



**Financial Results for First Quarter FY 2011
(for the year ending March 31, 2012)**

July 29, 2011

Kawasaki Heavy Industries, Ltd.

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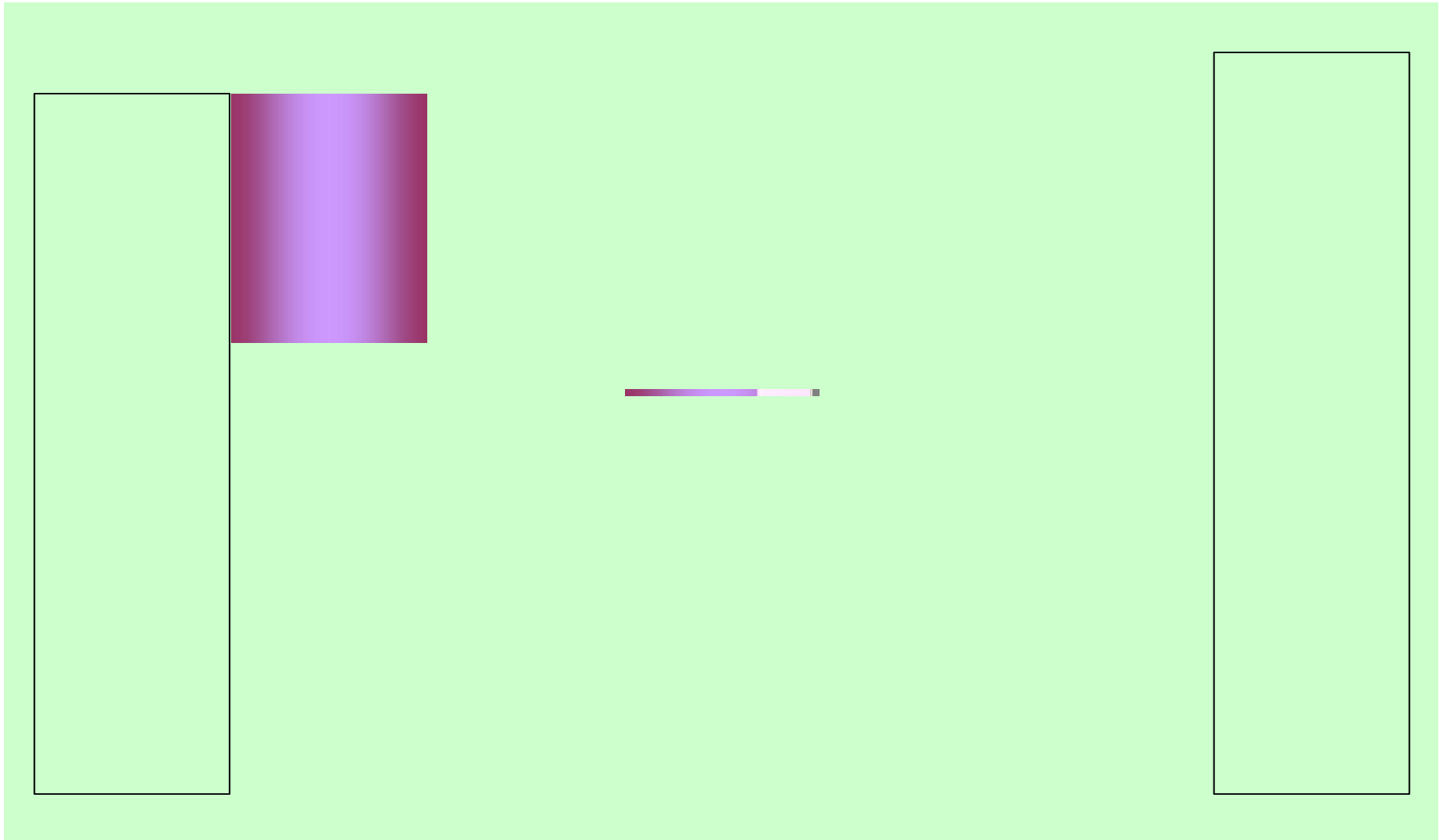
I. Consolidated Results for First Quarter FY2011

Summary of Financial Results



(Billion Yen)

				<u>vs. FY2010.1Q</u>
	329.4	251.1	- 78.3	< Orders Received > Decrease as a whole mainly due to decrease in orders received in Rolling Stock segment that had large-scale orders received in the previous same period, despite increase in orders received in Ship & Offshore Structure and Precision Machinery segments
Net Sales	277.3	291.5	+ 14.1	< Net Sales > Increase as a whole due to a significant sales increase in Precision Machinery segment with growth in hydraulic components sales to emerging construction machinery markets
Operating Income	11.6	12.3	+ 0.7	< Profits > Profit increased as a whole due to the effects of sales increase in Precision Machinery and Aerospace segments and other factors, despite the adverse impact of the appreciation of the yen
Recurring Profit	11.3	14.6	+ 3.2	
Net Income	5.8	9.5	+3.6	
Yen / US\$	93	82		
Yen / EUR	122	119		



Details of Change in Profit II



Non-operating Income/Expenses

Financial Results by Segment



(Billion Yen)

	Orders Received			Net Sales			Operating Income/Loss		
	FY2010 1Q	FY2011 1Q	Change	FY2010 1Q	FY2011 1Q	Change	FY2010 1Q	FY2011 1Q	Change
Ship & Offshore Structure	1.6	17.0	+ 15.3	28.6	27.7	- 0.9	3.3	0.9	- 2.3
Rolling Stock	101.5	22.6	- 78.9	26.6	25.8	- 0.8	1.7	0	- 1.7
Aerospace	36.5	30.6	- 5.9	34.2	40.0	+ 5.8	- 1.8	- 0.8	+ 0.9
Gas Turbines & Machinery	33.0	31.3	- 1.7	49.9	45.5	- 4.3	4.0	3.3	- 0.6
Plant & Infrastructure	32.0	19.1	- 12.9	20.4	23.8	+ 3.3	0.2	0.9	+ 0.7
Motorcycle & Engine	65.1	59.6	- 5.5	65.1	59.6	- 5.5	0.7	0.3	- 0.4
Precision Machinery	35.0	43.4	+ 8.4	27.8	40.4	+ 12.6	3.9	7.1	+ 3.1
Other	24.2	27.2	+ 3.0	24.4	28.4	+ 3.9	0	0.9	+ 0.8
Eliminations and corporate	-	-	-	-	-	-	- 0.6	- 0.5	+ 0.1
Total	329.4	251.1	- 78.3	277.3	291.5	+ 14.1	11.6	12.3	+ 0.7

Note : "Eliminations and corporate" includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting

Ship & Offshore Structure



Main Products LNG carriers, LPG carriers, VLCCs, Bulk carriers, Submarines, Offshore structures

— **FY2011.1Q** (vs. FY2010.1Q)

Orders Received: Orders received of a small-sized LNG carrier and 4 bulk carriers

Net Sales: Decrease in sales of large-scale vessels

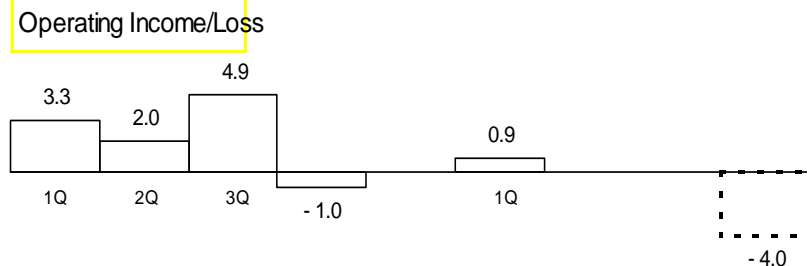
Operating Income/Loss: Income decreased due to increase in provision for losses on construction contracts

— **FY2011 Forecast** (vs. FY2010)

Orders Received: Decrease in orders received of new building ships

Net Sales: Net sales are expected to decrease due to sales decrease of large-scale vessels

Operating Income/Loss: Loss is expected to expand due to the adverse impact of the appreciation of the yen, and other factors



Rolling Stock

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

¥Billion Yen / In accumulated amount

—FY2011.1Q (vs. FY2010.1Q)

Orders Received: Decrease in large-scale orders received for overseas market

Net Sales: Decrease in sales for overseas market

Operating Income/Loss: Income decreased due to the adverse impact of the appreciation of the yen, and other factors

—FY2011 Forecast (vs. FY2010)

Orders Received: Orders received is expected to decrease compared with in the previous fiscal year that had large-scale orders received for overseas market

Net Sales: Net sales are expected to increase due to sales increase for overseas market

Operating Income/Loss: Income is expected to decrease due to the adverse impact of the appreciation of the yen and other factors, despite sales increase

<For Reference> Present Status of New Overseas Projects

North America :

- Working to win orders mainly for heavy rails and commuter rails
- Extension of product lineup such as efST and K-Star Express to meet demand for Medium- to High-speed rail projects

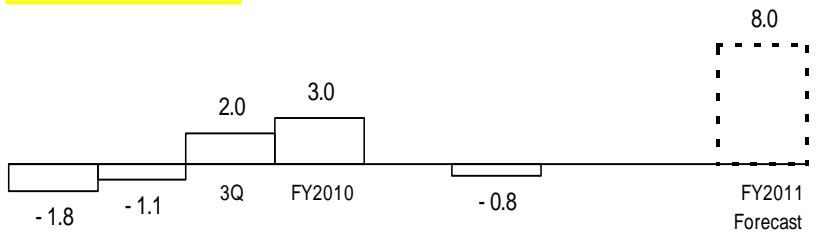
High-speed railways :

- KHI self-developed efSET (Environmentally Friendly Super Express Trains), a new high-speed train that will achieve maximum service speed of 350km/h to satisfy demand for overseas markets, and completed principle designs by the end of March 2010.
- California High-speed Rail: Working with other Japanese companies aiming to win E&M system including rail cars.
- There are plans in India, Vietnam and other countries.

E&M System Projects in Asian region : Taichung City Railway System - Won the package contract of 36 cars and E&M system in Mar 2011 under cooperation with other companies.

KHI as a leader of consortium will play its role (System) 9.4 () 4a3.2 (13.4(p)-1(53.20.i)) TJ1.5(ay its)6

Operating Income/Loss



Gas Turbine & Machinery



Plant & Infrastructure



Main Products: Industrial plants (cement, chemical and other power plants, LNG & LPG tanks, Municipal refuse incineration plants, Shield machines, Crushing machines

Motorcycle & Engine



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

Billion Yen / In accumulated amount

<Business Development in Emerging Markets>

Since KHI started motorcycle business in the Philippines in 1974, KHI established subsidiaries in Indonesia, Thailand and Brazil to manufacture and sell motorcycles. In emerging markets, demand for motorcycles is expected to

Precision Machinery



Main Products Hydraulic components (pumps, motors & valves), Hydraulic systems for industrial use, Hydraulic marine machinery, Industrial Robots

Billion Yen / In accumulated amount

—**FY2011.1Q** (vs. FY2010.1Q)

Orders Received : Increase in orders received for hydraulic components for construction machinery in emerging countries

Net Sales: Increase in sales of hydraulic components for construction machinery and industrial robots from manufacturers of semiconductor production equipments

Operating Income/Loss: Income increased due to sales increase, and other factors

—**FY2011 Forecast** (vs. FY2010)

Orders Received & Net Sales: Orders received and net sales are expected to increase due to increasing demand of hydraulic components for construction machinery in emerging countries

Operating Income/Loss: Income is expected to increase due to sales growth, and other factors

<**Businesses Development in China**>

Financial Condition and Cash Flows



Financial Condition

(Billion Yen)

	FY2010 End of March 2011	FY2011 End of June 2011
Total Assets	1,354.2	1,312.5
Shareholders' Equity	289.0	293.8
Ratio of shareholders' equity to total assets	(21.3%)	(22.3%)
Interest-bearing debt	429.1	445.8
Net Interest-bearing debt	(381.9)	(416.9)
Net Debt Equity Ratio	132%	141%

Note: Interest-bearing debt includes lease obligations

Cash Flows

Billion Yen

	FY2010.1Q	FY2011.1Q
Cash flows from operating activities	0.1	- 10.2
Cash flows from investing activities	- 12.3	- 14.8
Free Cash Flows	- 12.1	- 25.1
Cash flows from financing activities	1.9	11.1



II. Forecast for FY2011

* There are no change in the forecast for FY2011 from April 28, 2011.

Consolidated Operating Performance



	FY2010	FY2011 Estimate	Change
Orders Received	1,270.6	1,360.0	+ 89.4
Net Sales	1,226.9	1,360.0	+ 133.1
Operating Income	42.6	50.0	+ 7.4
Recurring Profit	49.1	52.0	+ 2.9
Net Income	25.9	32.0	+ 6.1
Yen / US\$	86	83	
Yen / EUR	113	115	

Forecast by Segment



(Billion Yen)

					FY2011	Change	FY2010		
					110.0	- 8.4	- 1.0		
					150.0	+ 18.9	8.1		
					220.0	+ 23.2	3.0		
					210.0	+ 7.4	9.5		
					130.0	+ 41.0	8.2		
			234.4		260.0	+ 25.6	- 4.9		
			140.3		170.0	+ 29.7	22.3		
Others	106.8	110.0	+ 3.2	114.0	110.0	- 4.0	2.5	2.0	- 0.5
Eliminations and corporate	-	-	-	-	-	-	- 5.3	- 9.0	- 3.7
				1,226.9	1,360.0	+ 133.1	42.6		

Note : "Eliminations and corporate" includes some expenses incurred in the Head Office which are not allocated to each industry segment for internal reporting

R&D/CAPEX/Number of Employees



(Billion Yen / Persons)

	FY2010 Actual	FY2011 Forecast	Change
R&D Expenses	37.0	43.0	+ 6.0
CAPEX (Construction Base)	55.3	76.0	+ 20.7
Depreciation & Amortization	50.3	55.0	+ 4.7
Domestic	24,511	25,000	+ 489
Overseas	8,195	8,200	+ 5
Number of Employees	32,706	33,200	+ 494



Kawasaki, Working as One for the Good of the Planet

Cautionary Statement

The performance outlook and the forecasts stated in this slide were prepared by Kawasaki Heavy Industries, Ltd. (hereinafter, KHI) based on the circumstances at the release 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.