

(Consolidated)

**KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
SUBSIDIARIES**

Condensed Consolidated Statements of Cash Flows

(Consolidated)

	0. 200	200	
	2005	2004	2005
Cash flows from operating activities:			
Net cash provided by operating activities	¥ 11,216	¥ 19,816	\$ 99,073
Cash flows from investing activities:			
Net cash used for investing activities	¥ (7,692)	¥ (11,310)	\$ (67,945)
Cash flows from financing activities:			
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

(Consolidated)

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

(Consolidated)

(b) Information by geographic area

	Six months ended September 30, 2005					
	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

