At year end:					
Total assets	1,156,904	1,149,161	1,255,075	1,247,472	1,206,806
Working capital	121,941	137,771	150,114	148,577	188,403
Current ratio (%)	118.0%	120.0%	119.9%	120.2%	127.3%
Total shareholders' equity	190,175	174,585	167,731	164,081	174,955

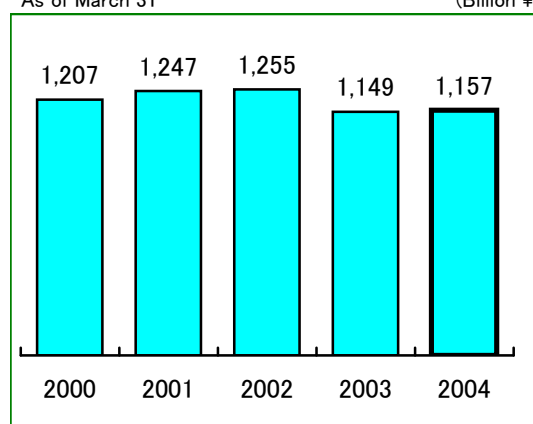
Net Sales

Years ended March 31 (Billion ¥)



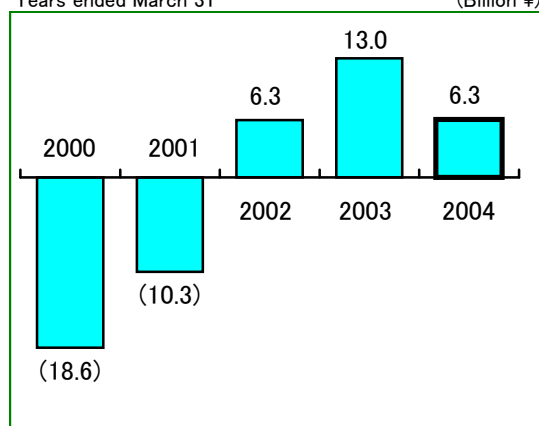
Total Assets

As of March 31 (Billion ¥)



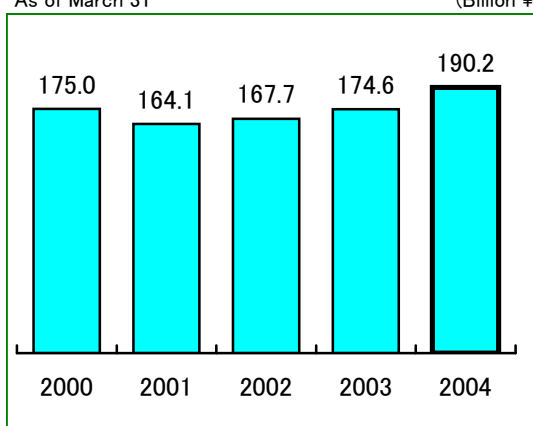
Net Income (Loss)

Years ended March 31 (Billion ¥)



Total Shareholders' Equity

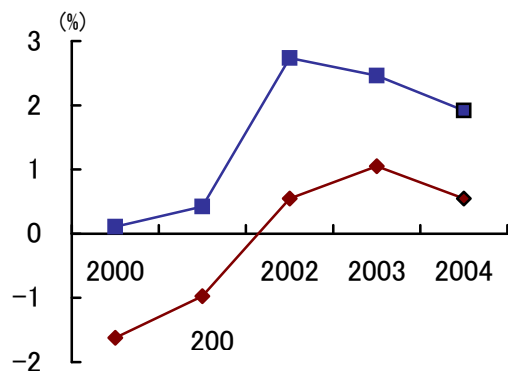
As of March 31 (Billion ¥)



KEY INDICATORS (CONSOLIDATED BASIS)

Ratio of Operating Income to Sales Return on Sales

Years ended March 31



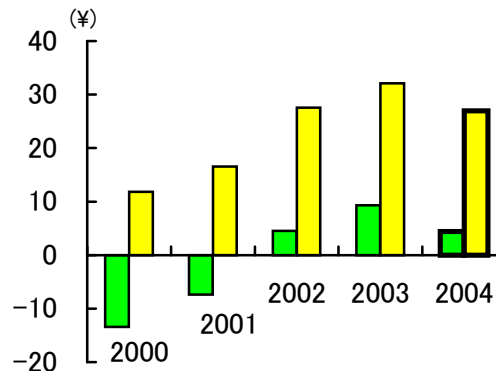
	2000	2001	2002	2003	2004
Operating Income to Sales -□-	0.11	0.42	2.74	2.46	1.92
ROS -◇-	(1.62)	(0.97)	0.55	1.05	0.55

Operating Income to Sales: Operating Income/Net Sales.

ROS: Net Income/Net Sales.

Earnings per Share Cash Flow per Share

Years ended March 31



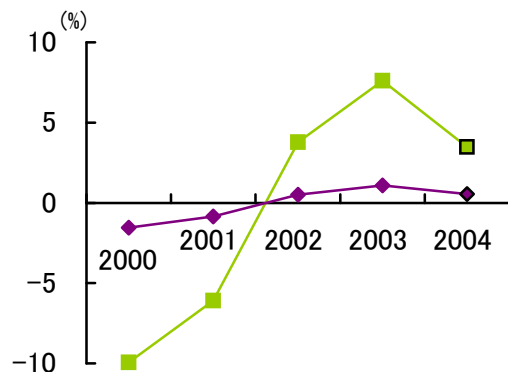
	2000	2001	2002	2003	2004
EPS □	(13.4)	(7.4)	4.5	9.3	4.4
CFPS □	11.8	16.5	27.5	32.1	27.0

Earnings per Share: Net Income/Average Number of Shares Outstanding.

Cash Flow per Share: (Net Income + Depreciation) / Average Number of Shares Outstanding.

Return on Shareholders' Equity Return on Assets

Years ended March 31



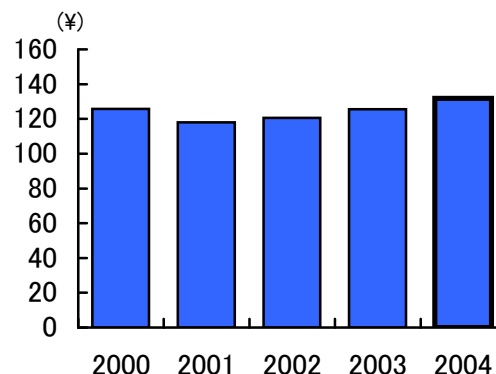
	2000	2001	2002	2003	2004
ROE -□-	(9.95)	(6.09)	3.79	7.61	3.47
ROA -◇-	(1.55)	(0.84)	0.50	1.08	0.55

ROE: Net Income/Average Shareholders' Equity.

ROA: Net Income/Average Total Assets.

Book Value per Share

As of March 31

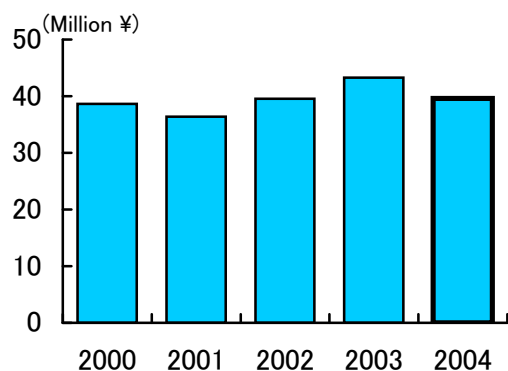


	2000	2001	2002	2003	2004
Book Value per Share	125.81	117.99	120.62	125.58	131.76

Book Value per Share: Total Shareholders' Equity / Number of Shares Outstanding.

Net Sales per Employee

Years ended March 31

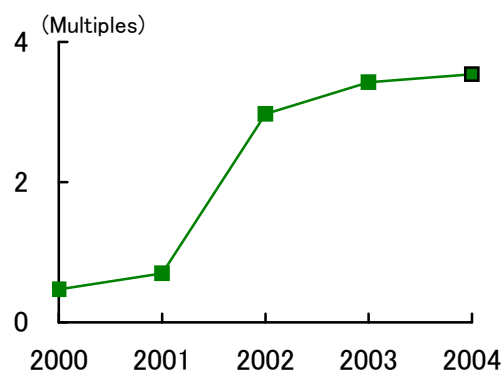


2000	2001	2002	2003	2004
38.62	36.37	39.55	43.28	39.59

Net Sales per Employee: Net Sales/Number of Employees.

Interest Coverage

Years ended March 31

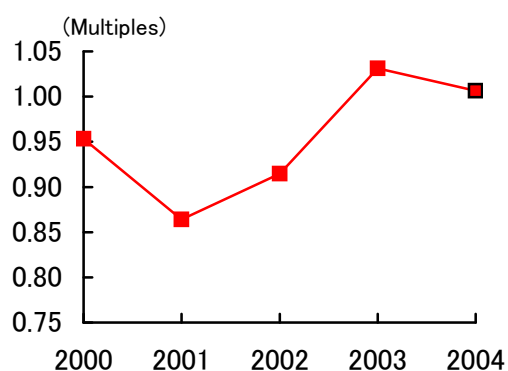


2000	2001	2002	2003	2004
0.47	0.70	2.97	3.42	3.54

Interest Coverage: (Operating Income + Interest and Dividend Income)/Interest Expense.

Asset Turnover

Years ended March 31

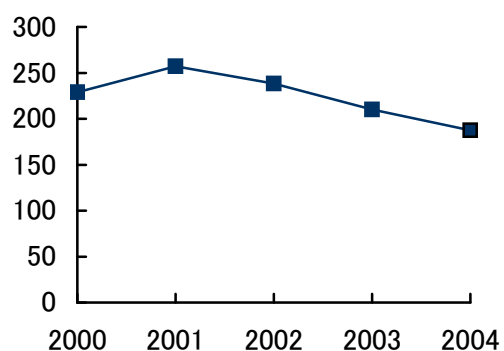


2000	2001	2002	2003	2004
0.95	0.86	0.91	1.03	1.01

Asset Turnover: Net Sales/Average Total Assets.

Debt to Equity Ratio

Years ended March 31



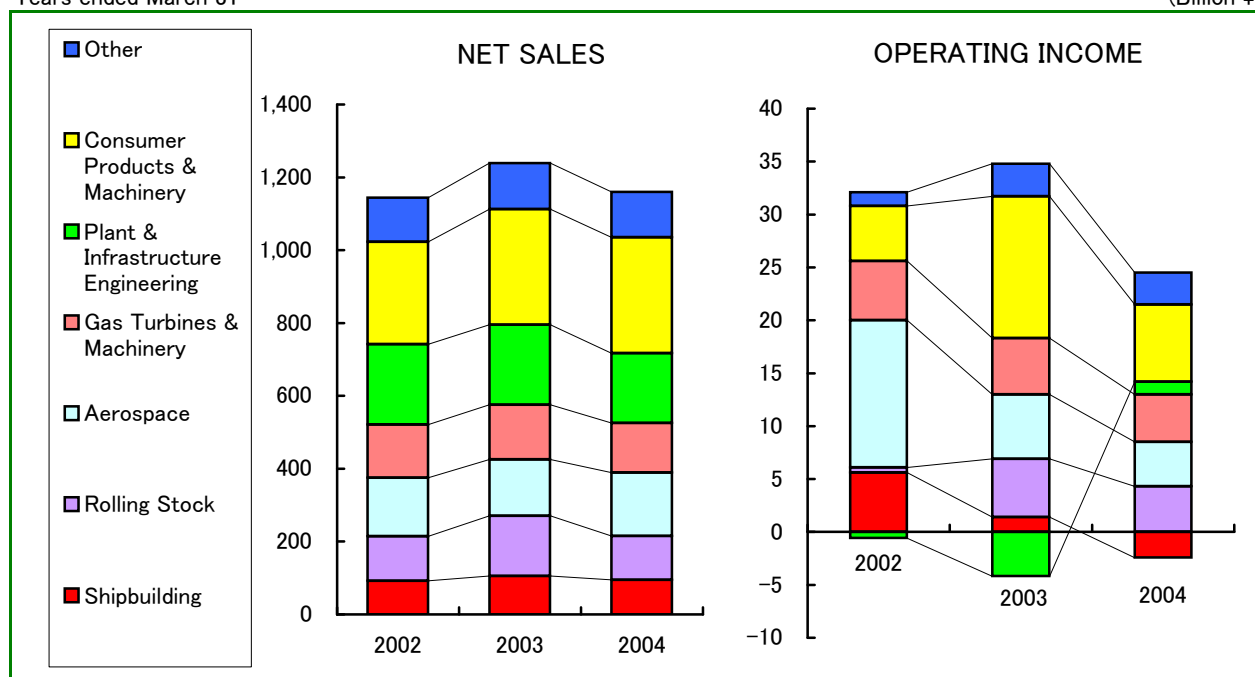
2000	2001	2002	2003	2004
229	257	238	210	187

Debt to Equity Ratio: (Interest Bearing Debt - Cash on Hand and in Banks) / Total Shareholders' Equity.

SEGMENT INFORMATION

Years ended March 31

(Billion ¥)



Net Sales

(Billion ¥)

	2002	2003	2004
Shipbuilding	92.5	105.5	94.9
Rolling Stock	121.8	164.8	120.6
Aerospace	161.1	154.8	173.8
Gas Turbines & Machinery	145.7	150.8	136.5
Plant & Infrastructure Engineering	220.6	219.1	191.4
Consumer Products & Machinery	281.2	318.0	318.3
Other	121.7	126.6	124.7
Total	1,144.5	1,239.6	1,160.3

Operating Income (Loss)

(Billion ¥)

	2002	2003	2004
Shipbuilding	5.6	1.4	(2.4)
Rolling Stock	0.5	5.5	4.3
Aerospace	13.9	6.1	4.2
Gas Turbines & Machinery	5.6	5.3	4.5
Plant & Infrastructure Engineering	(0.6)	(4.2)	1.2
Consumer Products & Machinery	5.2	13.4	7.3
Other & Eliminations	1.3	3.1	3.0
Net Operating Income	31.3	30.5	22.3

Ratio of Operating Income to Sales

	2002	2003	2004
Shipbuilding	6.1%	1.3%	(2.5%)
Rolling Stock	0.4%	3.3%	3.6%
Aerospace	8.6%	3.9%	2.4%
Gas Turbines & Machinery	3.8%	3.5%	3.3%
Plant & Infrastructure Engineering	(0.3%)	(1.9%)	0.6%
Consumer Products & Machinery	1.8%	4.2%	2.3%
Other	1.1%	2.4%	2.4%
Total	2.7%	2.5%	1.9%

Note: On April 1, 2003, the Company modified its industry segmentation by transferring the Group's hydraulic equipment business from the gas turbines and machinery industry segment to the other industry segment. The prior year amounts have been reclassified to conform to the 2004 presentation.

Years ended March 31

(Billion ¥)



(Billion ¥)

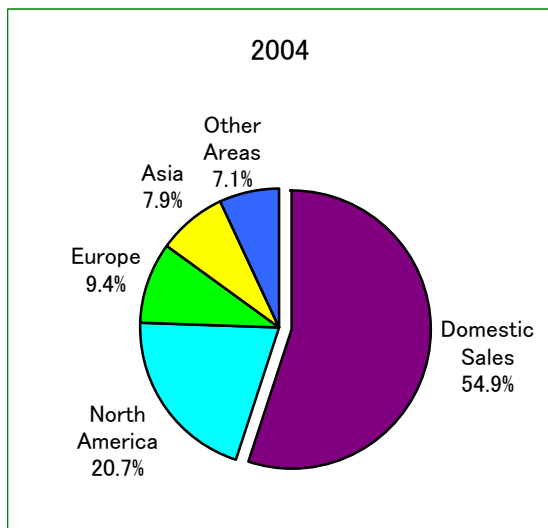
	Orders Received		
	2002	2003	2004
Shipbuilding	106.1	110.9	123.8
Rolling Stock	82.6	176.7	153.4
Aerospace	151.6	163.0	216.2
Gas Turbines & Machinery	133.5	133.0	130.0
Plant & Infrastructure Engineering	160.1	208.3	156.1
Consumer Products & Machinery	281.2	318.0	318.3
Other	119.6	117.5	128.9
Total	1,034.8	1,227.4	1,226.7

	Order Backlog		
	2002	2003	2004
Shipbuilding	194.3	173.3	193.7
Rolling Stock	272.6	273.6	294.0
Aerospace	195.4	208.4	260.3
Gas Turbines & Machinery	191.9	160.9	140.3
Plant & Infrastructure Engineering	347.5	327.9	273.8
Consumer Products & Machinery	0.0	0.0	0.0
Other	38.6	31.5	27.2
Total	1,240.4	1,175.6	1,189.4

Note: On April 1, 2003, the Company modified its industry segmentation by transferring the Group's hydraulic equipment business from the gas turbines and machinery industry segment to the other industry segment. The prior year amounts have been reclassified to conform to the 2004 presentation.

OVERSEAS SALES

Years ended March 31



2004		
	Million ¥	% against net sales
North America	240,121	20.7%
Europe	109,026	9.4%
Asia	91,908	7.9%
Other Areas	81,824	7.1%
Total Overseas Sales	522,879	45.1%
Domestic Sales	637,373	54.9%
Net Sales	1,160,252	100.0%

Shipbuilding

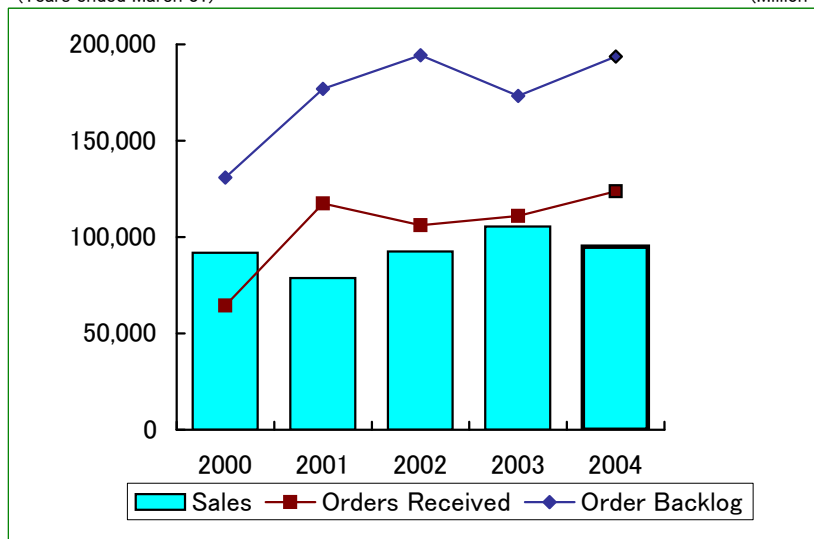
(Years ended March 31) –Consolidated Basis–

(Million ¥)

	2000	2001	2002	2003	2004
Sales	91,891	78,734	92,478	105,458	94,939
Orders Received	64,417	117,518	106,106	110,926	123,756
Order Backlog	130,824	176,987	194,275	173,304	193,705

(Years ended March 31)

(Million ¥)



(Years ended March 31)

(Million ¥)

–Parent (until 1st half of 2003) and Kawasaki Shipbuilding Corporation (from 2nd half of 2003) –

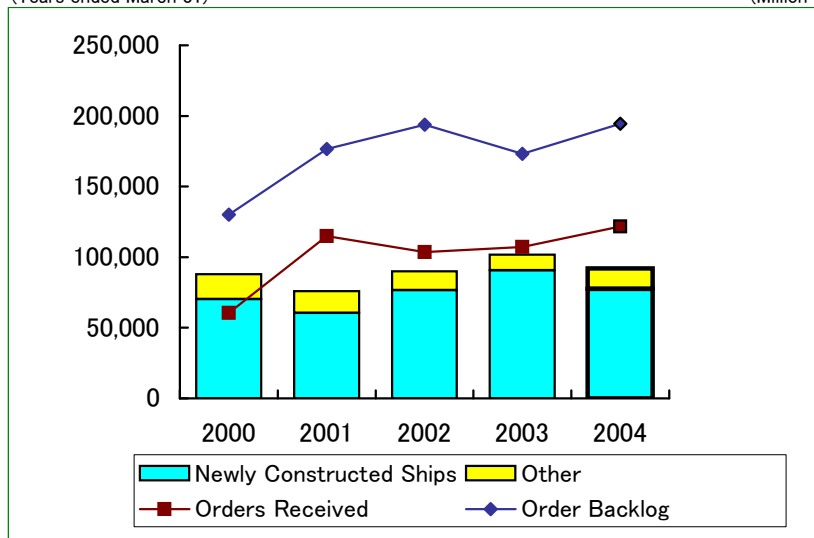
	2000	2001	2002	2003	2004
Sales	88,030	75,981	89,995	101,748	92,043
Newly Constructed Ships	70,238	60,404	76,502	90,649	77,507
Exports	52,411	45,944	62,278	66,135	56,448
Orders Received	60,576	114,957	103,655	107,201	121,766
Order Backlog	130,138	176,492	193,812	173,081	194,388

Note: Shipbuilding business in "Kawasaki Heavy Industries, Ltd. (KHI)" was partitioned off on 1st Oct. 2002 as a wholly owned subsidiary, i.e., "Kawasaki Shipbuilding Corporation (Kawasaki SC)".

Therefore the each figure in the column of 2003 represents a total of the figures which the shipbuilding business in KHI before the partition and Kawasaki SC accomplished respectively.

(Years ended March 31)

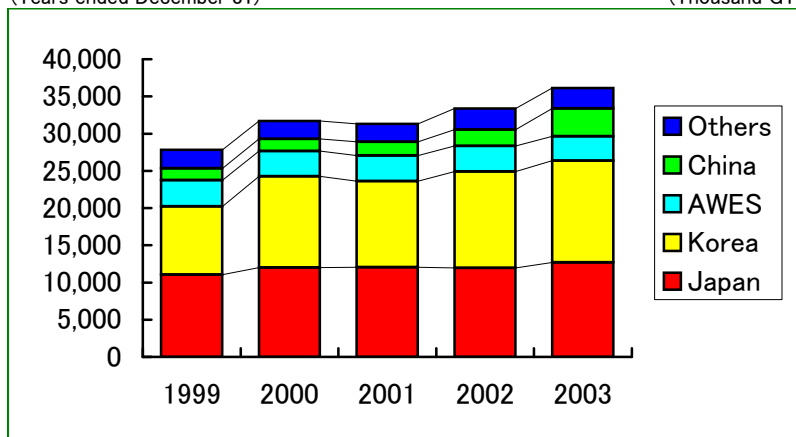
(Million ¥)



Newly Constructed Ships World Market Volume

(Years ended December 31)

(Thousand GT)



(Thousand GT)

	1999	2000	2001	2002	2003
Japan	11,052	12,020	12,024	11,957	12,688
Korea	9,161	12,228	11,608	12,967	13,683
AWES a)	3,522	3,402	3,435	3,414	3,258
China	1,585	1,647	1,827	2,207	3,763
Others	2,503	2,400	2,398	2,839	2,738
World Market Volume	27,822	31,696	31,292	33,383	36,131

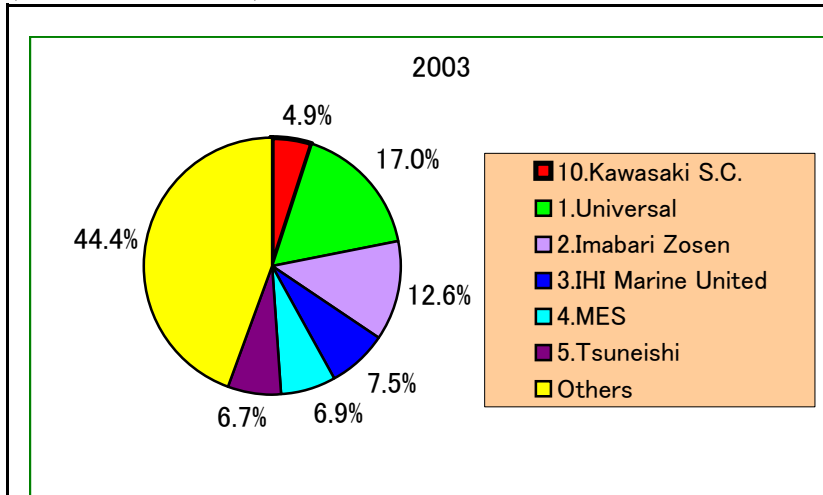
Notes: 1. Figures are on a ships volume completed (tonnage) basis for vessels of 100GT and above.

2. a) The Association of West European Shipbuilders.

Source: Lloyd's Register "World Fleet Statistics 2003"

Newly Constructed Ships Domestic Share

(Years ended December 31)



Notes: 1. Figures are on a ships volume completed (tonnage) basis.

2. a) Mitsubishi Heavy Industries.

b) Ishikawajima-Harima Heavy Industries.

c) Mitsui Engineering & Shipbuilding.

Source: The Shipbuilders' Association of Japan

1999 (%)	
1. MHI a)	12.6
2. IHI b)	9.6
3. Hitachi Zosen	6.8
4. MES c)	6.6
5. NKK	6.2
11. KHI	4.0

2000 (%)	
1. MHI	13.0
2. IHI	8.8
3. MES	7.3
4. Hitachi Zosen	6.6
5. NKK	6.3
7. KHI	5.2

2001 (%)	
1. Imabari Zosen	9.3
2. Hitachi Zosen	8.9
3. IHI	8.5
4. NKK	7.4
5. Tsuneishi	6.6
7. KHI	5.3

2002 (%)	
1. Universal	19.6
2. Imabari Zosen	11.0
3. IHI Marine United	8.2
4. MES	7.6
5. Tsuneishi	7.1
11. Kawasaki S.C.	3.8

Rolling Stock

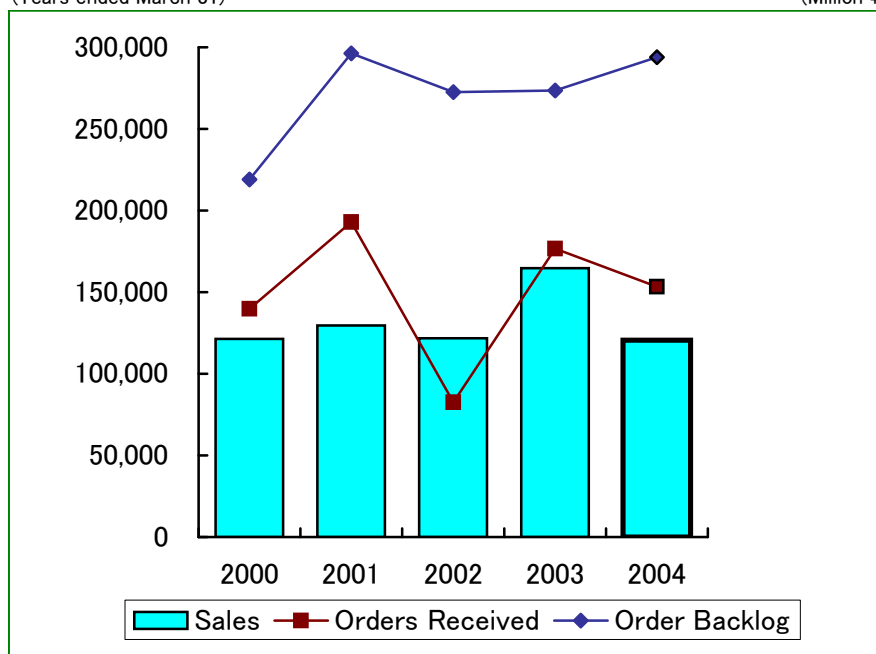
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2000	2001	2002	2003	2004
Sales	121,464	129,591	121,780	164,774	120,597
Orders Received	139,807	192,884	82,585	176,693	153,399
Order Backlog	219,064	296,242	272,642	273,563	294,017

(Years ended March 31)

(Million ¥)



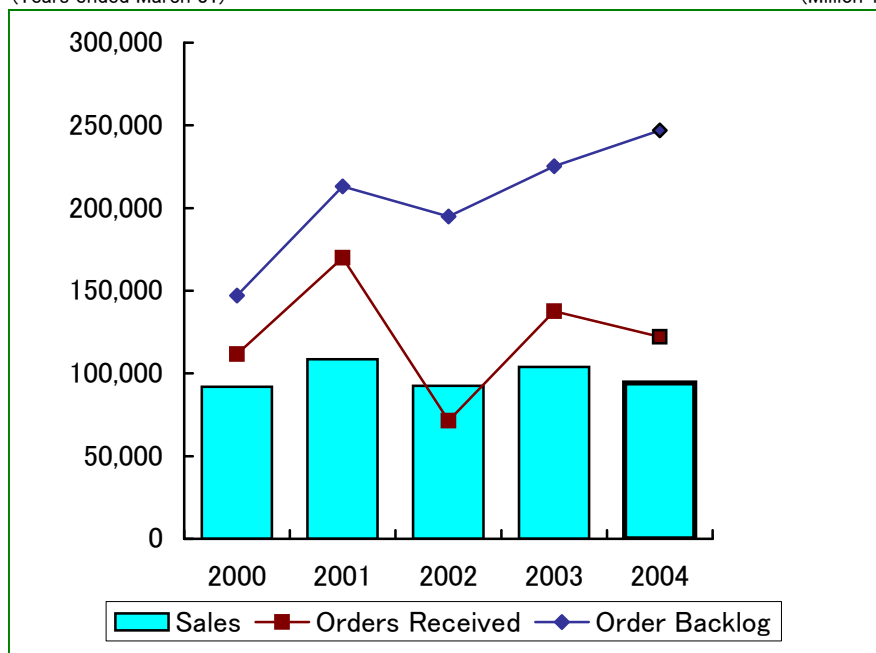
(Years ended March 31)–Parent Only–

(Million ¥)

	2000	2001	2002	2003	2004
Sales	91,871	108,573	92,589	103,846	94,239
Exports	16,841	27,999	36,699	36,326	28,082
Orders Received	111,748	169,853	71,436	137,531	122,079
Order Backlog	147,076	213,170	194,985	225,319	246,999

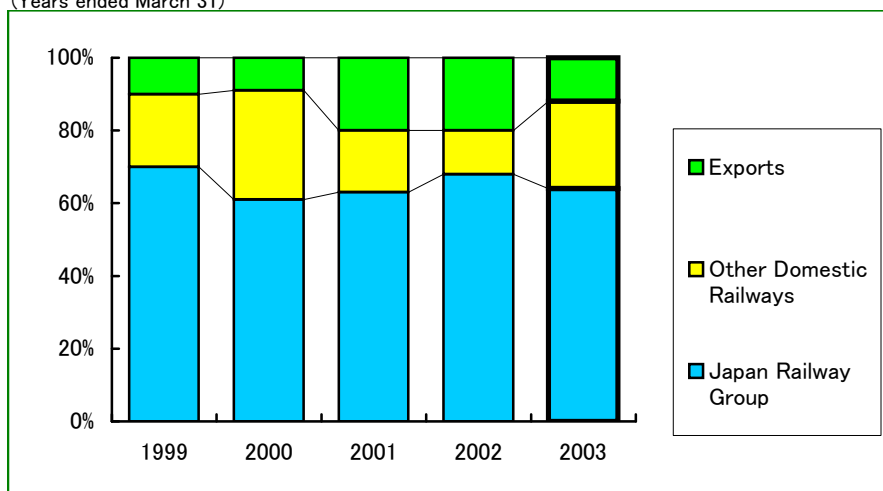
(Years ended March 31)

(Million ¥)



Japanese Rolling Stock Production by Demand Sector

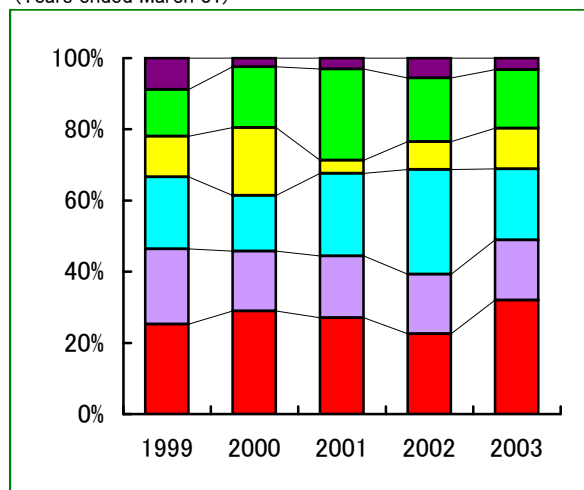
(Years ended March 31)



	1999	2000	2001	2002	2003
Japan Railway Group	70%	61%	63%	68%	64%
Other Domestic Railways	20%	30%	17%	12%	24%
Exports	10%	9%	20%	20%	12%
Total	100%	100%	100%	100%	100%

Major Rolling Stock Suppliers to the Japan Railway Group

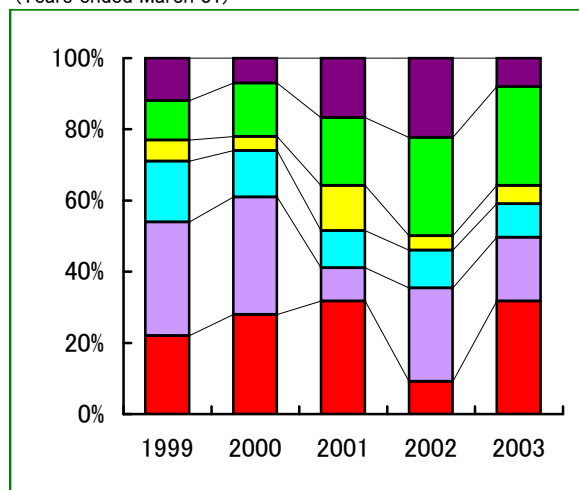
(Years ended March 31)



	1999	2000	2001	2002	2003
KHI	25.3%	29.0%	27.1%	22.6%	32.0%
Nippon Sharyo	21.1%	16.8%	17.3%	16.7%	16.9%
Hitachi	20.2%	15.6%	23.2%	29.4%	20.0%
Kinki Sharyo	11.5%	19.1%	3.7%	7.8%	11.4%
Tokyu Car	13.1%	17.1%	25.6%	17.9%	16.5%
Others	8.8%	2.4%	3.1%	5.6%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Major Rolling Stock Suppliers to Domestic Railways except JR Group

(Years ended March 31)



	1999	2000	2001	2002	2003
KHI	22%	28%	32%	9%	32%
Nippon Sharyo	32%	33%	9%	26%	18%
Hitachi	17%	13%	10%	11%	9%
Kinki Sharyo	6%	4%	13%	4%	5%
Tokyu Car	11%	15%	19%	28%	28%
Others	12%	7%	17%	22%	8%
Total	100%	100%	100%	100%	100%

Note: For the purpose of comparing corporate market shares, rail car procurement volume has been converted into standardized numerical values based on the type of car (i.e., conventional passenger cars, freight cars, Shinkansen cars and locomotives.).

Source: Japan Association of Rolling Stock Industries.

Aerospace

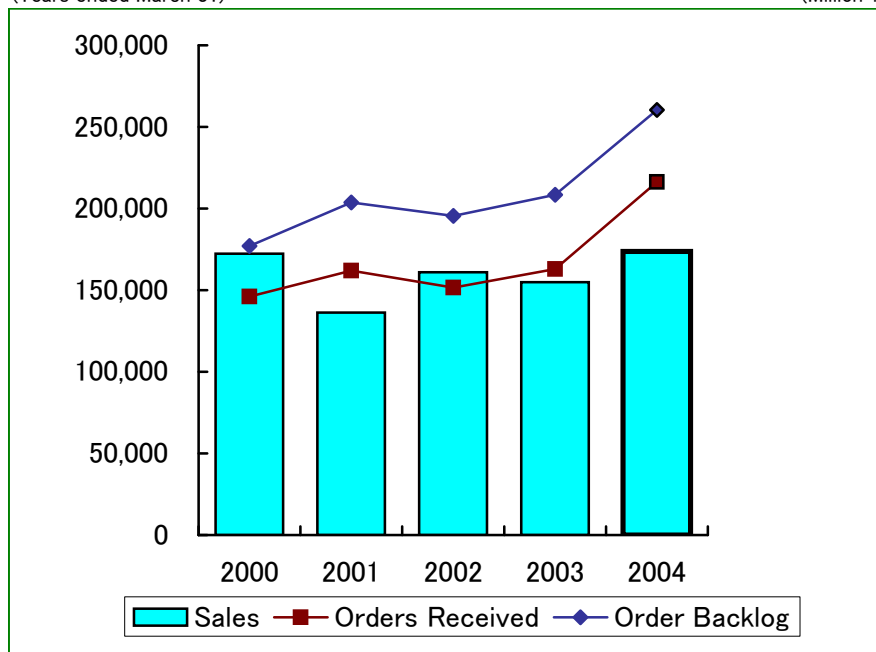
(Years ended March 31)-Consolidated Basis-

(Million ¥)

	2000	2001	2002	2003	2004
Sales	172,322	136,342	161,072	154,848	173,783
Orders Received	146,025	161,939	151,641	163,023	216,201
Order Backlog	176,996	203,688	195,447	208,410	260,321

(Years ended March 31)

(Million ¥)



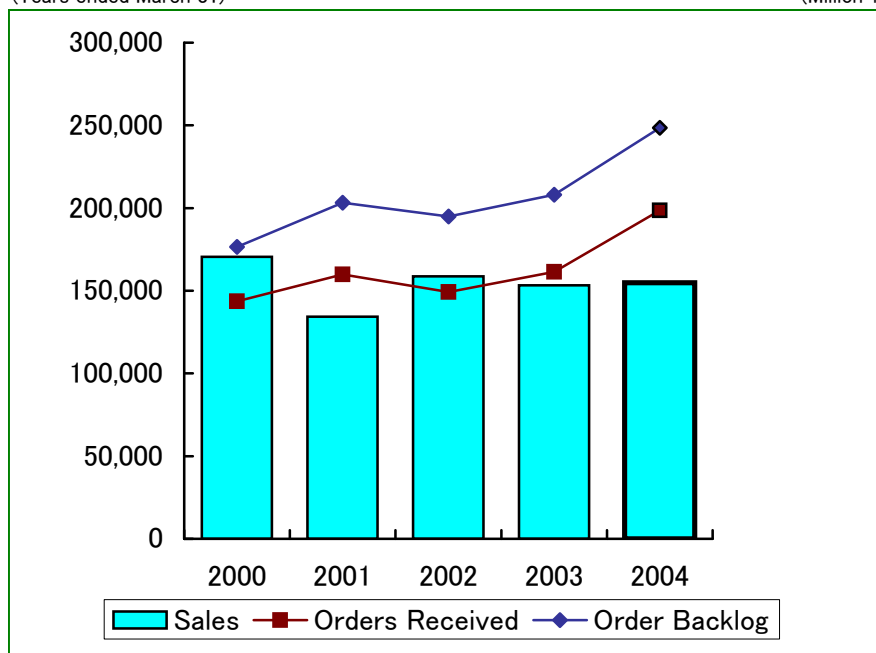
(Years ended March 31)-Parent Only-

(Million ¥)

	2000	2001	2002	2003	2004
Sales	170,560	134,273	158,639	153,224	154,769
Exports	39,632	39,773	49,914	35,134	31,712
Orders Received	143,646	159,866	149,133	161,485	198,577
Order Backlog	176,601	203,290	194,975	208,024	248,567

(Years ended March 31)

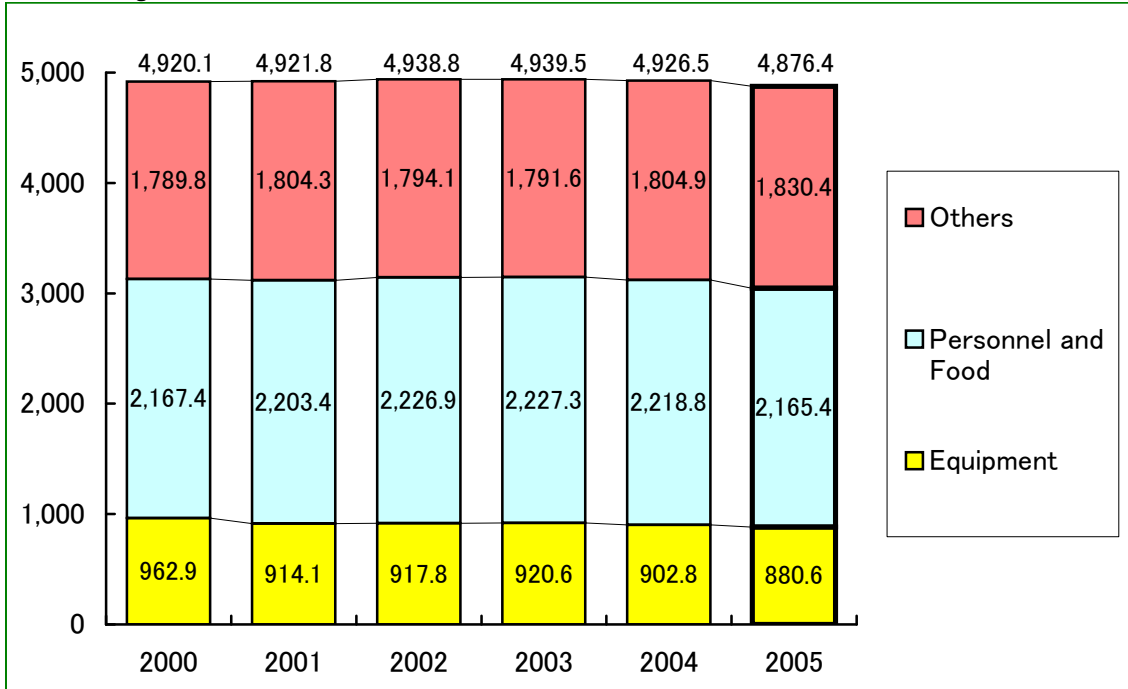
(Million ¥)



Japan's Defense Budget (Initial Budget Base)

(Years ending March 31)

(Billion ¥)



Source: Japan Defense Agency.

Major Suppliers to the Japan Defense Agency

(Years ended March 31)

1999			2000			2001		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI a)	332.4	26.7	1. MHI	279.7	22.1	1. MHI	307.4	24.4
2. Mitsubishi Electric	103.1	8.3	2. KHI	132.2	10.5	2. Mitsubishi Electric	120.8	9.6
3. KHI	87.3	7.0	3. Mitsubishi Electric	112.1	8.9	3. KHI	98.7	7.8
4. IHI b)	64.4	5.2	4. Toshiba	53.8	4.3	4. IHI	54.0	4.3
5. NEC	44.6	3.6	5. IHI	53.6	4.2	5. NEC	46.5	3.7

2002			2003			2004		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI	275.5	21.7	1. MHI	347.9	27.2	1. MHI	281.7	22.1
2. KHI	121.3	9.6	2. KHI	110.2	8.6	2. KHI	158.8	12.5
3. Mitsubishi Electric	101.0	8.0	3. Mitsubishi Electric	73.5	5.7	3. Mitsubishi Electric	94.9	7.5
4. NEC	57.2	4.5	4. IHI	52.7	4.1	4. IHI	56.3	4.4
5. IHI	54.5	4.3	5. Toshiba	49.8	3.9	5. Toshiba	38.9	3.1

Notes: a) Mitsubishi Heavy Industries.

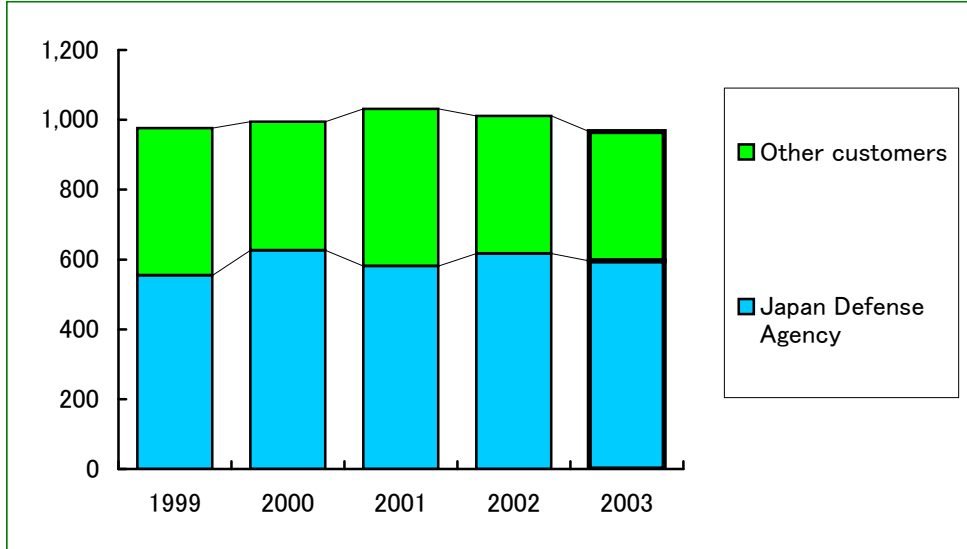
b) Ishikawajima-Harima Heavy Industries.

Source: Japan Defense Agency.

Japanese Aircraft Production by Demand Sector

(Years ended December 31)

(Billion ¥)



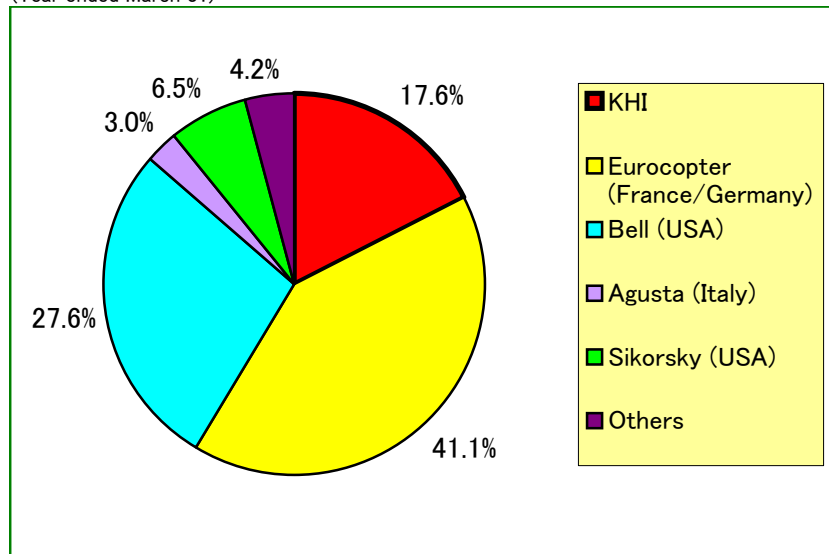
(Million ¥)

	1999	2000	2001	2002	2003
Japan Defense Agency	555,496	626,347	581,344	617,027	596,205
Other customers	421,003	368,216	449,261	394,031	369,822
Total	976,499	994,563	1,030,605	1,011,058	966,027

Source: The Society of Japanese Aerospace Companies

Helicopters Domestic Share for Civilian Use

(Year ended March 31)



Note: Figures are calculated on the basis of the enrollment number of double-turbine helicopters.

Source: Japan Civil Aviation Promotion Foundation

Gas Turbines & Machinery

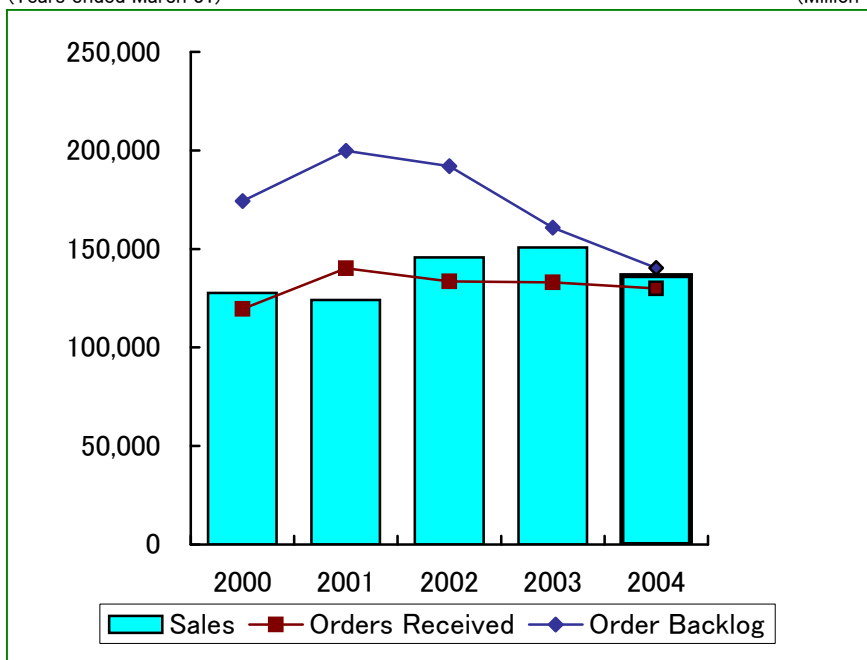
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2000	2001	2002	2003	2004
Sales	127,741	124,136	145,651	150,767	136,468
Orders Received	119,607	140,248	133,467	132,989	129,987
Order Backlog	174,249	199,833	191,947	160,874	140,327

(Years ended March 31)

(Million ¥)



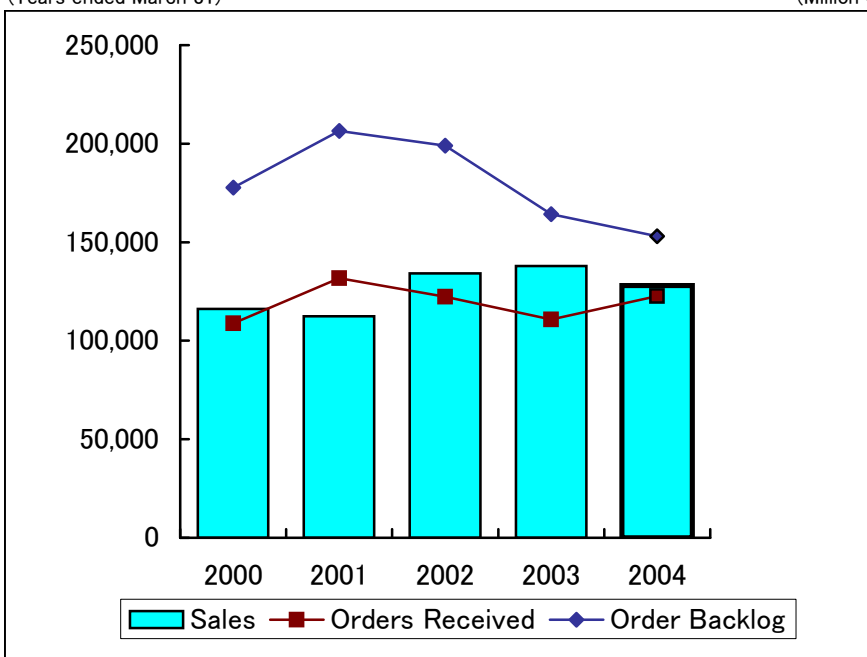
(Years ended March 31)–Parent Only–

(Million ¥)

	2000	2001	2002	2003	2004
Sales	116,067	112,425	134,150	137,900	128,000
Exports	38,907	32,290	48,426	52,129	45,279
Orders Received	108,774	131,737	122,344	110,733	122,593
Order Backlog	177,646	206,437	198,981	164,234	152,943

(Years ended March 31)

(Million ¥)

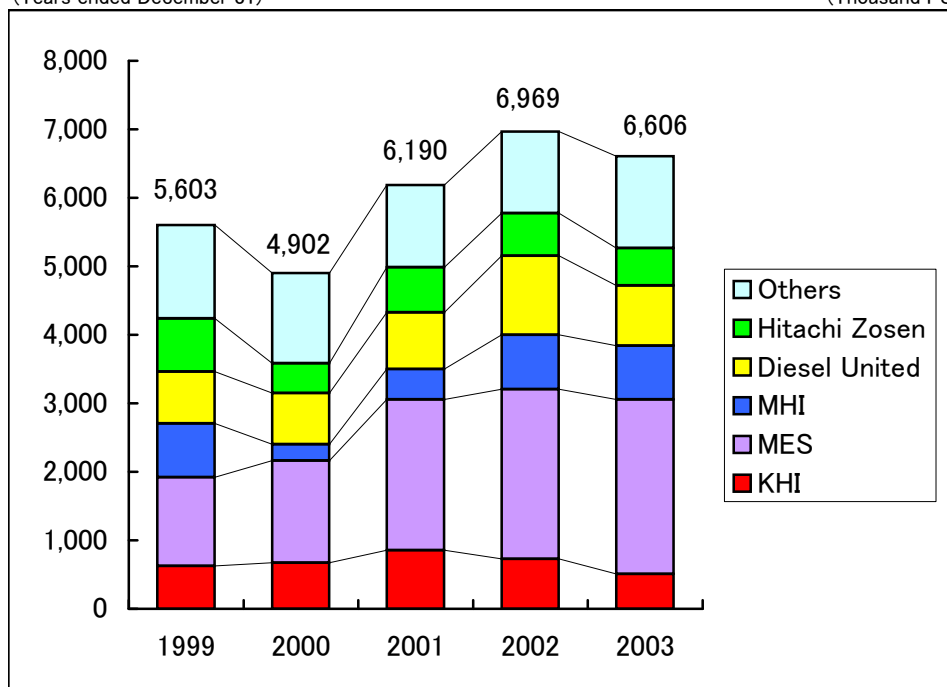


Note: On April 1, 2003, the Company modified its industry segmentation by transferring the Group's hydraulic equipment business from the gas turbines and machinery industry segment to the other industry segment. The prior year amounts have been reclassified to conform to the 2004 presentation.

Diesel Engines Domestic Production

(Years ended December 31)

(Thousand PS)



	(Thousand PS)				
	1999	2000	2001	2002	2003
KHI	627	673	853	729	510
MES a)	1,294	1,492	2,205	2,475	2,546
MHI	784	238	442	795	784
Diesel United	756	745	827	1,153	878
Hitachi Zosen	776	438	658	624	549
Others	1,366	1,316	1,205	1,193	1,339
Total	5,603	4,902	6,190	6,969	6,606

Notes: 1. Figures are shown on the basis of horse power (PS).

2. a) Mitsui Engineering & Shipbuilding.

Source: KP Data.

Diesel Engines Domestic Share

(Years ended December 31)

	1999	2000	2001	2002	2003
KHI	11.2%	13.7%	13.8%	10.5%	7.7%
MES	23.1%	30.4%	35.6%	35.5%	38.5%
MHI	14.0%	4.9%	7.1%	11.4%	11.9%
Diesel United	13.5%	15.2%	13.4%	16.5%	13.3%
Hitachi Zosen	13.8%	8.9%	10.6%	9.0%	8.3%
Others	24.4%	26.9%	19.5%	17.1%	20.3%

Note: Figures are shown on the basis of horse power (PS).

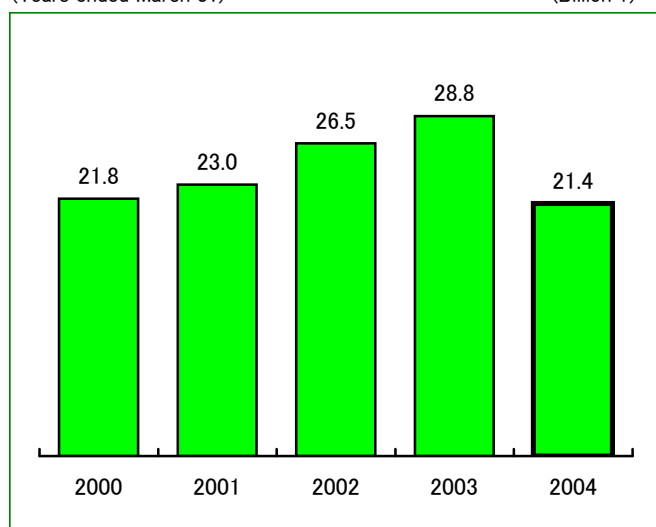
Source: KP Data.

Gas Turbine Generator Sales

-Parent Only-

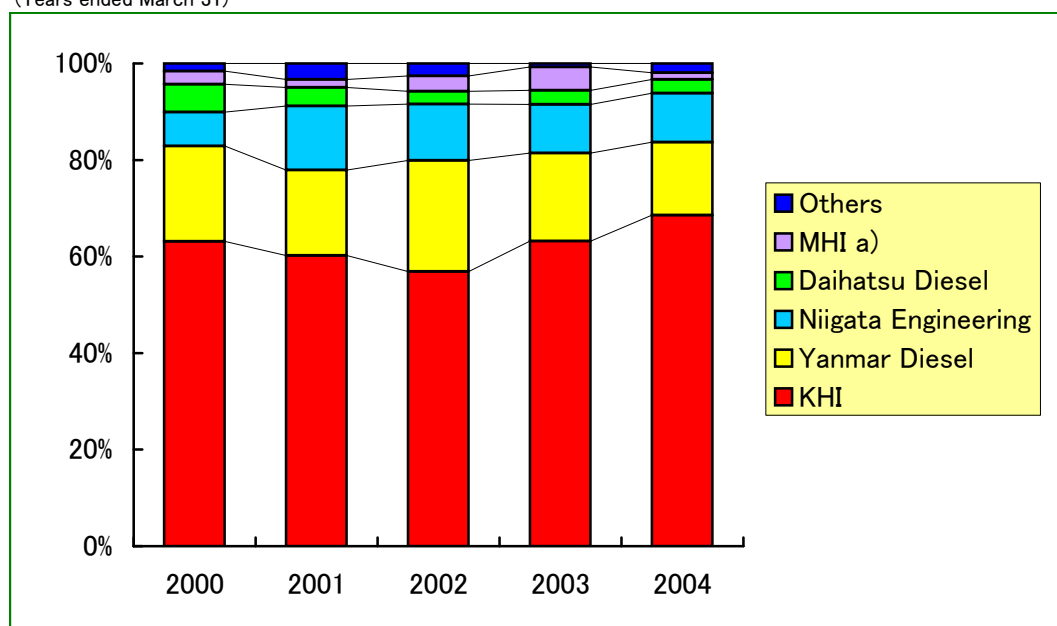
(Years ended March 31)

(Billion ¥)



Gas Turbine Generators Domestic Share

(Years ended March 31)



	2000	2001	2002	2003	2004
KHI	63.1%	60.2%	56.9%	63.2%	68.6%
Yanmar Diesel	19.8%	17.7%	23.0%	18.2%	15.1%
Niigata Engineering	7.0%	13.3%	11.7%	10.1%	10.1%
Daihatsu Diesel	5.8%	3.8%	2.6%	2.9%	2.9%
MHI a)	2.7%	1.7%	3.2%	4.9%	1.4%
Others	1.6%	3.3%	2.6%	0.7%	1.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: 1. Figures represent sales for medium- and small-sized gas turbine generators (up to 2,000kW).

2. a) Mitsubishi Heavy Industries.

Source: *Denki Nichinichi Shimbun*, "Ranking Series".

Plant & Infrastructure Engineering

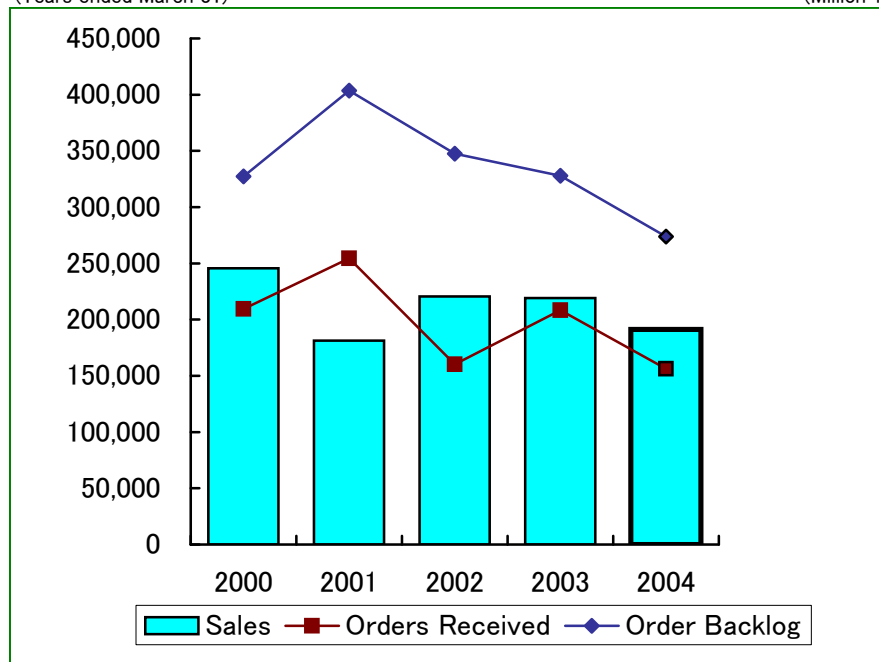
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2000	2001	2002	2003	2004
Sales	245,642	181,174	220,605	219,092	191,412
Orders Received	209,574	254,330	160,143	208,268	156,145
Order Backlog	327,422	403,612	347,496	327,911	273,837

(Years ended March 31)

(Million ¥)



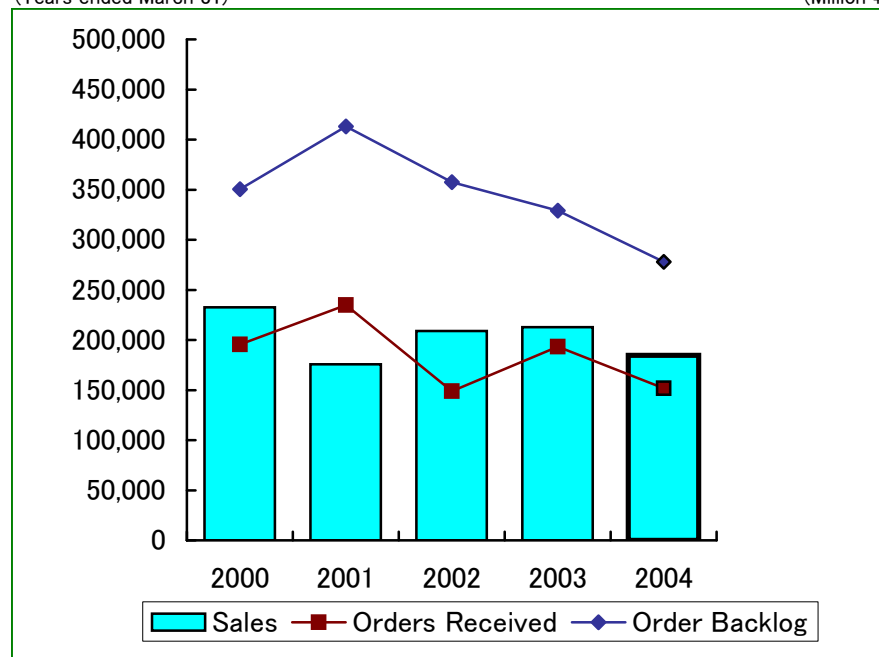
(Years ended March 31)–Parent Only–

(Million ¥)

	2000	2001	2002	2003	2004
Sales	232,514	175,616	208,985	212,764	184,659
Exports	52,535	31,152	30,639	51,147	54,236
Orders Received	195,398	234,957	148,891	193,199	151,755
Order Backlog	350,493	413,171	357,425	329,104	278,101

(Years ended March 31)

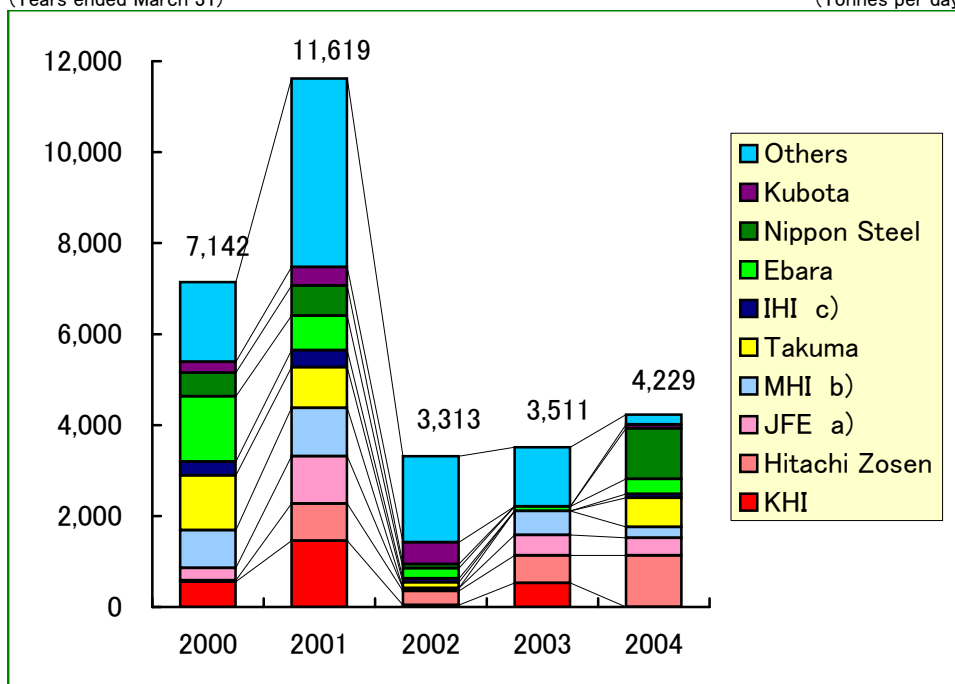
(Million ¥)



Refuse Incineration Plants Domestic Market Volume

(Years ended March 31)

(Tonnes per day)



	2000	2001	2002	2003	2004
KHI	559	1,460	43	531	0
Hitachi Zosen	22	815	312	600	1,135
JFE a)	280	1,040	62	450	383
MHI b)	825	1,061	0	530	240
Takuma	1,210	897	126	0	640
IHI c)	300	370	80	0	84
Ebara	1,436	759	232	100	330
Nippon Steel	521	665	90	0	1,118
Kubota	240	406	480	0	84
Others	1,749	4,146	1,888	1,300	215
Total Market Volume	7,142	11,619	3,313	3,511	4,229

Notes: 1. Figures represent tonnes of processing capacity per day for ordered units.

2. a) JFE Engineering Corporation. (Until 2003, "NKK")

b) Mitsubishi Heavy Industries. c) Ishikawajima-Harima Heavy Industries.

Source: Kankyo Sangyo Shimbusha.

Refuse Incineration Plants Domestic Share

(Years ended March 31)

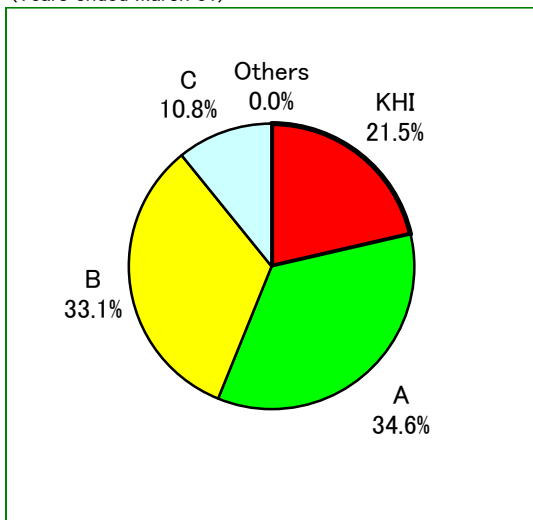
	2000	2001	2002	2003	2004
KHI	7.8%	12.6%	1.3%	15.1%	0.0%
Hitachi Zosen	0.3%	7.0%	9.4%	17.1%	26.8%
JFE	3.9%	9.0%	1.9%	12.8%	9.1%
MHI	11.6%	9.1%	0.0%	15.1%	5.7%
Takuma	16.9%	7.7%	3.8%	0.0%	15.1%
IHI	4.2%	3.2%	2.4%	0.0%	2.0%
Ebara	20.1%	6.5%	7.0%	2.8%	7.8%
Nippon Steel	7.3%	5.7%	2.7%	0.0%	26.4%
Kubota	3.4%	3.5%	14.5%	0.0%	2.0%
Others	24.5%	35.7%	57.0%	37.1%	5.1%

Note: Figures are calculated on the basis of tonnes of processing capacity per day for ordered units.

Source: Kankyo Sangyo Shimbusha.

**Shield Machines and Tunnel Boring Machines
—Large-Diameter Model
Domestic Share (2000–2003 Total)**

(Years ended March 31)



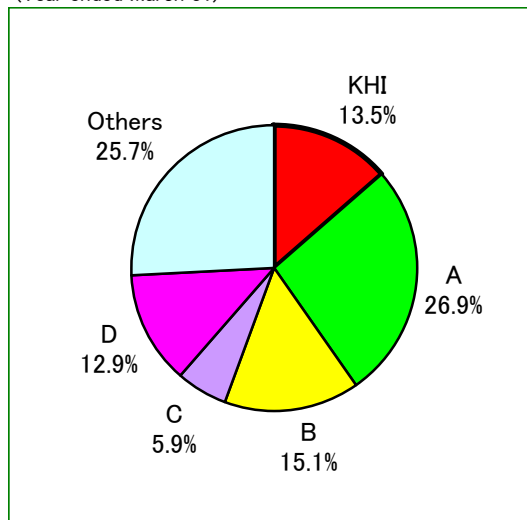
Notes: 1. Segments A, B and C represent the shares of the three other major companies in this market.

2. Figures are shown on a sales amount basis.

Source: Company's estimates.

**Shield Machines and Tunnel Boring Machines
Domestic Share**

(Year ended March 31)



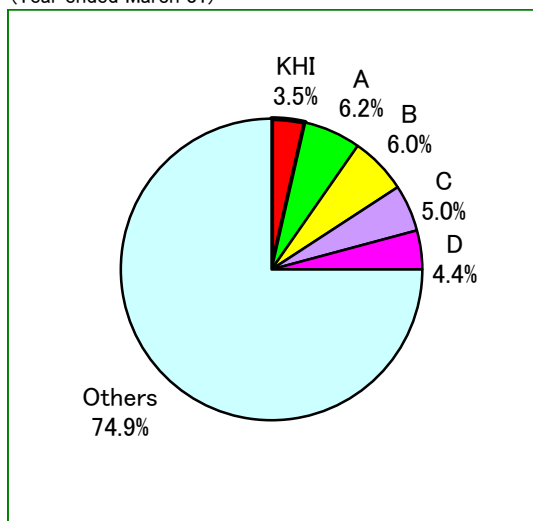
Notes: 1. Segments A, B, C and D represent the shares of the four other major companies in this market.

2. Figures are shown on a sales amount basis.

Source: Company's estimates.

Steel Bridges Domestic Share

(Year ended March 31)



Notes: 1. Figures are shown on the basis of steel volume to be used for the contracts.

2. Segments A, B, C and D represent the shares of the four other major companies in this market.

Source: Company's estimates.

Consumer Products & Machinery

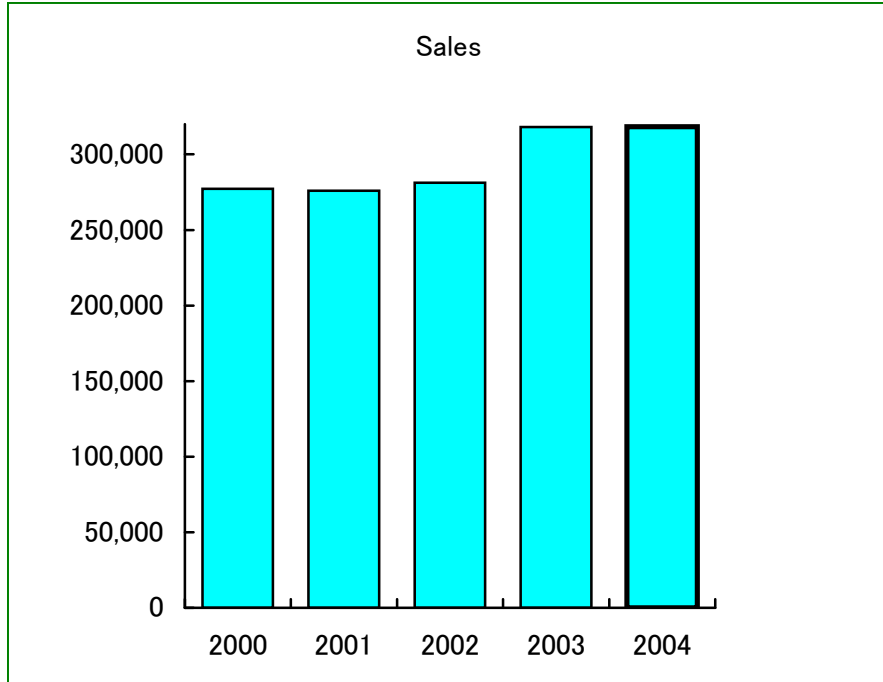
(Years ended March 31)-Consolidated Basis-

(Million ¥)

	2000	2001	2002	2003	2004
Sales	277,176	275,903	281,207	318,025	318,325

(Years ended March 31)

(Million ¥)



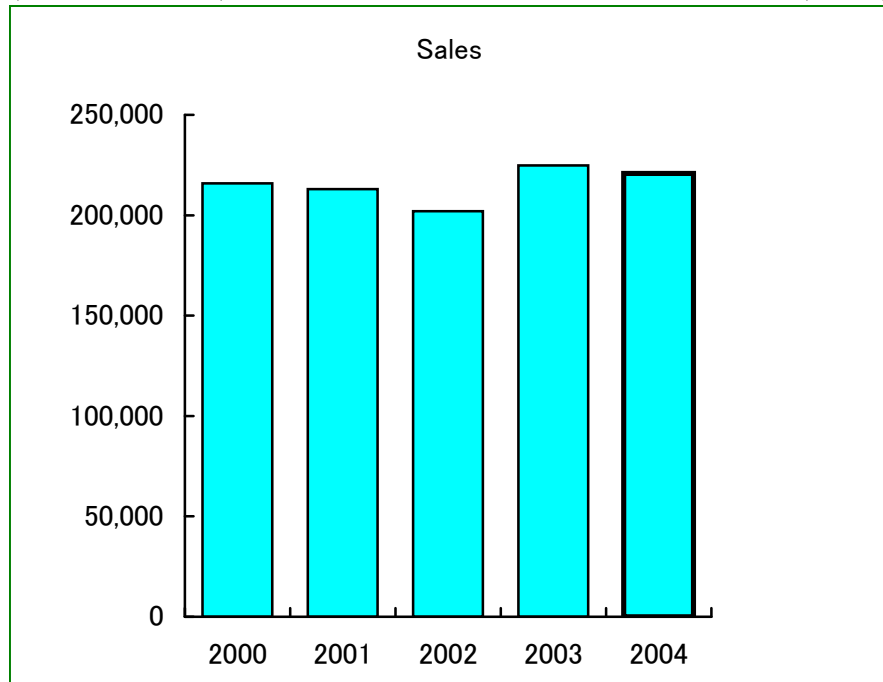
(Years ended March 31)-Parent Only-

(Million ¥)

	2000	2001	2002	2003	2004
Sales	215,953	213,080	202,074	224,731	220,883
Exports	180,784	179,495	170,559	193,311	184,451

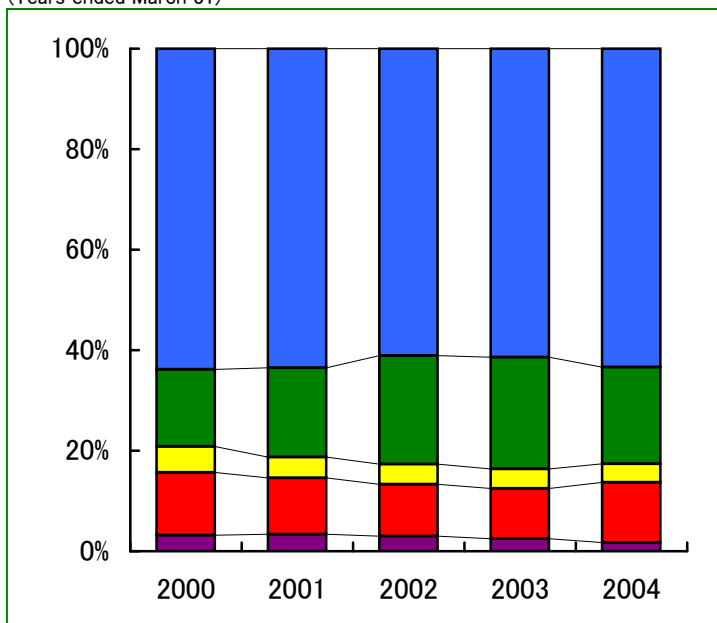
(Years ended March 31)

(Million ¥)



Composites of Consumer Product Sales

-Parent Only-
(Years ended March 31)

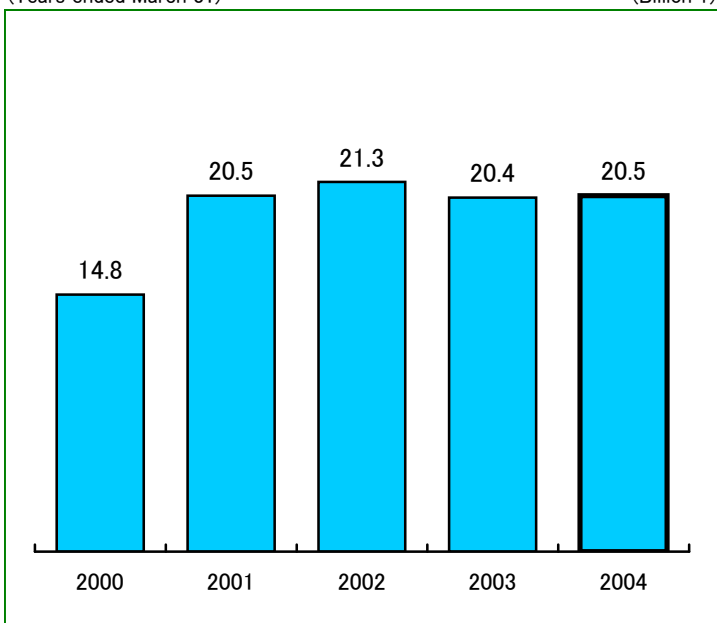


	2000	2001	2002	2003	2004
Motorcycles	63.8%	63.5%	61.1%	61.4%	63.4%
ATVs, U/Vs	15.4%	17.8%	21.6%	22.2%	19.2%
Personal Watercraft	5.1%	4.1%	4.0%	3.9%	3.7%
Gasoline Engines	12.5%	11.2%	10.3%	10.0%	12.0%
Automobile Transmissions	3.2%	3.4%	3.0%	2.5%	1.7%

ATVs: All-Terrain Vehicles U/Vs: Utility Vehicles

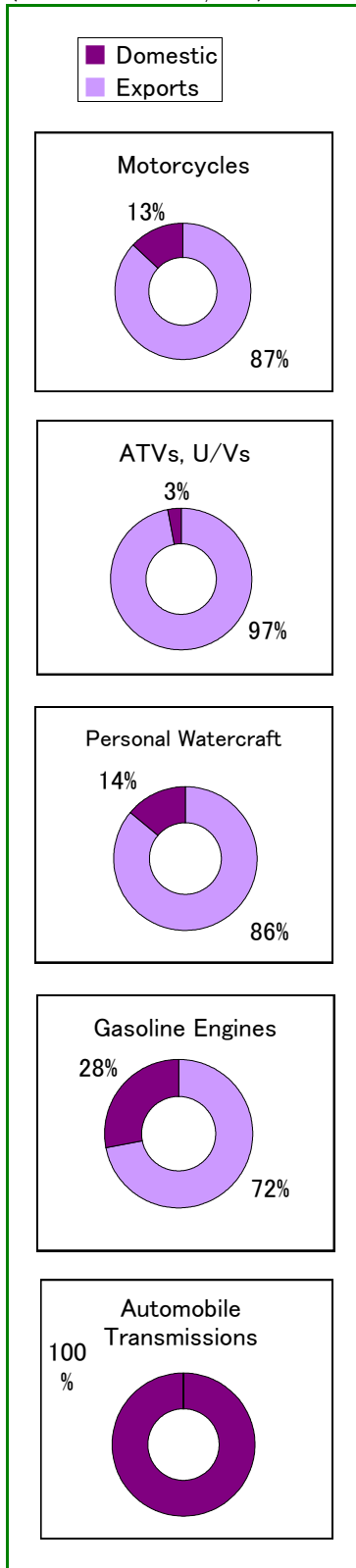
Industrial Robot Sales

-Parent Only-
(Years ended March 31) (Billion ¥)



Domestic/Export Sales by Product

-Parent Only-
(Year ended March 31, 2004)

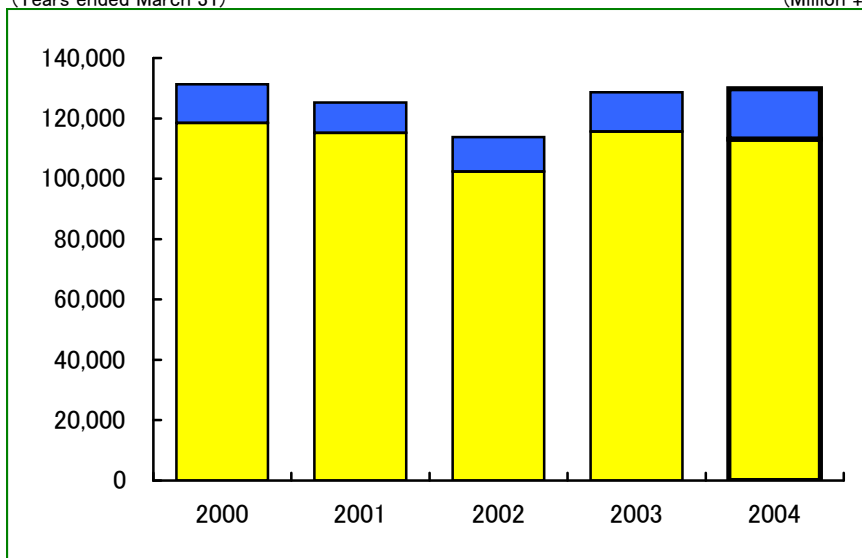


Motorcycle Sales

-Parent Only-

(Years ended March 31)

(Million ¥)

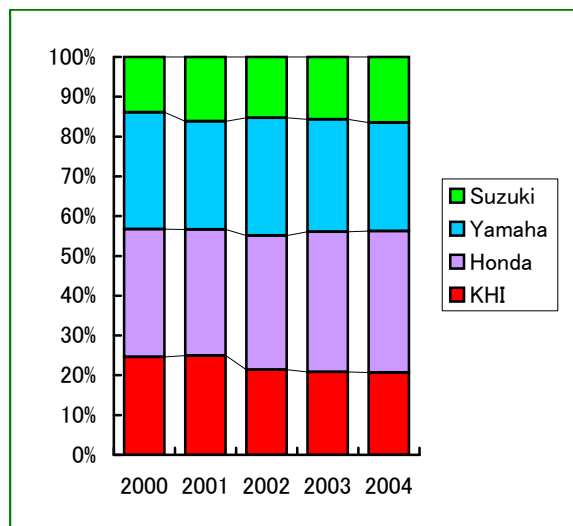


(Million ¥)

	2000	2001	2002	2003	2004
□ Domestic Sales	12,874	10,063	11,486	13,109	16,774
□ Export Sales	118,464	115,176	102,368	115,569	113,058
Total Motorcycle Sales	131,338	125,239	113,854	128,678	129,832

Note: Including sales of spare parts.

Motorcycle Sales Domestic Share

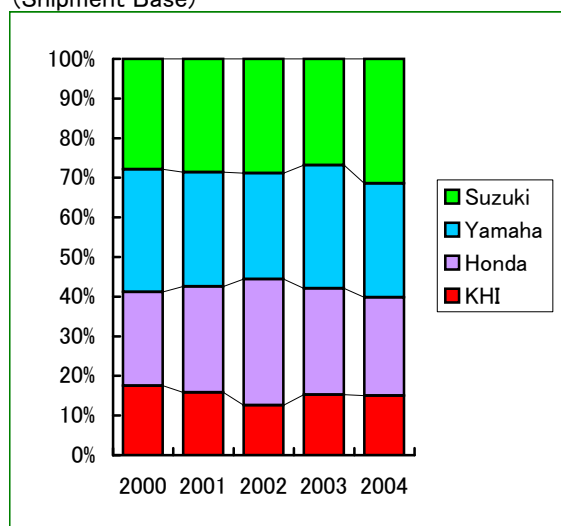


(Years ended March 31)

	2000	2001	2002	2003	2004
KHI	24.6%	24.9%	21.4%	20.8%	20.7%
Honda Motor	32.1%	31.7%	33.7%	35.3%	35.5%
Yamaha Motor	29.4%	27.2%	29.6%	28.2%	27.3%
Suzuki Motor	13.9%	16.2%	15.3%	15.7%	16.5%

Motorcycle Sales Export Share

(Shipment Base)



(Years ended March 31)

	2000	2001	2002	2003	2004
KHI	17.5%	15.8%	12.6%	15.3%	15.0%
Honda Motor	23.7%	26.8%	31.8%	26.8%	24.8%
Yamaha Motor	30.9%	28.8%	26.8%	31.1%	28.7%
Suzuki Motor	27.9%	28.6%	28.8%	26.8%	31.4%

Note: Engine displacement of more than 251cc.

Source: Japan Automobile Manufacturers Association Inc.

CONDENSED BALANCE SHEETS

Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

As of March 31

ASSETS	Millions of yen					
	2004	2003	2002	2001	2000	1999
Current assets:						
Cash on hand and in banks	¥43,064	¥61,185	¥91,344	¥77,048	¥85,782	¥55,306
Marketable securities	—	—	—	—	46,021	47,785
Receivables	383,532	398,243	402,808	431,006	413,920	416,596
Allowance for doubtful receivables	(6,725)	(5,176)	(5,893)	(5,076)	(3,375)	(3,041)
	376,807	393,067	396,915	425,930	410,545	413,555
Inventories	335,064	342,387	372,269	346,567	316,529	347,765
Deferred tax assets	19,429	18,423	16,994	14,922	4,216	5,507
Other current assets	25,116	12,900	25,149	19,830	16,345	14,481
Total current assets	799,480	827,962	902,671	884,297	879,438	884,399
Investments and long-term loans:						
Investments in securities	65,008	52,146	81,222	91,154	32,136	38,967
other	12,831	13,598	14,176	16,064	15,123	12,039
Total Investments and long-term loans	77,839	65,744	95,398	107,218	47,259	51,006
Property, plant and equipment						
Accumulated depreciation	(531,973)	(526,758)	(532,636)	(515,925)	(499,352)	(478,483)
Net property, plant and equipment	248,922	234,352	241,517	241,893	245,278	244,866
Intangible and other assets						
Deferred tax assets	14,456	10,765	4,917	4,924	9,315	2,956
Intangible and other assets	16,207	10,338	10,572	9,140	7,676	6,989
	30,663	21,103	15,489	14,064	16,991	9,945
Foreign currency translation adjustments						
Total assets	¥1,156,904	¥1,149,161	¥1,255,075	¥1,247,472	¥1,206,806	¥1,204,857

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen					
	2004	2003	2002	2001	2000	1999
Current liabilities:						
Short-term borrowings and current portion						
of long-term debt	¥188,652	¥201,248	¥243,113	¥228,462	¥222,302	¥238,265
Trade payables	286,117	294,769	325,664	326,257	310,557	321,830
Advances from customers	110,900	100,829	111,423	104,194	86,012	81,409
Accrued income taxes	12,491	7,560	3,347	3,393	2,441	3,424
Accrued bonuses	14,289	19,540	18,954	15,583	19,549	21,375
Provision for product warranty	2,156	2,303	2,479	1,551	1,648	1,386
Provision for restructuring charges	—	2,260	—	—	—	—
Provision for losses on construction contracts	5,018	832	80	6,571	3,794	8,478
Deferred tax liabilities	188	284	321	457	515	5,162
Other current liabilities	57,728	60,566	47,176	49,252	44,217	41,358
Total current liabilities	677,539	690,191	752,557	735,720	691,035	722,687
Long-term liabilities:						
Long-term debt, less current portion	210,819	226,936	248,170	270,605	264,048	208,763
Retirement and severance benefits	64,902	42,368	67,812	57,719	58,332	54,024
Deferred tax liabilities	2,035	2,825	4,338	4,654	2,705	2,573
Other	7,579	6,665	9,284	10,025	9,313	10,894
Total long-term liabilities	285,335	278,794	329,604	343,003	334,398	276,254
Minority interests	3,855	5,591	5,183	4,668	6,418	6,279
Shareholders' equity:						
Authorized—3,360,000,000 shares						
Issued—1,443,394,172 shares						
	81,427	81,427	81,427	81,427	81,427	81,427
Capital surplus	31,388	24,683	24,682	24,682	24,682	24,682
Retained earnings	80,469	77,069	64,110	58,452	68,846	93,528
Net unrealized gains on securities	13,266	3,671	5,925	13,091	—	—
Foreign currency translation adjustments	(16,283)	(12,225)	(8,407)	(13,571)	—	—
Treasury stock, at cost	(92)	(40)	(6)	—	—	—
Total shareholders' equity	190,175	174,585	167,731	164,081	174,955	199,637
Total liabilities and shareholders' equity	¥1,156,904	¥1,149,161	¥1,255,075	¥1,247,472	¥1,206,806	¥1,204,857

CONDENSED STATEMENTS OF INCOME

Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries
Years ended March 31

	Millions of yen					
	2004	2003	2002	2001	2000	1999
Net sales	¥1,160,252	¥1,239,598	¥1,144,534	¥1,060,479	¥1,149,698	¥1,202,189
Cost of sales	998,416	1,069,341	977,875	924,522	1,008,860	1,045,143
Gross profit	161,836	170,257	166,659	135,957	140,838	157,046
Selling, general and administrative expenses	139,586	139,714	135,348	131,497	139,587	135,380
Operating income	22,250	30,543	31,311	4,460	1,251	21,666
Other income (expenses):						
Interest and dividend income	3,476	4,684	4,798	4,480	4,274	5,495
Equity in income (loss) of unconsolidated subsidiaries and affiliates	941	(467)	379	(1,586)	(654)	683
Interest expense	(7,274)	(10,291)	(12,146)	(12,779)	(11,782)	(12,646)
Other, net	(8,151)	(7,241)	(8,348)	(12,981)	(15,819)	(15,723)
Income (loss) before income taxes and minority interests	11,242	17,228	15,994	(18,406)	(22,730)	(525)
Income taxes						
Current	(16,604)	(11,395)	(6,114)	(5,609)	(5,899)	(9,358)
Deferred	11,890	7,555	(3,131)	13,309	9,466	2,943
Minority interests in net (income) loss of consolidated subsidiaries	(195)	(366)	(467)	386	531	808
Foreign currency translation adjustments	-	-	-	-	-	-
Net income (loss)	¥6,333	¥13,022	¥6,282	(¥10,320)	(¥18,632)	(¥6,132)

	Millions of yen					
	2004	2003	2002	2001	2000	1999
Per share amounts (yen):						
Net income (loss)	¥4.4	¥9.3	¥4.5	(¥7.4)	(¥13.4)	(¥4.4)
Cash dividends	2.0	2.0	-	-	-	6.0
Other data:						
Capital expenditures (Million ¥)	41,502	35,165	33,132	32,687	39,685	42,143
Depreciation (Million ¥)	32,590	31,595	31,998	33,303	35,081	34,607
R&D expenses (Million ¥)	14,741	15,494	16,549	17,548	19,905	18,615
Number of employees	29,306	28,642	28,936	29,162	29,772	26,486

Major Changes in Accounting Policies

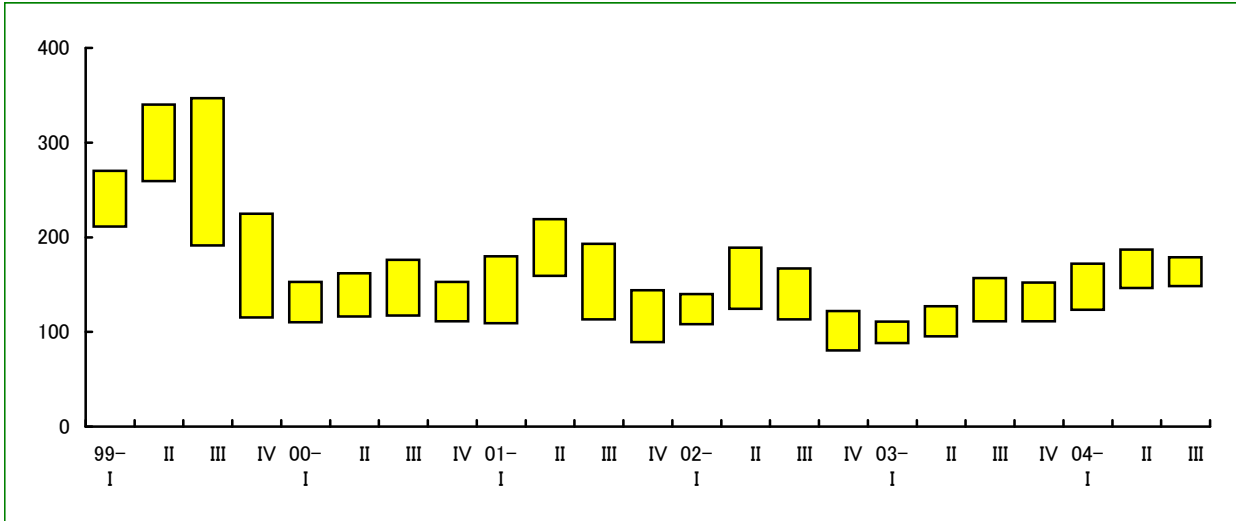
Investments in securities: Effective from the year ended March 31, 2001, securities of the Company are reclassified to available-for-sale securities with available fair market values are stated at fair market value. Securities of the Company were stated at moving-average cost for 2000 and before.

Retirement and severance benefits: Effective from the year ended March 31, 2001, the liabilities and expenses for retirement and severance benefits are determined based on the amounts actually calculated using certain assumption. The excess of the projected benefit obligation over the liabilities for retirement and severance benefits recorded as of April 1, 2000 amounted to ¥130,928 million which will be recognized in expenses in equal amounts primarily over 10 years commencing with the year ended March 31, 2001.

STOCK INFORMATION

Stock Price Range

(¥)

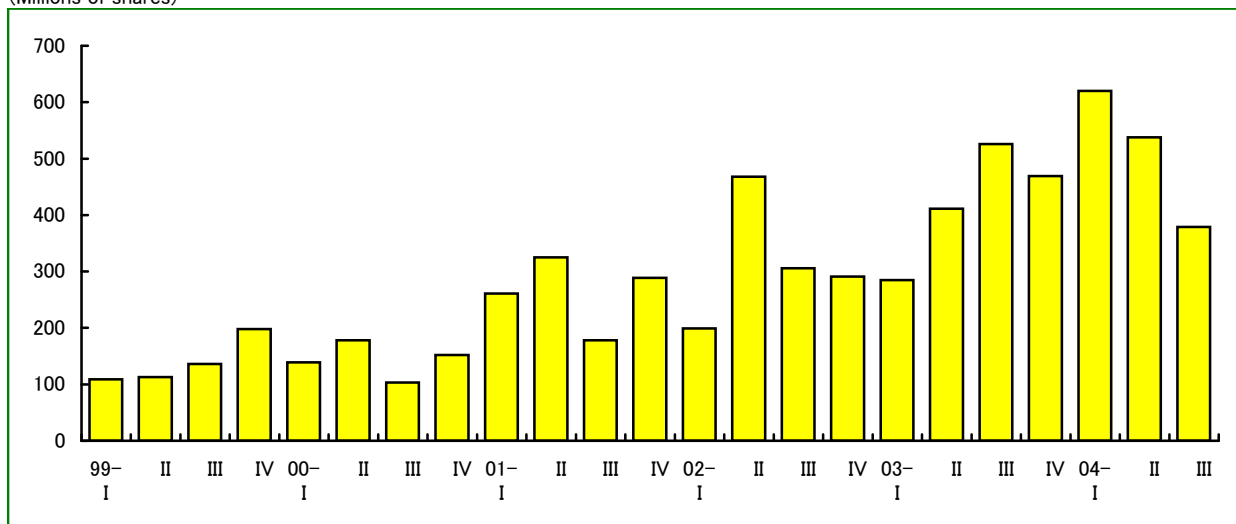


(¥)

	1999				2000				2001				2002				2003				2004		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
High	270	340	347	225	153	162	176	153	180	219	193	144	140	189	167	122	111	127	157	152	172	187	179
Low	211	259	191	115	110	116	117	111	109	159	113	89	108	124	113	80	88	95	111	111	123	146	148

Stock Trading Volume

(Millions of shares)



(Millions of shares)

	1999				2000				2001				2002				2003				2004		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Volume	109	113	136	198	139	178	103	152	261	325	178	289	199	468	306	291	285	411	526	469	620	538	379

<p>Paid-in Capital ¥81,427,090,720</p> <p>Number of Shares Authorized---3,360,000,000 shares Outstanding--1,443,394,172 shares (Dilution-----215,071,468 shares)</p> <p style="text-align: center;">As of March 31, 2004</p>
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<p>Paid-in Capital ¥81,427,090,720</p> <p>Number of Shares Authorized---3,360,000,000 shares Outstanding--1,443,394,172 shares (Dilution-----322,830,088 shares)</p> <p style="text-align: center;">As of September 30, 2004</p>
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Stock Listings

Tokyo, Osaka, Nagoya

Transfer Agent

The Chuo Mitsui Trust & Banking Co., Ltd.
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Handling Office

The Chuo Mitsui Trust & Banking Co., Ltd., Osaka Branch
2-21, Kitahama 2-chome, Chuo-ku, Osaka 541-0041, Japan

ADR (American Depositary Receipt) Information

Ratio: 1 ADR = 4 Ordinary Shares

Exchange: OTC (Over-the-Counter)

Symbol: KWHIY

CUSIP: 486 359 20 1

Depository: The Bank of New York

101 Barclay St., 22 West, New York, NY 10286, U.S.A.

Phone: (212)815-2042 U.S. Toll Free: 888-269-2377 (888-BNY-ADRS)

CORPORATE DATA

Registered Office

1-1, Higashikawasaki-cho 3-chome,
Chuo-ku, Kobe 650-8670, Japan

Kobe Head Office

Kobe Crystal Tower,
1-3, Higashikawasaki-cho 1-chome,
Chuo-ku, Kobe 650-8680, Japan
Phone: (078)371-9530
Fax: (078)371-9568

Tokyo Head Office

World Trade Center Bldg.,
4-1, Hamamatsu-cho 2-chome,
Minato-ku, Tokyo 105-6116, Japan
Phone: (03)3435-2111
Fax: (03)3436-3037

Year of Incorporation

1896

For more information please contact at:

IR Desk

Finance & Accounting Department

Kawasaki Heavy Industries, Ltd.

4-1, Hamamatsu-cho 2-chome,

Minato-ku, Tokyo 105-6116, Japan

Phone: (03)3435-2998

Fax: (03)5402-7391