#### July 30, 2010

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#### I. Consolidated Results for First Quarter FY2010



	FY2009.1Q	FY2010.1Q	Change
Orders Received	191.7	329.4	137.7
Net Sales	256.7	277.3	20.6
Operating Income/Loss	- 5.3	11.6	17.0
Recurring Profit	- 1.4	11.3	12.8
Net Income/Loss	- 1.7	5.8	7.6
Yen / US\$	97	93	
Yen / EUR	132	122	

#### Details of Change in Profit 2 - FY2010.1Q vs. FY2009.1Q -

(Billion Yen)

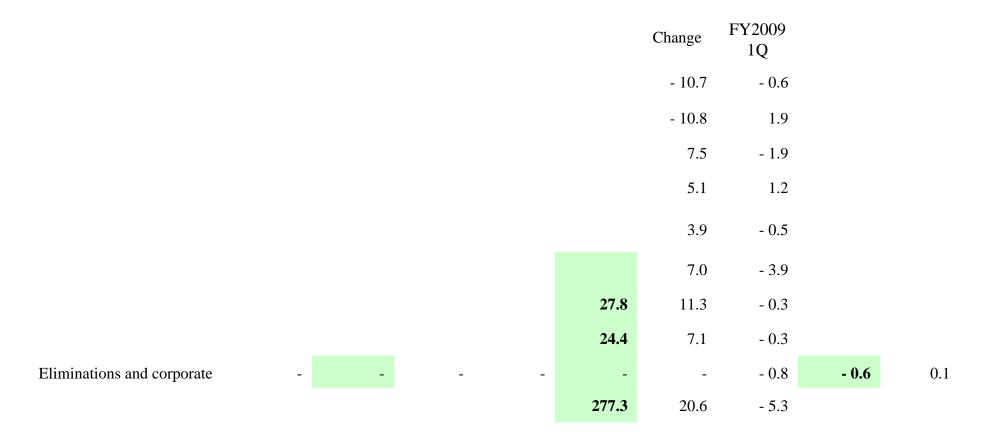
Non-operating Income/Expenses - 4.1 FY2009.1Q	)3.8 à I	FY2010.1Q - 0.2	
Net Interest expense ( incl. dividend income )	0	- 0.3 à - 0.3	
Equity in income of unconsolidated subsidiaries and affiliates	+ 1.9	0.3 à 2.2	
Gain and loss on foreign exchange	- 4.2	3.2 à - 0.9	
Others	- 1.9	0.6 à - 1.2	

Extraordinary Income/Losses - 0.4 FY2009.1Q 0 à FY2010.1Q - 0.4 )

Effect of application of accounting for asset retirement obligations	- 0.2	0à-0.2	
Bad debt expense for doubtful accounts of affiliates	- 0.2	0à-0.2	



#### **Financial Results by Segment**



## Shipbuilding

Main Products LNG Carriers LPG Carriers VLCCs Bulk Carries Submarines and others

Note: FY2009 Operating Income is the recalculated figures based on the new accounting standard which has been adopted since FY2010 à **<u>Refer to Page 17</u>** 

<ul> <li><b><u>FY2010.10</u></b> vs. FY2009.1Q</li> <li><b>Orders Received:</b> No orders received of new building ships as in the previous first quarter</li> </ul>
<b>Net Sales:</b> Decrease in sales of large-scale vessels
<b>Operating Income:</b> Income improved significantly due to profitability improvement, and other factors
± FY2010 Forecast vs. FY2009
Orders Received: Increase in orders received of new building ships
<b>Net Sales:</b> Net sales are expected to decrease due to sales decrease of large-scale vessels
<b>Operating Income:</b> Income is expected to increase due to profitability improvement, and other factors
± _(For Reference) Joint Venture in China
NACKS was established in Nantong in December 1995, as a joint venture between KHI and China Ocean Shipping(Group) Company, the biggest shipping company in China and its capacity was expanded in 2008.





Main Products : Electric train cars (incl. Shinkansen), Electric and diesel locomotives, Passenger coaches, Platform screen doors, Gigacell (High-Capacity, Full Sealed Ni-MH Battery)



#### Aerospace

Main Products : Aircrafts for Japan Ministry of Defense, Component parts for commercial aircrafts (BOEING, Embraer), Missiles

Note: FY2009 Operating Income is the recalculated figures based on the new accounting standard which has been adopted since FY2010 à <u>Refer to Page 17</u>





## **Gas Turbines & Machinery**

Main Products : Jet engines, Gas turbine co-generation system, Gas turbines & Steam turbines for marines & land, Diesel engines, Marine Propulsion System, Aero-Dynamic Machinery

Note: FY2009 Operating Income is the recalculated figures based on the new accounting standard which has been adopted since FY2010 à



## **Plant & Infrastructure Engineering**

#### **Motorcycle & Engine**

Main Products: Motorcycles, All-Terrain Vehicles(ATVs), Utility Vehicles, Personal Watercraft General-Purpose Gasoline Engines

Note: FY2009 figures are the recalculated figures based on the new industry segmentation (excl. industrial robots) and the new accounting standard which have been adopted since FY2010 à Refer to Page 17

Billion Yen / In accumulated amount



## **Financial Condition and Cash Flows**

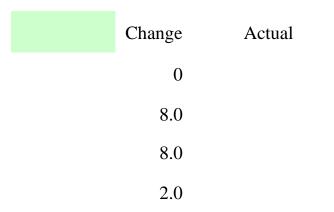
Free Cash Flows

- 50.0 - **12.1** 40.3 **1.9** 

#### **II. Forecast for FY2010**



## **Revision of Forecast for the First Half of FY2010**



#### **R&D/CAPEX/Number of Employees**

# Kawasaki, Working as One for the Good of the Planet

#### **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.

