

(Consolidated)

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

For six months ended September 30, 2008 and 2007 and one year ended March 31, 2008

Operating results

Millions of yen

*Thousands of
U.S. consolidated)*

Notes : 1. Td0 Uls "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been

289 (Td0 All US\$ amount) In these statements represent the arithmetical results of translating Japanese yen
to U.S. dollars on the basis of :o103.63=\$1, the rate prevailing as of September 30, 2008, solely for the

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Assets :

Current assets :

Cash on hand and in banks	O	29,898	39,875	\$	288,507
Receivables, less allowance		354,549	433,155		3,421,297
Inventories		495,400	439,310		4,780,469
Other current assets		69,793	69,942		673,483
Total current assets		949,640	982,282		9,163,756
Investments and long-term loans less allowance		72,164	79,675		696,362
Net property, plant and equipment		275,726	259,927		2,660,677
Intangible and other assets		63,241	56,886		610,258
Total assets	O	1,360,771	1,378,770	\$	13,131,053

Liabilities and net assets :

Current liabilities :

Short-term borrowings

and current portion of long-term debt

	O	156,103	137,681	\$	1,506,350
Payables		380,030	431,000		3,667,181
Advances from customers		145,416	124,679		

Condensed Consolidated Statements of Cash Flows

For six months ended September 30, 2008 and 2007

(Consolidated)

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2008	Six months ended Sep. 30, 2007	Six months ended Sep. 30, 2008
Cash flows from operating activities:			
Income before income taxes and minority interests	\ 25,553	31,837	\$ 246,579
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	20,025	17,642	193,236
Decrease in assets	22,602	33,312	218,103
Decrease in liabilities	(41,356)	(30,659)	(399,074)
Other	(18,277)	(28,122)	(176,368)
Net cash provided by operating activities	\ 8,547	24,010	\$ 82,476
Cash flows from investing activities:			

(Consolidated)

Segment information

(a) Information by industry segment

	Six months ended September 30, 2008				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Shipbuilding Rollin	\ 53,735	\ 906	\ 54,641	\ 54,383	\ 258
Plant & Infrastructure Engineering	91,790	8,485	100,275	95,490	4,785

(Consolidated)

(b) Information by geographic area

	Six months ended September 30, 2008				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
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(Consolidated)

Net sales, orders and order backlog by industry segment

For six months ended September 30, 2008 and 2007

	Millions of yen				Thousands of U.S. dollars	
	Six months ended		Six months ended		% Change	Six months ended
	Sep. 30, 2008		Sep. 30, 2007			
Net sales :						
Shipbuilding	\ 53,735	(8%)	77,480	(11%)	-31%	83,679
Aerospace					95,291	(15%) 118,247
Gas Turbines & Machinery					91,790	(14%) 84,289
Plant & Infrastructure Engineering					46,692	(7%) 49,647
Consumer products & Machinery					177,622	(27%) 212,512
Hydraulic Machinery					47,297	(7%) 39,977
Other					56,818	(9%) 47,144
Total	\ 652,924	(100%)				699,540
Orders :						
Shipbuilding	\ 58,444	(8%)				85,631
Rolling Stock & Construction Machinery					136,098	(19%) 121,605
Aerospace		(8%)	73,726	(10%)	-21%	563,215
Gas Turbines & Machinery	119,369	(17%)	93,527	(13%)	+28%	1,151,877
Plant & Infrastructure Engineering	49,032	(7%)	41,557	(6%)	+18%	473,145
Consumer products & Machinery	177,622	(25%)	212,512	(29%)	-16%	1,714,002
Hydraulic Machinery	55,098	(8%)	44,040	(6%)	+25%	531,680
Other	63,237	(8%)	52,238	(7%)	+21%	610,219
Total	\ 717,266	(100%)	724,836	(100%)	-1%	\$ 6,921,413

	Millions of yen				Thousands of U.S. dollars	
	As of		As of		% Change	As of
	Sep. 30, 2008		Mar. 31, 2008			
Order backlog :						
Shipbuilding	\ 421,518	(26%)	414,176	(27%)	+2%	\$ 4,067,529
Rolling Stock & Construction Machinery	484,027	(30%)	431,377	(28%)	+12%	4,670,723
Aerospace	215,310	(13%)	248,332	(16%)	-13%	2,077,680
Gas Turbines & Machinery	278,576	(17%)	245,962	(16%)	+13%	2,688,179
Plant & Infrastructure Engineering	137,506	(9%)	135,288	(9%)	+2%	1,326,894
Consumer products & Machinery	-	(- %)	-	(- %)	-%	-
Hydraulic Machinery	37,117	(2%)	29,317	(2%)	+27%	358,168
Other	35,630	(3%)	29,211	(2%)	+22%	343,819
Total	\ 1,609,684	(100%)	1,533,663	(100%)	+5%	\$ 15,532,992