(Consolidated)

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES FIUBSIDIARIES

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- 2 -

Condensed Consolidated Statements of Cash Flows \vec{t} t t 0.200 200

(Consolidated)

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$-\frac{1}{1}$ <i>l l 0.200</i> 200					- 1 1	
		onths ended		onths ended $30, 200\square$	، د	. 30, 2005
Cash flows from operating activities:					•	
Cash nows from operating activities: $ \begin{array}{ccccccccccccccccccccccccccccccccccc$	¥	8,193	¥	6,943	\$	72,370
- <u>i</u> t- <u>i</u> t- <u>i</u> t- <u>i</u>		14,384		15,130		127,056
(-1, -1, t)		(6,771)		50,229		(59,809)
		2,150		(38,645)		18,991
t		(6,740)		(13,841)	<u> </u>	(59,535)
Net cash provided by operating activities	¥	11,216	¥	19,816	\$	99,073
Cash flows from investing activities:						
t		(15,305)		(14,437)		(135,191)
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		(425)		(1,006)		(3,754)
t		8,038		4,133		71,000
Net cash used for investing activities	¥	(7,692)	¥	(11,310)	\$	(67,945)
Cash flows from financing activities:						
tt -i		(4,055)		(18,503)		(35,818)
- t t		15,503		49,563		136,940
\mathbf{t} \mathbf{t} \mathbf{t}		(23,189)		(42,920)		(204,832)
t		(3,717)		(2,958)		(32,833)
Net cash provided by (used for) financing activities	¥	(15,458)	¥	(14,818)	\$	(136,543)
Effect of exchange rate changes		173		105		1,528
Net decrease in cash and cash equivalents		(11,761)		(6,207)		(103,887)
Cash and cash equivalents at beginning of year		44,385		42,375		392,059
Decrease in cash and cash equivalents by change of						
consolidation period of subsidiaries		-		(39)		
Decrease in cash and cash equivalents						
arising from exclusion of consolidated subsidiaries		(111)	-			(980)
Cash and cash equivalents at end of year	¥	32,513	¥	36,129	\$	287,192

Segment information (a) Information by industry segment

	Six months ended September 30, 2005										
	External sales		Intersegment sales		Total sales		Operating expenses		Operating income (loss)		
Shipbuilding	¥	53,736	¥	589	¥	54,325	¥	53,561	¥	764	
Rolling Stock,											
Construction Machinery											
& Crushing Plant		84,331		465		84,796		82,529		2,267	
Aerospace		91,293		951		92,244		86,643		5,601	
Gas Turbines & Machinery		69,093		7,150		76,243		74,898		1,345	
Plant & Infrastructure Engineering		68,609		6,121		74,730		80,395		(5,665)	
Consumer products & Machinery		166,339		2,295		168,634		163,490		5,144	
Other		60,178		21,846		82,024		79,021		3,003	

(b) Information by geographic area

		Six months ended September 30, 2005										
	I	External sales		Intersegment sales		Total sales		Operating expenses		Operating income (loss)		
Japan	¥	445,137	¥	99,957	¥	545,094	¥	534,427	¥	10,667		
North America		97,241		6,997		104,238		104,000		238		
Europe		36,638		1,888		38,526		37,833		693		
Asia		11,307		8,708		20,015		19,286		729		
Other Areas		3,256		54		3,310		3,479		(169)		
Total		593,579		117,604		711,183		699,025		12,158		
Eliminations		-		(117,604)		(117,604)		(118,023)		419		
	¥	593,579	¥	-	¥	593,579	¥	581,002	¥	12,577		

Six months ended September 30, 2004

Net sales, orders and order backlog by industry segment *F*• *i. m*•*n h ended Se i. embe 30, 2005 and 200*

			Millior	ns of v	ren			2	1
	Six months ended			13 OI y	Six months e	%	<u> </u>		
		Sep. 30,	2005	005 Sep. 30, 2004			Change	•	. 30, 2005
Net sales :		• ·			^				
Shipbuilding	¥	53,736	(%)	¥	44,471	/ %	+21%	\$	474,658
Rolling Stock,									
Construction Machinery									
& Crushing Plant		84,331	(1 %)		67,600	13%	+25%		744,908
Aerospace		91,293	(1 %)		73,460	1 🕬	+24%		806,404
Gas Turbines & Machinery		69,093	(1 %)		68,170	13%	+1%		610,308
Plant & Infrastructure Engineering		68,609	(1 %)		67,463	13%	+2%		606,033
Consumer products & Machinery		166,339	(%)		156,490	2. %	+6%		1,469,296
Other		60,178	(10%)		60,061	10%	+0%		531,561
Total	¥	593,579	(100%)	¥	537,715	100%	+10%	\$	5,243,168
Orders :									
Shipbuilding	¥	38,469	(%)	¥	73,031	15%	-47%	\$	339,802
Rolling Stock,			. ,						
Construction Machinery									
& Crushing Plant		77,678	(1 %)		37,080	%	+109%		686,141
Aerospace		49,371	(10%)		34,236	%	+44%		436,101
Gas Turbines & Machinery		97,161	(1 %)		84,548	1 %	+15%		858,237
Plant & Infrastructure Engineering		26,285	(%)		57,443	11%	-54%		232,179
Consumer products & Machinery		166,339	(%)		156,490	31%	+6%		1,469,296
Other		61,391	(1 %)		60,262	12%	+2%		542,275
Total	¥	516,694	(100%)	¥	503,090	100%	+3%	\$	4,564,031
			· /	_					

			Millior	ns of v	/en			اد.				
		As of Sep. 30, 2005			As of	%		A -				
					Mar. 31, 2	Change		. 30, 2005				
Order backlog :												
Shipbuilding	¥	252,825	(1%)	¥	263,707	21%	-4%	\$	2,233,239			
Rolling Stock,												
Construction Machinery												
& Crushing Plant		297,326	(%)		300,837	20%	-1%		2,626,323			
Aerospace		247,671	(1%)		287,441	23%	-14%		2,187,713			
Gas Turbines & Machinery		194,754	(1 %)		163,440	13%	+19%		1,720,290			
Plant & Infrastructure Engineering		169,345	(1 %)		210,160	1 %	-19%		1,495,848			
Consumer products & Machinery		-	(-%)		-	%	-%					
Other		29,796	(%)		28,824	2%	-3%		263,192			
Total	¥	1,191,717	(100%)	¥	1,254,409	100%	-5%	\$	10,526,605			