



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

November 2, 2011

Kawasaki Heavy Industries, Ltd.

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I. Consolidated Results for Second Quarter FY2011

Summary of Financial Results



(BilYen)

	FY2010.1H	FY2011.1H		Chg	
	Actl	Forecast in Apr	Actual	vsFY2010.1H	vsForecast in Apr
Orders Received	613.4	-	513.4	- 99.9	-
Net Sales	571.7	650.0	584.9	+ 13.2	- 65.0
Operation	20.9	20.0	26.6	+ 5.7	+ 6.6
Reprofit	21.2	21.0	27.2	+ 5.9	+ 6.2
Net Income	12.3	12.0	17.8	+ 5.4	+ 5.8

vs. FY2010.1H

< Orders Received >
 Decreased as a result of the decrease in orders received in the Standard Parts & Finance segment, but the decrease in orders received in the Power Products, Marine & Machinery Products segments was offset by an increase in orders received in the Gas Turbine & Marine Products segment.

< Net Sales >
 Increased as a result of an increase in sales in the Power Products & Finance segments, but the decrease in sales in the Gas Turbine & Marine Products segment was offset by an increase in sales in the Standard Parts segment.

< Profits >
 Profit increased as a result of the effect of sales in the Power Products & Finance segments, but the decrease in profit in the Standard Parts segment was offset by an increase in profit in the Gas Turbine & Marine Products segment.

Exchange Rates (Weighted-average)

Yen / US\$	90	80
Yen / EUR	116	116

And exchange rates of forecast

in April 1US\$=83Yen 1EUR=115Yen



Details of Change in Profit II

- FY2011.1H vs. FY2010.1H -



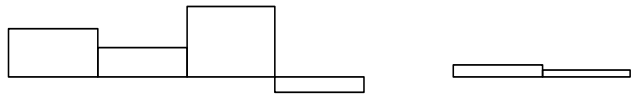
(Billion Yen)

Non-operating Income/Expenses + 0.2 (FY2010.1H 0.3 Æ FY2011.1H 0.6)

Net interest expense (included in)	0	(- 1.1 Æ - 1.1)
Income tax expense based on consolidated financial statements		
Gain on disposal of subsidiaries		
Others		

Extraordinary Income/Losses





Rolling Stock



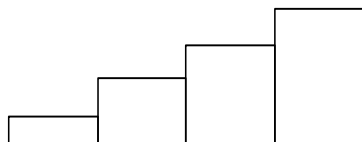
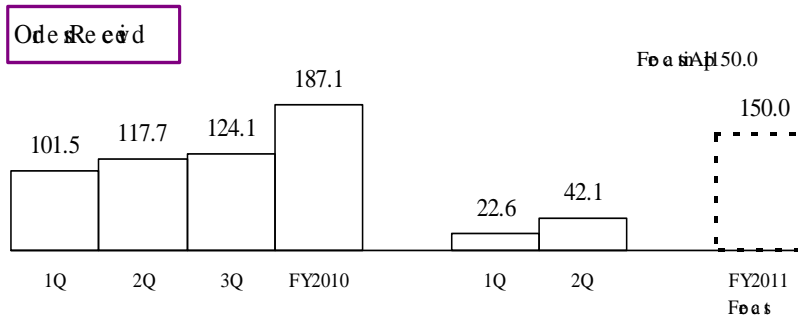
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— **FY2011.1H** (vs FY2010.1H)

Orders Received: Decreasing and received forecast

Net Sales: Decrease forecast

Operating Income/Loss: Increase due to decrease, effective contribution and forecast

— **FY2011 Forecast** (vs Forecast)

- Order received increasing
- Net sales will decrease
- Operating income will increase

<For Reference> Present Status of New Overseas Projects

North America :

- New York State Thruway Authority
- California High-Speed Rail

High-speed railways :

- California High-Speed Rail (California High-Speed Rail Authority)
- California High-Speed Rail (California High-Speed Rail Authority)

- The American High-Speed Rail

E&M System Projects in Asian region : Taiwan High-Speed Rail

- Taiwan High-Speed Rail (THSR)
- Taiwan High-Speed Rail (THSR)

Aerospace



Main Products: Aircraft, Missiles, Defense, etc.

Business Segments: (Boeing, etc.)

Operating Income

— **FY2011.1H** (vs FY2010.1H)

Orders Received: Decreased for Aircraft (MOD)

Net Sales: Increased for Boeing B777

Operating Income/Loss: Increased as a result of

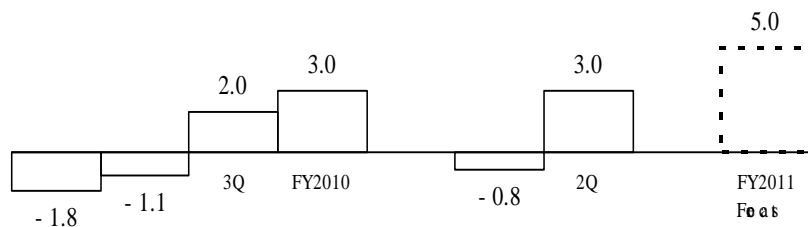
— **FY2011 Forecast** (vs Forecast)

- Orders received to be increased for Boeing

- Net sales to be increased

- Operating income to be increased as a result of

Operating Loss



<For Reference> Present Status of Main Projects

Aircrafts for MOD :

The #2 test XC-2 transport aircraft at Kawasaki Ground Development MOD on March 29, 2011 at the WKHI is under construction.

Component parts for commercial aircrafts :

B777 - Aircraft parts for Boeing B777 produced by Boeing KHI since the first phase of 67 aircrafts sold in FY2010. In FY2012, the production is expected to be 18.3 aircrafts.

B787

Gas Turbine & Machinery



Ma iPd & Je te ġ sGa sbā eg a n t̄ nGa

sbā s& t̄ a mbā s f o

Plant & Infrastructure



Ma i P d e I d i l p (e a n b i n l a d b s
S h d m b s C h n s

), P o r t a L N G & L P G a k M p l e f a i n t p

a p

B b Y e r I m a d e d a m

— FY2011.1H —

Financial Condition and Cash Flows



Financial Condition

	FY2010 End of March 2011	(BilYen) FY2011 End of September 2011
Total Assets	1,354.2	1,309.5
Shareholders' Equity	289.0	297.3
Ratio of Shareholders' Equity to Total Assets	(21.3%)	(22.7%)
Interest-bearing	429.1	427.1
Net Interest-bearing	(381.9)	(390.0)
Net Debt to Equity Ratio	132%	131%

Cash Flows

	FY2010.1H	FY2011.1H
Cash from operations	48.1	32.5
Cash from financing	- 26.1	- 32.6
Free Cash Flow	22.0	- 0.1
Cash from investing	- 20.0	- 5.3



II. Forecast FY2011

Consolidated Operating Performance



(BilYen)

	FY2010	FY2011 Forecast		Chg	
	Actl	in Ap	in November	vsFY2010	vsForecast in Ap
Orders Received	1,270.6	1,360.0	1,430.0	+ 159.4	+ 70.0
Net Sales	1,226.9	1,360.0	1,360.0	+ 133.1	0
Operating Income	42.6	50.0	50.0	+ 7.4	0
Recurring Profit	49.1	52.0	52.0	+ 2.9	0
Net Income	25.9	32.0	32.0	+ 6.1	0

vs. Forecast in April

< Orders Received >

Forecast plus in April
 Europe, Asia & Mexico
 Parts and Peripherals
 Machinery

< Net Sale >

Net sales increased because
 of sales in Mexico
 and sales in Europe
 and sales in Asia

< Profits >

Profit increased due to
 effect of sales in Parts
 and Peripherals
 and Machinery
 and sales in Europe
 and sales in Asia

Exchange Rates (Actual & Forecast)

Year/US\$	86	83	80
Year/EUR	113	115	110

Note: Annual sales and profit are based on the average exchange rate for the year.

(Forecast)

Impact of FX fluctuation

(BilYen)

	Operating Income	Recurring Profit
US\$	2.3 (2.6)	2.0 (3.1)
EUR	0.2 (0.3)	0.1 (0.2)

* Figures in parentheses are for the period ended March 31, 2011

Forecast by Segment



(B1Ye) ㊦

R&D/CAPEX/Number of Employees



(Billion Yen)

	FY2010	FY2011 Forecast			
	Actual	in April	in November	Change	Remark
R&D Expenses	37.0 (16.0)	43.0 -	44.4 16.2	+ 1.4	
CAPEX (Capital Expenditure)	55.3 (23.4)	76.0 -	88.0 (32.0)	+ 12.0	Forecast as per Management
Depreciation	50.3 (23.3)	55.0 -	51.0 (22.3)	- 4.0	
Number of Employees	32,706	24,511	25,000	25,000	0
		8,195	8,200	8,900	+ 700
Number of Employees	32,706	33,200	33,900	+ 700	

Note: Figures in parentheses are in million Yen



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