

(Consolidated)

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

For the years ended March 31, 2005 and 2004

### Operating results

	Millions of yen			Thousands of U.S. dollars
	2005	2004	Change	2005
Net sales	\ 1,241,592	\ 1,160,252	+7%	\$ 11,559,371
Operating income (loss)	24,744	22,250	+11%	230,370
Net income (loss)	11,479	6,333	+81%	106,871
Net income (loss) per share (Yen)	7.9	4.4		

### Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of shareholders' equity to total assets
	Total assets	Shareholders' equity	
<b>As of March 31, 2005</b>	\ 1,194,473	\	17%
As of March 31, 2004	1,156,904		16%
As of March 31, 2005	\$ 11,120,687	\$	
	Yen / U.S. dollars	Thousand shares	
	Shareholders' equity per share	Number of shares issued and outstanding	
<b>As of March 31, 2005</b>	\ 139.7	1,442,359	
As of March 31, 2004	131.8	1,442,542	
As of March 31, 2005	\$ 1.30		

### Cash flows

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Operating activities	\ 71,429	49,494	+32%

- 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 107.41=¥1, the rate prevailing as of March 31, 2005, solely for the convenience of the readers.
  3. Effective April 1, 2004, Kawasaki Heavy Industries, Ltd. (the "Company") changed its accounting policy for the percentage-of-completion method to be applied to long-term contracts exceeding 3,000 million. Previously, it had been applied to long-term contracts exceeding 5,000 million.  
The Company made this change in accounting policy for appropriate periodic accounting of profit

## Condensed Consolidated Balance Sheets

As of March 31, 2005 and 2004

(Consolidated)

	Millions of yen		Thousands of
	2005	2004	U.S. dollars
			2005
<b>Assets :</b>			
Current assets :			
Cash on hand and in banks	\ 44,629	\ 43,064	\$ 415,501
Receivables, less allowance	413,619	376,807	3,850,843
Inventories	332,333	335,064	3,094,060
Other current assets	46,424	44,545	432,213
Total current assets	837,005	799,480	7,792,617
Investments and long-term loans			
less allowance :	79,569	77,839	740,797
Net property, plant and equipment :	243,166	248,922	2,263,905
Intangible and other assets :	34,733	30,663	323,368
Total assets	\ 1,194,473	\ 1,156,904	



**Segment information**  
**(a) Information by industry segment**

**(Consolidated)**

<b>External</b>	<b>Intersegment</b>	<b>Total</b>	<b>Operating</b>	<b>Operating</b>	<b>Total</b>	<b>Depreciation</b>	<b>Capital</b>
-----------------	---------------------	--------------	------------------	------------------	--------------	---------------------	----------------

(Consolidated)

## (b) Information by geographic area

	Millions of yen 2005						
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Total assets	
Japan	\ 936,237	\ 208,048	\ 1,144,285	\ 1,123,267	\ 21,018	\	996,923
North America	196,840	15,212	212,052	210,805	1,247		127,798
Europe	78,027	3,835	81,862	81,448	414		57,218
Asia	25,145	15,898	41,043	39,171	1,872		20,252
Other Areas	5,343	99	5,442	5,818	(376)		3,664
Total	1,241,592	243,092	1,484,684	1,460,509	24,175		1,205,855
Eliminations and corporate	-	(243,092)	(243,092)	(243,661)	569		(11,382)
Consolidated total	\ 1,241,592	\ -	\ 1,241,592	\ 1,216,848	\ 24,744	\	1,194,473

	Millions of yen 2004						
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Total assets	
Japan	\ 877,222	\ 182,132	\ 1,059,354	\ 1,038,482	\ 20,872	External sales	Intersegment sales
						Japan	Japan
						North America	North America
						Europe	Europe
						\$ 8,716,479	\$ 1,936,952
						1,832,604	141,626
						726,441	35,704

Asia	234,103	148,012	382,115	364,687	17,428	188,549
Other Areas	49,744	922	50,666	54,166	(3,500)	34,112
Total	11,559,371	2,263,216	13,822,587	13,597,514	225,073	11,226,655
Eliminations and corporate		(2,263,216)	(2,263,216)	(2,268,513)	5,297	(105,968)
Consolidated total	\$ 11,559,371	\$ -	\$ 11,559,371	\$ 11,329,001	\$ 230,370	\$ 11,120,687

## (c) Overseas sales

	Millions of yen				Thousands of U.S. dollars	
	Overseas sales	% against net sales	Overseas sales	% against net sales	Overseas sales	
North America	\ 236,847	19.0%	\ 240,121	20.7%	\$ 2,205,074	
Europe	100,362	8.0%				

## Net sales, orders and order backlog by industry segment

For the years ended March 31, 2005 and 2004

	Millions of yen				% Change	Thousands of U.S. dollars
	2005		2004			2005
<b>Net sales :</b>						
Shipbuilding Rolling Stock, Construction Machinery & Crushing Plant	\ 87,081	(7%)	\ 94,939	(8%)	-8%	\$ 810,735
Aerospace	171,731	(14%)	120,597	(10%)	+42%	1,598,836
Gas Turbines & Machinery	188,255	(15%)	173,783	(15%)	+8%	1,752,677
Plant & Infrastructure Engineering	141,366	(12%)	136,468	(12%)	+4%	1,316,134
Consumer Products & Machinery	191,012	(15%)	191,412	(17%)	0%	1,778,345
Other	338,450	(27%)	318,325	(27%)	+6%	3,151,010
Total	123,697	(10%)	124,728	(11%)	-1%	1,151,634
	<b>1,241,592</b>	<b>(100%)</b>	<b>1,160,252</b>	<b>(100%)</b>	<b>+7%</b>	<b>11,559,371</b>
<b>Orders :</b>						
Shipbuilding Rolling Stock, Construction Machinery & Crushing Plant	155,832	(12%)	123,756	(10%)	+26%	1,450,815
Aerospace	178,369	(14%)	153,399	(12%)	+16%	1,660,637
Gas Turbines & Machinery	214,702	(16%)	216,201	(18%)	-1%	1,998,901
Plant & Infrastructure Engineering	162,700	(12%)	129,987	(11%)	+25%	1,514,756
Consumer Products & Machinery	126,403	(10%)	156,145	(13%)	-19%	1,176,827
Other	338,450	(26%)	318,325	(26%)	+6%	3,151,010
	125,389	(10%)				
<b>Order backlog :</b>						
Shipbuilding Rolling Stock, Construction Machinery & Crushing Plant	\ 263,707	(21%)	\ 193,705	(16%)	+36%	\$ 2,455,144
Aerospace	300,837	(24%)	294,017	(25%)	+2%	2,800,828
Gas Turbines & Machinery	287,441	(23%)	260,321	(22%)	+10%	2,676,110
Plant & Infrastructure Engineering	163,440	(13%)	140,327	(12%)	+16%	1,521,646
Consumer Products & Machinery	210,160	(17%)	273,837	(23%)	-23%	1,956,615
Other	-	(-%)	-	(-%)	-%	-
Total	28,824	(2%)	27,167	(2%)	+6%	268,355
	<b>\ 1,254,409</b>	<b>(100%)</b>	<b>\ 1,189,374</b>	<b>(100%)</b>	<b>+5%</b>	<b>\$ 11,678,698</b>