



**Financial Results for Second Quarter FY 2012
(for the year ending March 31, 2013)**

October 31, 2012

Kawasaki Heavy Industries, Ltd.

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Summary of Financial Results



Financial Results by Segment



(Billion Yen)

	Orders Received			Net Sales			Operating Income/Loss		
	FY2011 2Q	FY2012 2Q	Change	FY2011 2Q	FY2012 2Q	Change	FY2011 2Q	FY2012 2Q	Change
Ship & Offshore Structure	24.6	37.8	+ 13.2	53.1	45.8	- 7.3	0.5	1.0	+ 0.4
Rolling Stock	42.1	66.9	+ 24.8	55.3	51.4	- 3.8	1.1	- 3.1	- 4.2
Aerospace	67.5	91.0	+ 23.4	87.4	109.1	+ 21.6	3.0	4.3	+ 1.3
Gas Turbine & Machinery	79.7	65.4	- 14.2	84.7	93.2	+ 8.4	3.9	3.2	- 0.6
Plant & Infrastructure	46.8	51.3	+ 4.5	56.2	46.4	- 9.8	6.7	3.1	- 3.5
Motorcycle & Engine	106.2	103.9	- 2.2	106.2	103.9	- 2.2	- 2.3	- 2.2	+ 0
Precision Machinery	91.1	55.6	- 35.5	85.2	67.0	- 18.1	14.5	4.9	- 9.5
Others	55.1	58.1	+ 3.0	56.4	57.9	+ 1.4	1.8	0.6	- 1.1
Eliminations and corporate	-	-	-	-	-	-	- 2.7	- 1.7	+ 1.0
Total	513.4	530.4	+ 16.9	584.9	574.9	- 9.9	26.6	10.3	- 16.2

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

Details of Change in Profit I

- FY2012.2Q vs. FY2011.2Q -

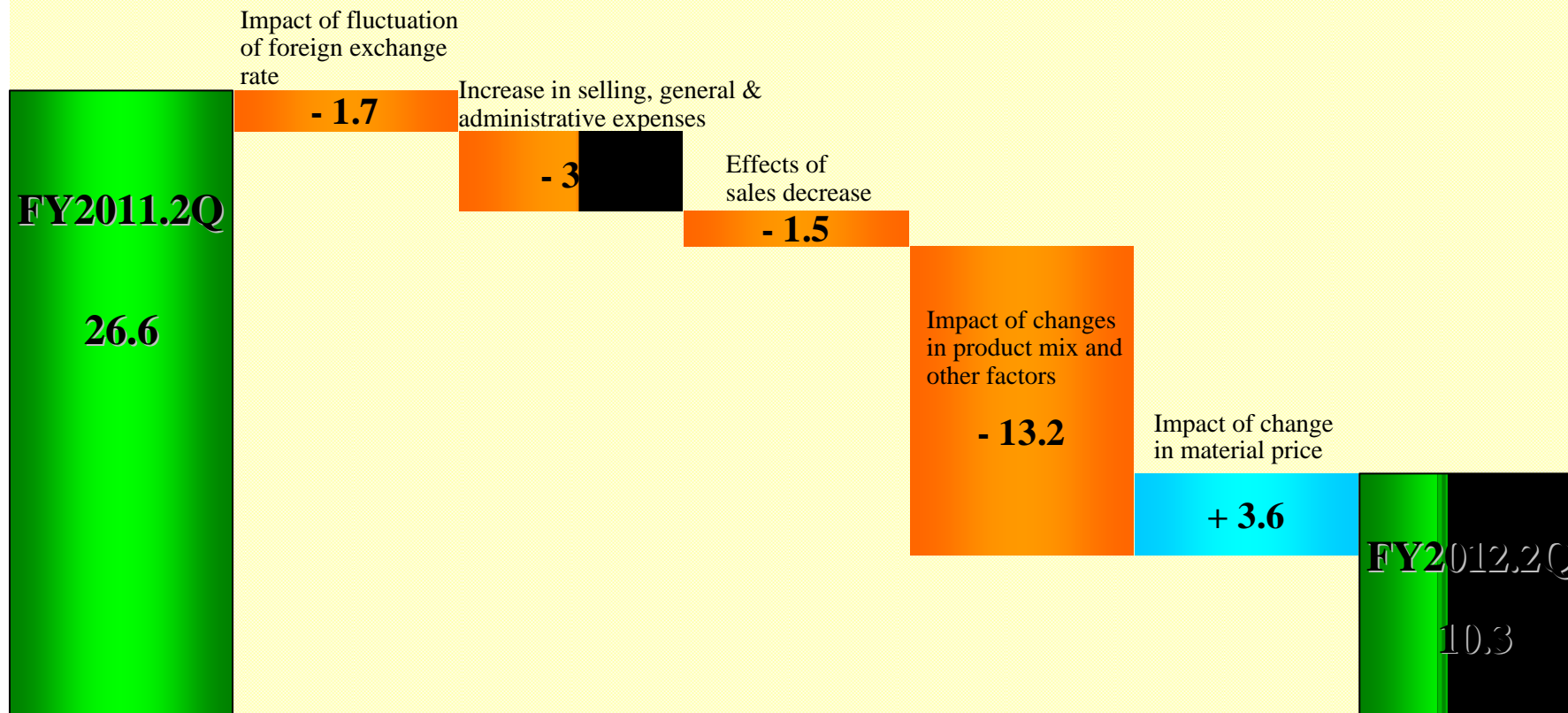
I. Consolidated Results for Second Quarter FY2012



Operating Income - 16.2 (FY2011.2Q 26.6 FY2012.2Q 10.3) (Billion Yen)

vs. Forecast in April - 9.6 billion yen
Forecast in April 20.0 Actual 10.3

Effects of fluctuation of foreign exchange rate	+ 0
Effects of sales decrease	- 5.6
Impact of changes in material price	+ 1.7
Other factors	- 5.7



Non-operating Income/Expenses + **9.1** (**FY2011.2Q 0.6** **FY2012.2Q 9.7**)

Net Interest expense (incl. dividend income)

Ship & Offshore Structure



FY2012.2Q vs. FY2011.2Q)

Orders Received: Increased significantly due to orders received of a LNG carrier and other vessels

Net Sales: Decreased due to decrease in amount of shipbuilding of large-scale bulk carriers

Operating Income/Loss: Increased due to decrease in provision for losses on construction contracts and other factors, despite sales decrease

FY2012 Forecast vs. Forecast in April

Orders Received & Net Sales: Remain unchanged because of no significant change

Operating Income/Loss: Revised up due to the effect of decline of material price and other factors

Rolling Stock



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

Billion Yen / In accumulated amount

FY2012.2Q vs. FY2011.2Q

Orders Received: Increase in orders received for overseas market including high-speed rail cars for Taiwan and subway cars for Singapore

Net Sales: Decreased due to sales decrease for overseas market, despite increase for Japan Railways (JR) companies

Operating Income/Loss: Deterioration in profitability due to provision for loss on construction contracts for a certain overseas project

FY2012 Forecast vs. Forecast in April

Orders Received: Revised down due to the effect of order deferrals

Net Sales: Remains unchanged because of no significant change

Operating Income/Loss: Revised down due to provision for loss on construction contracts for a certain overseas project

<For Reference> Present Status of Overseas Projects

North America

- Working to win orders mainly for heavy rails and commuter rails.
- Extension of product lineup such as efSET® and K-Star Express® to meet demand for Medium- to High-speed rail projects.
- California High-speed Rail: Working with other Japanese companies aiming to win the

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

Billion Yen / In accumulated amount

FY2012.2Q vs. FY2011.2Q

Orders Received: Increase in orders received for Japan Ministry of Defense (MOD) and component parts for Boeing 777 and 787

Net Sales: Increased significantly due to sales increase for MOD including C-2 transport aircraft and component parts for Boeing 787

Operating Income/Loss: Increased due to sales increase, cost reduction and other factors

FY2012 Forecast vs. Forecast in April)

Orders received, Net Sales & Operating Income/Loss: Remain unchanged because of no significant change

<For Reference> Present Status of Main Projects

Aircrafts for MOD

In March 2012, KHI received orders of the first mass production of C-2 transport aircraft for MOD. KHI is working toward the commencement of the mass production of C-2, as well as the P-1 patrol aircraft.

Component parts for commercial aircrafts

Boeing 777 KHI's production rate for 777 program is expected to increase 7 to 8.3 units per

Gas Turbine & Machinery

Main Products : Jet engines, Gas turbine co-generation systems, Gas turbines & steam turbines for marine & land, Diesel engines, Marine propulsion system, Aero-dynamic machinery

Unit: Billion Yen / In accumulated amount

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Plant & Infrastructure



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

Billion Yen / In accumulated amount

FY2012.2Q vs. FY2011.2Q

Orders Received: Increase in orders received for overseas projects including the cryogenic tanks for Ichthys LNG Project

Net Sales: Decreased due to sales decrease of large-scale overseas projects,

Motorcycle & Engine



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

Billion Yen / In accumulated amount

<For Reference> New Plant, Joint Venture and 2013 New Models

- In order to respond to market growth and further to reinforce the business operation in Asian and other emerging countries, KHI started construction of the new plant in Indonesia on September 7, 2012. The expansion of the plant in Thailand is proceeding as planned.
- In June 2012, KHI signed a letter of intent on a business partnership deal with Loncin Motor Co., Ltd. in Chongqing, China, regarding the manufacture and



Financial Condition and Cash Flows



Consolidated Operating Performance



R&D/CAPEX/Number of Employees



(Billion Yen / Persons)

FY2011
Actual

FY2012 Forecast



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.