



November 2, 2010

(Consolidated)

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

For six months ended September 30, 2010 and 2009 and one year ended March 31, 2010

### Operating results

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2009	Six months ended Sep. 30, 2010
Net sales	> 571,708	> 516,053	\$ 6,820,663
Operating income	20,904	(6,167)	249,391
Net income	12,334	(6,294)	147,148
Earnings per share (Yen)	7.3	(3.7)	

### Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of net assets less minority interests to total assets
	Total assets	Net assets	
As of September 30, 2010	> 1,318,935	> 287,024	21%
As of March 31, 2010	1,352,439	283,053	20%
As of September 30, 2010	\$ 15,735,325	\$ 3,424,290	9%

	Yen / U.S. dollars	Thousand shares
	Net assets per share	Number of shares issued and outstanding
As of September 30, 2010	> 167.3	1,670,447
As of March 31, 2010	166.1	1,667,848
As of September 30, 2010	\$ 1.99	9%

### Cash flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2009	Six months ended Sep. 30, 2010
Operating activities	> 48,168	> (25,226)	\$ 574,659
Investing activities	(26,164)	(36,470)	(312,145)
Financing activities	(20,096)	56,564	(239,751)
Cash and cash equivalents at end of term	33,800	24,651	403,245

### Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2011	> 1,280,000	> 32,000	> 20,000

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  $100 \text{ yen} = \$1$ , the rate prevailing as of September 30, 2010, solely for the convenience of the readers.





(Consolidated)

**Condensed Consolidated Statements of Cash Flows**

For six months ended September 30, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2009	Six months ended Sep. 30, 2010
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	20,712	> (6,994)	\$ 247,100
Adjustments to reconcile net income (loss) before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	23,348	23,556	278,549
Decrease in assets	44,117	47,582	526,330
Decrease in liabilities	(30,582)	(79,218)	(364,853)
Other	(9,427)	(10,152)	(112,467)
<b>Net cash provided by operating activities</b>	<b>48,168</b>	<b>&gt; (25,226)</b>	<b>\$ 574,659</b>
<b>Cash flows from investing activities:</b>			
Acquisition of tangible and intangible assets	(25,854)	(36,141)	(308,446)
Acquisition of investments in securities	(28)	(102)	(334)
Other	(282)	(227)	(3,365)
<b>Net cash used for investing activities</b>	<b>(26,164)</b>	<b>&gt; (36,470)</b>	<b>\$ (312,145)</b>
<b>Cash flows from financing activities:</b>			
Increase (Decrease) in short-term borrowings	(47,923)	6,921	(571,737)
Proceeds from long-term debt	35,580	69,500	424,481
Repayment of long-term debt	(3,516)	(14,418)	(41,947)
Other	(4,237)	(5,439)	(50,548)
<b>Net cash provided by financing activities</b>	<b>(20,096)</b>	<b>&gt; 56,564</b>	<b>\$ (239,751)</b>
<b>Effect of exchange rate changes</b>	<b>(2,245)</b>	<b>(1,630)</b>	<b>(26,783)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(337)</b>	<b>(6,762)</b>	<b>(4,020)</b>
<b>Cash and cash equivalents at beginning of term</b>	<b>34,137</b>	<b>31,413</b>	<b>407,265</b>
<b>Cash and cash equivalents at end of term</b>	<b>33,800</b>	<b>&gt; 24,651</b>	<b>\$ 403,245</b>

## Segment information

## (a) Information by industry segment

	Millions of yen				
	Six months ended				
	Sep.30,2009				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Shipbuilding	> 65,261	> 857	> 66,118	> 64,685	> 1,433
Rolling Stock	80,142	578	80,720	77,447	3,273
Aerospace	73,322	1,097	74,419	71,773	2,646
Gas Turbines & Machinery	83,446	9,801	93,247	92,609	638
Plant & Infrastructure Engineering	35,745	3,991	39,736	38,638	1,098
Consumer Products & Machinery	106,252	1,180	107,432	124,041	(16,609)
Hydraulic Machinery	29,006	3,620	32,626	30,635	1,991
Other	42,879	15,352	58,231	58,540	(309)
Total	516,053	36,476	552,529	558,368	(5,839)
Eliminations and corporate	-	(36,476)	(36,476)	(36,148)	(328)
Consolidated total	> 516,053	> -	> 516,053	> 522,220	> (6,167)

## (b) Information by geographic area

	Millions of yen				
	Six months ended				
	Sep.30, 2009				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Japan	> 392,484	> 67,195	> 459,679	> 466,226	> (6,547)
North America	66,935	8,532	75,467	77,638	(2,171)
Europe	33,700	888	34,588	33,659	929
Asia	19,299	22,846	42,145	38,808	3,337
Other Areas	3,635	85	3,720	3,670	50
Total	516,053	99,546	615,599	620,001	(4,402)
Eliminations and corporate	-	(99,546)	(99,546)	(97,781)	(1,765)
Consolidated total	> 516,053	> -	> 516,053	> 522,220	> (6,167)

## (c) Overseas sales

	Millions of yen	
	Six months ended	
	Sep.30, 2009	
	Overseas sales	% against net sales
North America	> 108,843	21.0%
Europe	43,738	8.4%
Asia	74,718	14.4%
Other Areas	45,447	9.0%
Total	> 272,746	52.8%

**Segment information**

**(a) Information by reportable segment**

**External      Interse**

(Consolidated)

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

For six months ended September 30, 2010 and 2009 and as of September 30 and March 31, 2010

	Millions of yen						Thousands of U.S. dollars Six months ended Sep. 30, 2010
	Six months ended Sep. 30, 2010		>	Six months ended Sep. 30, 2009		% Change	
<b>Net sales :</b>							
Ship Offshore Structure	61,253	(11%)	>	65,261	(12%)	-6%	\$ 730,768
Rolling Stock	63,018	(11%)		72,532	(14%)	-13%	751,825
Aerospace	83,070	(15%)		73,322	(14%)	+13%	991,052
Gas Turbines & Machinery	99,264	(17%)		83,446	(16%)	+18%	1,184,251
Plant & Infrastructure Engineering	38,867	(7%)		43,355	(8%)	-10%	463,696
Motorcycle & Engine	113,247	(20%)		100,968	(19%)	+12%	1,351,073
Precision Machinery	60,988	(10%)		34,290	(6%)	+77%	727,606
Other	52,001	(9%)		42,879	(10%)	+21%	620,392
Total	571,708	(100%)	>	516,053	(100%)	+10%	\$ 6,820,663
<b>Orders :</b>							
Ship Offshore Structure	36,468	(6%)	>	2,728	(0%)	+1,236%	\$ 435,075
Rolling Stock	117,712	(19%)		39,587	(9%)	+197%	1,404,342
Aerospace	87,956	(14%)		46,545	(11%)	+88%	1,049,343
Gas Turbines & Machinery	65,381	(11%)		99,897	(24%)	-34%	780,016
Plant & Infrastructure Engineering	77,378	(13%)		37,528	(9%)	+106%	923,144
Motorcycle & Engine	113,247	(18%)		100,968	(25%)	+12%	1,351,073
Precision Machinery	68,042	(11%)		32,820	(8%)	+107%	811,763
Other	47,256	(8%)		42,956	(14%)	+10%	563,783
Total	613,440	(100%)	>	403,029	(100%)	+52%	\$ 7,318,539

	Millions of yen						Thousands of U.S. dollars As of Sep. 30, 2010
	As of Sep. 30, 2010		>	As of Mar. 31, 2010		% Change	
<b>Order backlog :</b>							
Ship Offshore Structure	191,779	(13%)	>	218,134	(15%)	-12%	\$ 2,287,986
Rolling Stock	423,389	(28%)		378,391	(25%)	+11%	5,051,169
Aerospace	264,846	(18%)		264,788	(17%)	-%	3,159,699
Gas Turbines & Machinery	365,470	(24%)		426,506	(28%)	-14%	4,360,176
Plant & Infrastructure Engineering	192,899	(13%)		153,830	(10%)	+25%	2,301,348
Motorcycle & Engine	-	(- %)		-	(- %)	-%	-
Precision Machinery	41,218	(3%)		30,772	(2%)	+33%	491,744
Other	29,047	(1%)		34,636	(3%)	-16%	346,541
Total	1,508,648	(100%)	>	1,507,057	(100%)	-%	\$ 17,998,663

**Net Sales by geographic area**

For six months ended September 30, 2010 and 2009

	Millions of yen						Thousands of U.S. dollars As of Sep. 30, 2010
	As of Sep. 30, 2010		>	As of Sep. 30, 2009		% Change	
Japan	253,062	(44%)	>	243,307	(47%)	+4%	\$ 3,019,112
United States	116,170	(20%)		102,353	(19%)	+13%	1,385,946
Europe	42,492	(7%)		43,738	(8%)	-2%	506,943
Asia	104,041	(18%)		74,718	(14%)	+39%	1,241,243
Other	55,940	(10%)		51,937	(11%)	+7%	667,419
Total	571,708	(100%)	>	516,053	(100%)	+10%	\$ 6,820,663