

(Consolidated)

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

For the years ended March 31, 2008 and 2007

Operating results

	Millions of yen			Thousands of U.S. dollars
	2008	2007	Change	2008
Net sales	¥ 1,501,097	¥ 1,438,619	+4%	\$ 14,981,008
Operating income	76,910	69,142	+11%	767,565
Net income	35,141	29,772	+18%	350,709
Earnings per share (Yen)	21.1	18.9		

Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of net assets to total assets
	Total assets	Net assets	
As of March 31, 2008	¥ 1,378,770	¥	23%
As of March 31, 2007	1,357,980		21%
As of March 31, 2008	\$ 13,760,180	\$	
	Yen / U.S. dollars	Thousand shares	
	Net assets	Number of shares	
	less minority interests	issued and	
	per share	outstanding	
As of March 31, 2008	¥ 187.7	1,668,305	
As of March 31, 2007			

(Consolidated)

Condensed Consolidated Balance Sheets

As of March 31, 2008 and 2007

	Millions of yen		Thousands of
	2008	2007	U.S. dollars
Assets :			2008
Current assets :			
Cash on hand and in banks	\ 39,875	39,351	\$ 397,954
Trade receivables, less allowance	433,155	442,577	4,322,904
Inventories	439,310	427,934	4,384,331
Other current assets	69,942	52,056	698,025
Total current assets	<u>982,282</u>	<u>961,918</u>	<u>9,803,214</u>
Investments and long-term loans less allowance	79,675	96,994	795,159
Net property, plant and equipment	259,927	253,819	2,594,082
Intangible and other assets	56,886	45,249	567,725
Total assets	<u>\ 1,378,770</u>	<u></u>	<u></u>
	equity :		
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	\ 137,681	138,463	\$ 1,374,062
Trade payables	431,000	412,501	4,301,397
Advances from customers	124,679	124,445	1,244,301
Other current liabilities	131,911	131,097	1,316,478
Total current liabilities	<u>825,271</u>	<u>806,506</u>	<u>8,236,238</u>
Long-term liabilities :			
Long-term debt, less current portion	138,766	165,754	1,384,890
Others	95,695	90,342	955,040
Total long-term liabilities	<u>234,461</u>	<u>256,096</u>	<u>2,339,930</u>
Net assets :			
Common stock	104,329	103,188	1,041,208
Capital surplus	54,291	53,179	541,826
Retained earnings	151,401	125,799	1,510,988
Net unrealized gains on securities	10,292	19,342	102,715
Gains/losses on hedging items	5,217	(1,608)	52,066
Foreign currency translation adjustments	(11,878)	1,357,980	\$ 13,760,180
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Condensed Consolidated Statements of Cash Flows

For the years ended March 31, 2008 and 2007

(Consolidated)

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 58,055	¥ 45,268	\$ 579,391
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	37,455	30,279	373,802
Increase in assets	(29,042)	(38,318)	(289,840)

(b) Information by geographic area

	Millions of yen					
	2008					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Total assets
Japan	\ 1,058,487	\ 307,546	\ 1,366,033	\ 1,291,102	\ 74,931	\ 1,103,514
North America	267,560	25,202	292,762	293,276	(514)	191,075
Europe	131,608	5,321	136,929	132,449	4,480	83,928
Asia	33,297	24,752	58,049	56,597	1,452	37,917
Other Areas	10,145	247	10,392	10,119	273	3,335
Total	1,501,097	363,068	1,864,165	1,783,543	80,622	1,419,769
Eliminations and corporate	-	(363,068)	(363,068)	(359,356)	(3,712)	(40,999)
Consolidated total	\ 1,501,097	\ -	\ 1,501,097	\ 1,424,187	\ 76,910	\ 1,378,770

	Millions of yen					
	2007					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Total assets
Japan	\ 1,042,993	\ 278,960	\ 1,321,953	\ 1,256,538	\ 65,415	\ 1,093,598
North America	261,254	18,017	279,271	277,533	1,738	202,539
Europe	98,842	4,320	103,162	100,783	2,379	70,360
Asia	22,690	18,737	41,427	40,728	699	26,081
Other Areas	12,840	187	13,027	12,808	219	2,869
Total	1,438,619	320,221	1,758,840	1,688,390	70,450	1,395,447
Eliminations and corporate	-	(320,221)	(320,221)	(318,913)	(1,308)	(37,467)
Consolidated total	\ 1,438,619	\ -	\ 1,438,619	\ 1,369,477	\ 69,142	\ 1,357,980

	Thousands of U.S. dollars					
	2008					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Total assets
Japan	\$ 10,563,743	\$ 3,069,321	\$ 13,633,064	\$ 12,885,250	\$ 747,814	\$ 11,013,114
North America	2,670,259	251,517	2,921,776	2,926,906	(5,130)	1,906,936
Europe	1,313,453	53,104	1,366,557	1,321,846	44,711	837,605
Asia	332,305	247,026	579,331	564,840	14,491	378,413
Other Areas	101,248	2,465	103,713	100,988	2,725	33,283
Total	14,981,008	3,623,433	18,604,441	17,799,830	804,611	14,169,351
Eliminations and corporate	-	(3,623,433)	(3,623,433)	(3,586,387)	(37,046)	(409,171)
Consolidated total	\$ 14,981,008	\$ -	\$ 14,981,008	\$ 14,213,443	\$ 767,565	\$ 13,760,180

(c) Overseas sales

	Millions of yen				Thousands of U.S. dollars 2008 Overseas sales
	2008		2007		
	Overseas sales	% against net sales	Overseas sales	% against net sales	
North America	\ 358,717	23.9%	\ 336,765	23.4%	\$ 3,580,010
Europe	153,613	10.2%	119,408	8.3%	1,533,064
Asia	161,906	10.7%	186,066	12.9%	1,615,828
Other Areas	148,315	9.9%	135,506	9.4%	1,480,190
Total	\ 822,551	54.7%	\ 777,745	54.0%	\$ 8,209,092

Net sales, orders and order backlog by industry segment

For the years ended March 31, 2008 and 2007

	Millions of yen				% Change	Thousands of U.S. dollars
	2008		2007			2008
Net sales :						
Shipbuilding	\ 141,397	(10%)	\ 108,849	(8%)	+30%	\$ 1,411,148
Rolling Stock, & Construction Machinery	171,739	(11%)	184,283	(13%)	-7%	1,713,962
Aerospace	237,349	(16%)	269,108	(19%)	-12%	2,368,752
Gas Turbines & Machinery	185,486	(12%)	183,309	(13%)	+1%	1,851,158
Plant & Infrastructure Engineering	142,547	(9%)	122,062	(8%)	+17%	1,422,625
Consumer Products & Machinery	433,963	(29%)	403,702	(28%)	+7%	4,330,968
Hydraulic Machinery	84,028	(6%)	66,649	(5%)	+26%	838,603
Other	104,588	(7%)	100,657	(6%)	+4%	1,043,792
Total	1,501,097	(100%)	1,438,619	(100%)	+4%	14,981,008

Orders :						
Shipbuilding	251,331	(16%)	135,600	(9%)	+85%	2,508,293
Rolling Stock, & Construction Machinery	183,254	(11%)	269,120	(17%)	-32%	1,828,882
Aerospace	202,506	(13%)	255,613	(16%)	-21%	2,021,018
Gas Turbines & Machinery	227,422	(14%)	204,847	(13%)	+11%	2,269,681
Plant & Infrastructure Engineering	106,046	(7%)	150,221	(9%)	-29%	1,058,343
Consumer Products & Machinery	433,963	(27%)	403,702	(25%)	+7%	4,330,968
Hydraulic Machinery	92,335	(6%)	72,918	(5%)	+27%	921,507
Other	113,900	(6%)	100,667	(6%)	+13%	1,136,727
Total	\ 1,610,757	(100%)	\ 1,592,688	(100%)	+1%	\$ 16,075,419

	Millions of yen				% Change	Thousands of U.S. dollars
	As of Mar. 31, 2008		As of Mar. 31, 2007			As of Mar. 31, 2008
Order backlog :						
Shipbuilding	\ 414,176	(27%)	\ 313,987	(21%)	+32%	\$ 4,133,493
Rolling Stock, & Construction Machinery	431,377	(28%)	434,419	(29%)	-1%	4,305,160
Aerospace	248,332	(16%)	286,699	(20%)	-13%	2,478,363
Gas Turbines & Machinery	245,962	(16%)	216,886	(15%)	+13%	2,454,711
Plant & Infrastructure Engineering	135,288	(9%)	172,255	(12%)	-21%	1,350,180
Consumer Products & Machinery	-	(-%)	-	(-%)	-%	-
Hydraulic Machinery	29,317	(2%)	21,010	(2%)	+40%	292,585
Other	29,211	(2%)	19,899	(1%)	+47%	291,526
Total	\ 1,533,663	(100%)	\ 1,465,155	(100%)	+5%	\$ 15,306,018