



Financial Results for First Quarter of Fiscal 2008
(for the year ending March 31, 2009)

Jul. 31, 2008

Kawasaki Heavy Industries, Ltd.



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**Breakdown of Increases/Decreases in Profit
for FY2008.1Q Compared to FY2007.1Q**

Interest-Bearing Debt and Cash Flows



Shipbuilding

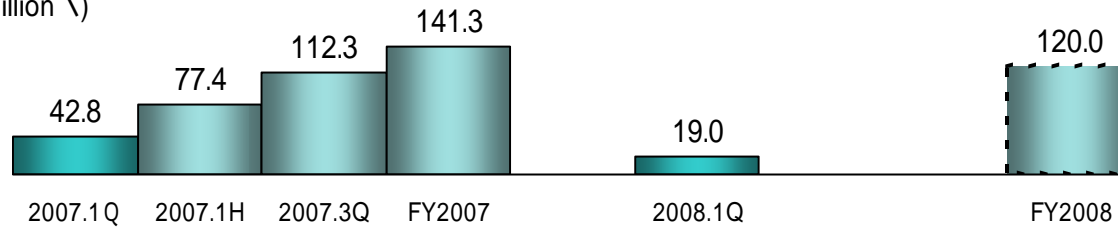
Orders Received

(Billion ¥)



Net Sales

(Billion ¥)



2007.1Q

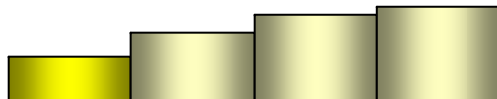
LNG carriers	4 (4)
LPG carrier	1
VLCC	1
Bulk carrier	1
Submarines	2 (2)

2008.1Q

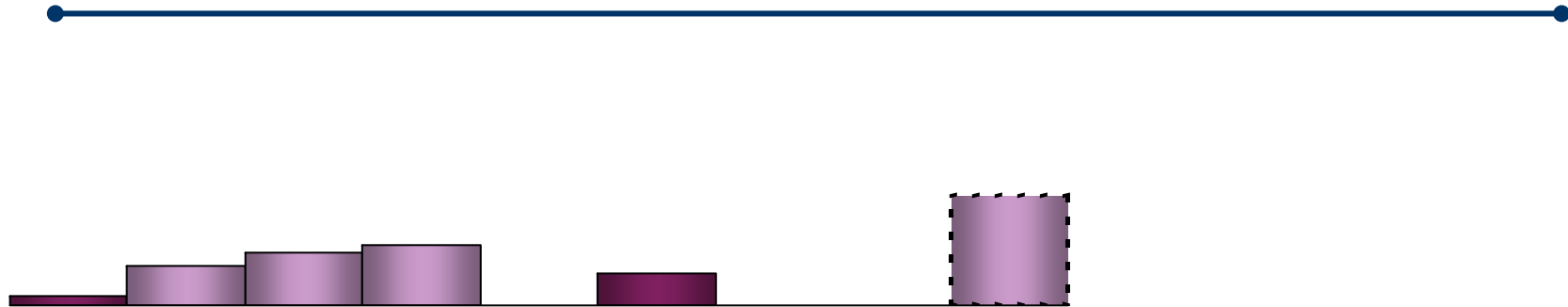
LNG carriers	4 (3)
LPG carrier	1 (1)
Bulk carrier	1
Submarine	1 (1)

[Business Results for FY2008.1Q
(year-on-year comparison)]

- * Orders received of 1 LPG carrier and 1 Bulk carrier
- * Decrease in profit due to sales decrease of LNG carriers, LPG carriers and Submarines and adverse impact of a rise in steel price



Rolling Stock



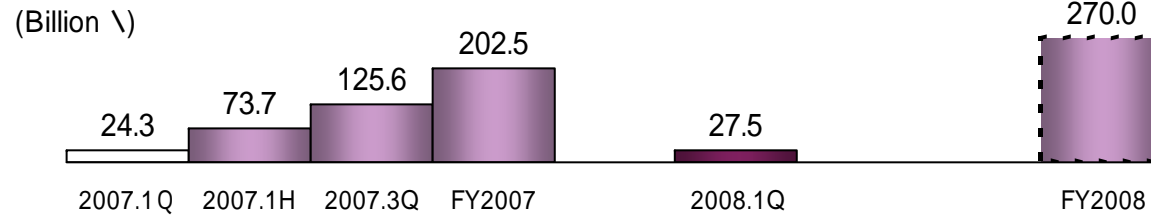
[Business Results for FY2008.1Q
(year-on-year comparison)]

- * Large-scale orders received of Shinkansen cars for JR
- * Increase in profit due to sales increase for Asia and U.S. and additional sales from EARTHTECHNICA Co which became a wholly owned subsidiary of KHI as of April 1, 2008

Aerospace

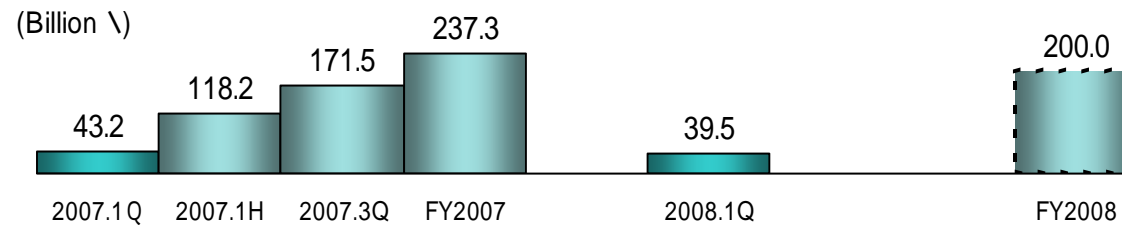
Orders Received

(In accumulated amt /
FY2008 amt represents the projection)



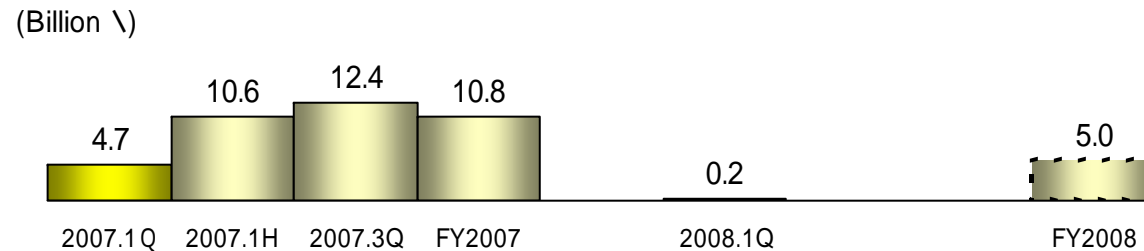
Net Sales

[Business Results for FY2008.1Q
(year-on-year comparison)]



- * Decrease in sales due to adverse impact of the fluctuation of foreign exchange rate
- * Decrease in profit due to overall sales decrease and adverse impact of changes in accounting method for valuation of inventories

Operating Income



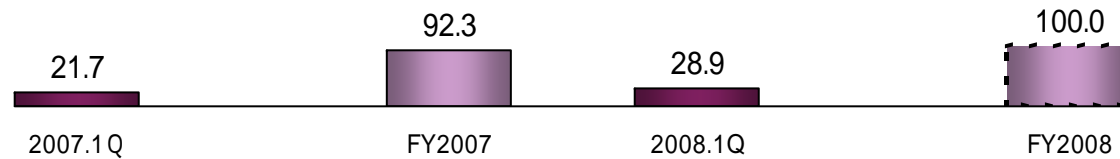
Consumer Products & Machinery

Industrial Hydraulic Products

Orders Received

(Billion \)

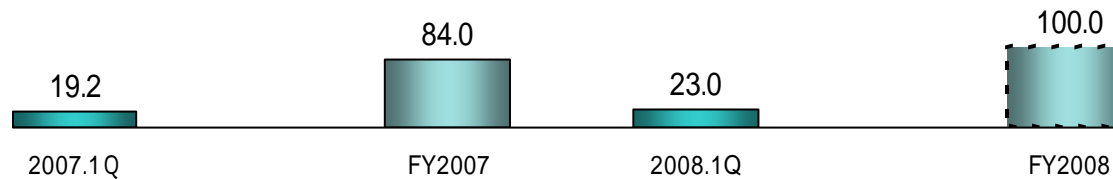
(In accumulated amt /
FY2008 amt represents the projection)



Net Sales

(Billion \)

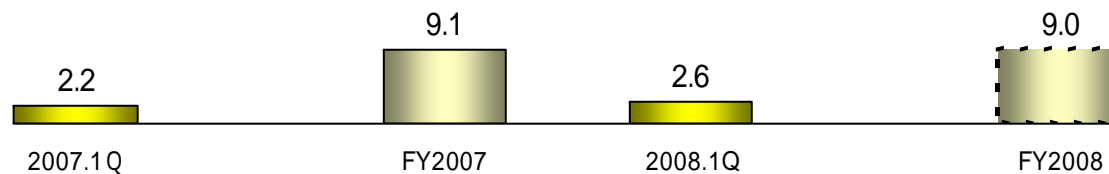
[Business Results for FY2008.1Q
(year-on-year comparison)]



- * Increase in orders received of industrial hydraulic products for construction machinery
- * Increase in profit due to sales increase of industrial hydraulic products for construction machinery

Operating Income

(Billion \)



FY2008.1Q Results by Segment

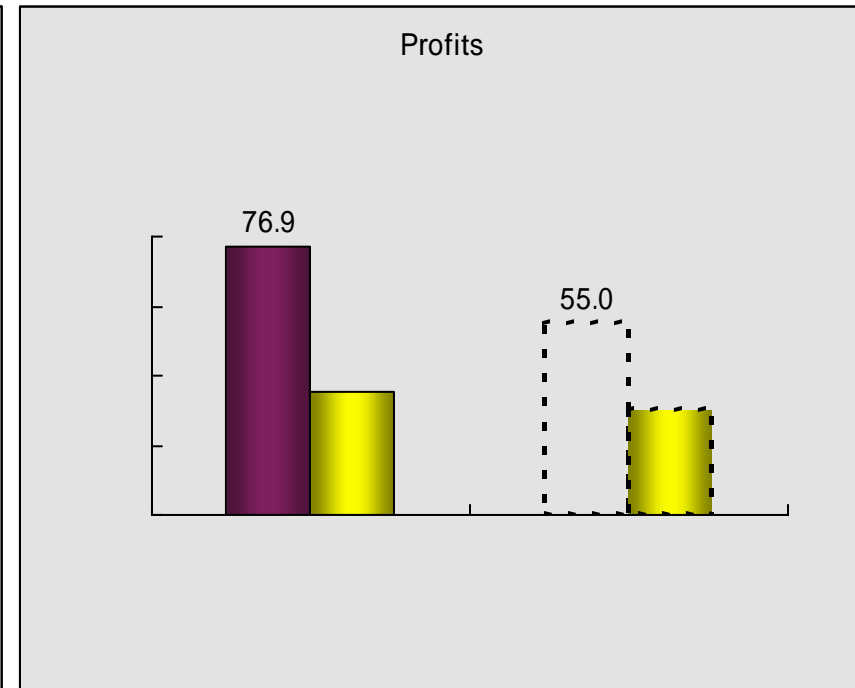
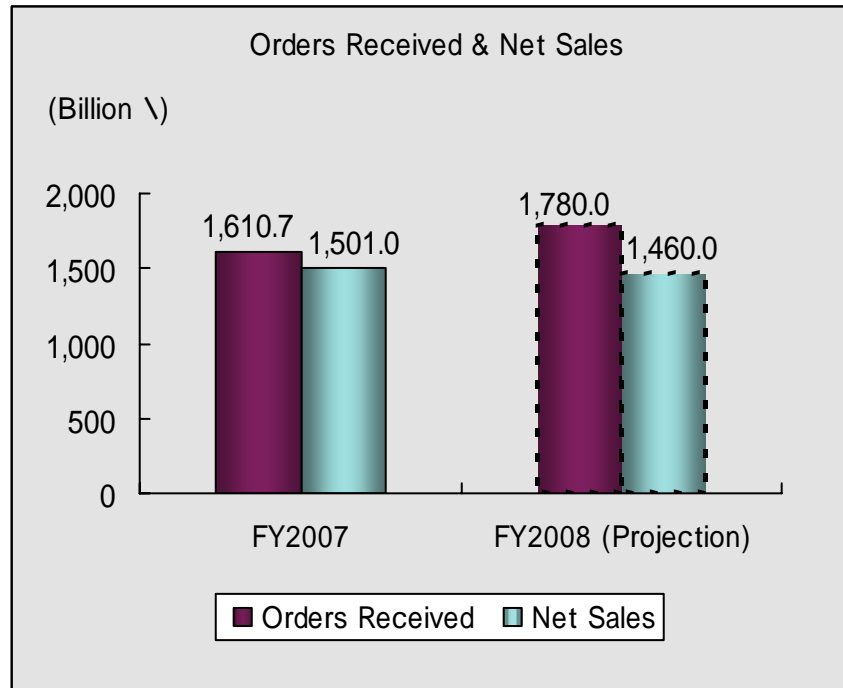
(Billion ¥)

	Orders Received		Net Sales		Operating Income	
	FY2007.1Q	FY2008.1Q	FY2007.1Q	FY2008.1Q	FY2007.1Q	FY2008.1Q
Shipbuilding	58.3	20.6	42.8	19.0	1.5	0
Rolling Stock	28.6	98.2	30.3	36.1	0.7	2.3
Aerospace	24.3	27.5	43.2	39.5	4.7	0.2
Gas Turbines & Machinery	49.1	59.1	39.5	44.9	2.5	2.2
Energy & Environmental Engineering	20.0	28.7	15.2	20.2	-0.4	1.6
Consumer Products & Machinery	119.3	94.0	119.3	94.0	7.3	-1.8
Industrial Hydraulic Products	21.7	28.9	19.2	23.0	2.2	2.6
Others	24.1	32.1	20.6	25.4	0.5	0.8
Total	345.7	389.3	330.4	302.5	19.1	8.2

Actual Exchange Rates

	FY2007.1Q	FY2008.1Q
USD / ¥	119	104
EUR / ¥	164	158

Outlook for FY2008



FY2007

Exchange Rates

	FY2007 (Actual)	FY2008 (Assumption)
USD / ¥	115	100
EUR / ¥	162	160

(Billion ¥)

FY2007 (Actual)	FY2008 (Assumption)
76.9	55.0
35.1	30.0

Outlook for FY2008 by Segment

(Billion ¥)

	Orders Received		Net Sales		Operating Income	
	FY2007	FY2008 Projection	FY2007	FY2008 Projection	FY2007	FY2008 Projection
Shipbuilding	251.3	180.0	141.3	120.0	3.2	2.0
Rolling Stock	183.2	330.0	171.7	210.0	7.1	8.0
Aerospace	202.5	270.0	237.3	200.0	10.8	5.0
Gas Turbines & Machinery	227.4	250.0	185.4	200.0	13.3	9.0
Energy & Environmental Engineering	106.0	130.0	142.5	110.0	10.8	9.0
Consumer Products & Machinery	433.9	420.0	433.9	420.0	19.6	10.0
Industrial Hydraulic Products	92.3	100.0	84.0	100.0	9.1	9.0
Others	113.9	100.0	104.5	100.0	2.5	3.0
Total	1,610.7	1,780.0	1,501.0	1,460.0	76.9	55.0

Assumed Exchange Rates

USD=¥100/EUR=¥160

R&D/Capital Expenditures/Number of Employees (Outlook for FY2008)



Kawasaki, let the good times roll !

Cautionary Statement

The performance outlook and the forecasts stated in this material were prepared by Kawasaki Heavy Industries, Ltd. (hereinafter, KHI) based on the circumstances at the release point, and include potential risks and uncertain factors that relate to economic conditions, foreign currency exchange rates, tax rules, regulations and other factors. Accordingly, please note that the actual operating results, financial position, and business deployment of KHI may sometimes differ considerably from the descriptions in the present projections.