



January 31, 2007

(Consolidated)

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS OF THE THIRD QUARTER (Unaudited)

For nine months ended December 31, 2006 and 2005 and one year ended March 31, 2006

Operating results

	Millions of yen			Thousands of
	Nine months ended	Nine months ended	%	U.S. dollars
	Dec. 31, 2006	Dec. 31, 2005	Change	Nine months ended Dec. 31, 2006
Net sales	\ 1,001,128	\ 889,550	+13%	\$ 8,404,365
Operating income	44,650	22,030	+103%	374,831
Net income	23,074	8,427	+174%	193,703
Earnings per share (Yen)	14.8	5.8		

Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of shareholders' equity to total assets
	Total assets	Shareholders' equity	
As of December 31, 2006	\ 1,364,833	\ 262,206	19%
As of March 31, 2006	1,284,085	237,588	19%
As of December 31, 2006	\$ 11,457,630	\$ 2,201,192	-

	Yen / U.S. dollars	Thousand shares
	Shareholders' equity less minority interests per share	Number of shares issued and outstanding
As of December 31, 2006	\ 164.2	1,563,462
As of March 31, 2006	152.5	1,557,507
As of December 31, 2006	\$ 1.38	-

Fiscal year forecast

	Millions of yen	
	Net sales	Net income
One year ending March 31, 2007	\ 1,430,000	\ 26,000

- 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 ¥ 119.12=\$1, the rate prevailing as of December 31, 2006, solely for the convenience of the readers.
3. Effective April 1, 2006, Kawasaki Heavy Industries, Ltd. and its consolidated subsidiaries adopted a new accounting standard for "Presentation of Net Assets in the Balance sheet" issued by the Accounting Standards Board of Japan. As a result of adopting the standard, "Minority interests" and "Gains/losses on hedging items" are presented in Shareholders' equity.

(Consolidated)

Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2006

	Millions of yen		Thousands of U.S. dollars
	As of Dec. 31, 2006	As of Mar. 31, 2006	As of Dec. 31, 2006
Assets :			
Current assets :			
Cash on hand and in banks	\ 27,999	\ 37,650	\$ 235,048
Receivables, less allowance	440,225	438,204	3,695,643
Inventories	442,788	383,017	3,717,159
Other current assets	68,203	57,028	572,557
Total current assets	979,215	915,899	8,220,407
Investments and long-term loans less allowance :	94,928	76,757	796,910
Net property, plant and equipment :	247,949	246,219	2,081,507
Intangible and other assets :	42,741	45,210	358,806
Total assets	\ 1,364,833	\ 1,284,085	\$ 11,457,630
Liabilities and shareholders' equity :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	\ 196,738	\ 162,746	\$ 1,651,595
Trade payables	392,169	409,942	3,292,217
Advances from customers	121,477	98,590	1,019,786
Other current liabilities	108,672	131,381	912,291
Total current liabilities	819,056	802,659	6,875,889
Long-term liabilities :			
Long-term debt, less current portion	195,143	157,057	1,638,205
Others	88,428	81,273	742,344
Total long-term liabilities	283,571	238,330	2,380,549
Minority interests	-	5,508	-
Shareholders' equity :			
Common stock	92,629	92,085	777,610
Capital surplus	42,630	42,094	357,874
Retained earnings	119,117	100,776	999,974
Treasury stock	(53)	(38)	(444)
Net unrealized gains on securities	16,432	14,097	137,944
Gains/losses on hedging items	(3,999)	-	(33,570)
Foreign currency translation adjustments	(10,051)	(11,426)	(84,376)
Minority interests	5,501	-	46,180
Total shareholders' equity	262,206	237,588	2,201,192
Total liabilities and shareholders' equity	\ 1,364,833	\ 1,284,085	\$ 11,457,630

Condensed Consolidated Statements of Operations

For nine months ended Dec 31, 2006 and 2005

	Millions of yen		% Change	Thousands of U.S. dollars
	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2005		Nine months ended

