

**Report of Earnings and Financial Statements for the
Six Months Ended September 30, 2011 (Consolidated)**
(Prepared pursuant to Japanese GAAP)

November 2, 2011

Listed company's name: **Kawasaki Heavy Industries, Ltd.**
 Listed on: 1st sections of the TSE, OSE, and NSE
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Scheduled dates:

Submission of quarterly securities filing: November 10, 2011

Commencement of dividend payments: -

Supplementary materials to quarterly earnings: Available

Quarterly earnings presentation: Conducted (for institutional investors and analysts)

1. Consolidated Financial Results for the Six Months ended September 30, 2011
(April 1 – September 30, 2011)

(Amounts in millions of yen rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six Months Ended September 30, 2011	584,990	2.3	26,623	27.3	27,237	28.1	17,813	44.4
Six Months Ended September 30, 2010	571,708	10.7	20,904	-	21,249	-	12,334	-

Note: Comprehensive income September 30, 2011: 14,916 million yen (92.6%)

September 30, 2010: 7,742 million yen (- %)

	Earnings per share	Earnings per share – diluted
	yen	yen
Six Months Ended September 30, 2011	10.65	10.50
Six Months Ended September 30, 2010	7.39	7.27

(2) Financial Condition

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	million yen	million yen	%
September 30, 2011	1,309,588	306,652	22.7
March 31, 2011	1,354,278	297,433	21.3

Note: Shareholders' equity: September 30, 2011: 297,378 million yen
 March 31, 2011: 289,056 million yen

2. Dividends

Record date or term	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of financial year	Full year
Year ended March 31, 2011	yen -	yen 0.00	yen -	yen 3.00	yen 3.00
Year ending March 31, 2012	-	0.00			
Year ending March 31, 2012 (forecast)			-	4.00	4.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,360,000	10.8	50,000	17.2	52,000	5.8	32,000	23.2	19.14

Note: Revision to the most recently announced earnings forecast: None

4. Other Information

1) Changes affecting the status of material subsidiaries (scope of consolidation): None

*This refers to additions and removals of material subsidiaries to and from the consolidated group during the period. For further details, see “Changes affecting the status of material subsidiaries (scope of consolidation)” on page 8 in the Accompanying Materials.

2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

*For further details, see “Accounting procedures specific to preparation of quarterly consolidated financial statements” on page 8 in the Accompanying Materials.

3) Changes in accounting policies, changes in accounting estimates, and correction of errors

(1) Changes in accounting policies in accord with revisions to accounting standards: None

(2) Changes in accounting policies other than (1): None

(3) Changes in accounting estimates: None

(4) Correction of errors: None

*For further details, see “Changes in accounting policies, changes in accounting estimates, and correction of errors” on page 8 in the Accompanying Materials.

4) Number of shares issued and outstanding (common stock)

(1) Number of shares issued as of period-end (including treasury stock)

September 30, 2011: 1,671,892,659 shares

March 31, 2011: 1,670,646,460 shares

(2) Number of shares held in treasury as of period-end

September 30, 2011: 72,454 shares

March 31, 2011: 100,288 shares

(3) Average number of shares during respective periods

Six months ended September 30, 2011: 1,671,112,605 shares

Six months ended September 30, 2010: 1,668,269,268 shares

Quarterly review status

This report is exempt from the quarterly review of accounts conducted in accord with Japan's Financial Instruments and Exchange Act. As of this report's publication, the quarterly review of the quarterly financial results had not been completed.

***Appropriate Use of Financial Forecasts and Other Important Matters**

Forward-Looking Statements

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation. Actual results may differ from those expressed or implied by forward-looking statements due to a range of factors. For assumptions underlying earnings forecasts and other information regarding the use of such forecasts, refer to "Consolidated earnings outlook" on page 8 in the Accompanying Materials.

How to Obtain Supplementary Briefing Material on Quarterly Financial Results and Details of the Quarterly Financial Results Briefing

The Company plans to conduct a briefing for institutional investors and analysts on Wednesday November 2, 2011, and to post the briefing material on quarterly financial results to be used for the briefing on TDnet and the Company's website simultaneously with the announcement of financial results.

Accompanying Materials – Contents

1. Qualitative Information and Financial Statements	5
(1) Consolidated operating results	5
(2) Consolidated financial position	8
(3) Consolidated earnings outlook	8
2. Summary Information (Others)	8
(1) Changes affecting the status of material subsidiaries (scope of consolidation)	8
(2) Accounting procedures specific to preparation of quarterly consolidated financial statements	8
(3) Changes in accounting policies, changes in accounting estimates, and correction of errors	8
3. Consolidated Financial Statements	9
(1) Consolidated balance sheets	9
(2) Consolidated statements of income and comprehensive income	11
(Consolidated statements of income for the six months ended September 30, 2011)	11
(Consolidated statements of comprehensive income for the six months ended September 30, 2011)	11
(3) Consolidated cash flow statements	12
(4) Notes on the going-concern assumption	13
(5) Segment information	13
(6) Notes on significant changes in the amount of shareholders' equity	14
4. Supplementary Information	14
(1) Orders and sales	14
(2) Net sales by geographic area	15
(3) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2012	16

1. Qualitative Information and Financial Statements

(1) Consolidated operating results

In the six months ended September 30, 2011 (first half of the fiscal year ending March 2012), the Japanese economy continued to tread water. The business environment surrounding the KHI Group remained adverse due to factors including the yen's appreciation and continuing high prices of materials. The economic outlook for Japan remained uncertain. This was primarily because of a slump in personal consumption and the impact on production activities of electricity supply constraints in the aftermath of the Great East Japan Earthquake of March 11.

The world economy continued to track a moderate growth trend, in general, supported by robust demand for infrastructure in China and other emerging countries. At the same time, however, there were concerns over a further economic downturn because of prolonged balance sheet adjustments in the US and sovereign risk in some European countries.

In this operating environment, both sales and profits of the Group for the second quarter under review as a whole increased from the corresponding period of the previous fiscal year. This was despite year-on-year decreases in sales or profits in some businesses. Overall orders received decreased. This was because order increases in the Gas Turbine & Machinery and Precision Machinery segments failed to offset a decrease in orders in the Rolling Stock segment, a business in which we booked large orders in the previous first half, and the Plant & Infrastructure segment. Sales generally rose as higher revenue in the Precision Machinery, Aerospace and Plant & Infrastructure segments offset lower revenue in the Gas Turbine & Machinery, Ship & Offshore Structure and Rolling Stock segments. Overall profits increased thanks to higher profits and improvements in the Precision & Machinery and Aerospace segments. This was despite decreases in profits and deterioration in other segments whose sales dropped.

As a result, in the second quarter of the current fiscal year, orders received fell ¥99.9 billion from a year earlier to ¥513.4 billion on a consolidated basis. Net sales increased ¥13.2 billion to ¥584.9 billion. Operating income rose ¥5.7 billion to ¥26.6 billion, ordinary income advanced ¥5.9 billion to ¥27.2 billion, and net income increased ¥5.4 billion to ¥17.8 billion.

Consolidated segment information for the first half of the fiscal year is summarized below.

Segment Information

Segment net sales, operating income, and orders received (billions of yen)

Segment	Six months ended September 30,				Orders received	
	2011		2010		Six months ended September 30,	
	Net sales	Operating income	Net sales	Operating income	2011	2010
Ship & Offshore Structure	53.1	0.5	61.2	2.0	24.6	36.4
Rolling Stock	55.3	1.1	63.0	3.4	42.1	117.7
Aerospace	87.4	3.0	83.0	(1.1)	67.5	87.9
Gas Turbine & Machinery	84.7	3.9	99.2	6.1	79.7	65.3
Plant & Infrastructure	56.2	6.7	38.8	3.5	46.8	77.3
Motorcycle & Engine	106.2	(2.3)	113.2	(1.1)	106.2	113.2
Precision Machinery	85.2	14.5	60.9	8.6	91.1	68.0
Other	56.4	1.8	51.9	0.9	55.1	47.2
Adjustments	-	(2.7)	-	(1.5)	-	-
Total	584.9	26.6	571.7	20.9	513.4	613.4

Note: Net sales include only sales to external customers.

Ship & Offshore Structure

In the first half under review, consolidated orders received decreased ¥11.8 billion year on year to ¥24.6 billion, despite the receipt of orders for 7 bulk carriers.

Consolidated net sales totaled ¥53.1 billion, down ¥8.0 billion from a year ago, when revenues were raised by large ship sales.

Consolidated operating income fell ¥1.5 billion to ¥0.5 billion, due primarily to a decline in sales, the strong yen and a hike in the prices of steel materials.

Rolling Stock

Consolidated orders received were ¥42.1 billion, down ¥75.5 billion from the year-earlier period, when the segment received a large order from overseas.

Consolidated net sales decreased ¥7.6 billion to ¥55.3 billion, due mainly to a decline in sales of rolling stock to overseas.

Consolidated operating income dropped ¥2.3 billion to ¥1.1 billion, affected mainly by lower sales and the yen's appreciation.

Aerospace

Consolidated orders received decreased ¥20.3 billion to ¥67.5 billion, owing chiefly to a decline

in orders from Japan's Ministry of Defense.

Consolidated net sales increased ¥4.4 billion to ¥87.4 billion, due mainly to higher sales of Boeing 777 component parts.

Consolidated operating income was ¥3.0 billion, an improvement of ¥4.1 billion from a year earlier, owing mainly to an increase in sales and a reduction in costs.

Gas Turbine & Machinery

Consolidated orders received increased ¥14.3 billion to ¥79.7 billion, chiefly because of orders received for construction of a gas-engine power plant.

Consolidated net sales decreased ¥14.5 billion to ¥84.7 billion, owing chiefly to declines in sales of gas compression modules and sales to Japan's Ministry of Defense.

Consolidated operating income dropped ¥2.2 billion to ¥3.9 billion, hurt mainly by a fall in sales.

Plant & Infrastructure

Consolidated orders received decreased ¥30.5 billion to ¥46.8 billion, due primarily to lower orders for plants for Japan.

Consolidated net sales increased ¥17.4 billion to ¥56.2 billion, partly because of higher sales for overseas plants.

Consolidated operating income advanced ¥3.2 billion to ¥6.7 billion, owing mainly to an increase in sales.

Motorcycle & Engine

Consolidated net sales decreased ¥7.0 billion to ¥106.2 billion, due chiefly to a decline in sales of motorcycles to developed countries and the strong yen.

Consolidated operating loss was ¥2.3 billion, a deterioration of ¥1.2 billion from the year-earlier period, affected largely by declined sales and the strong yen.

Precision Machinery

Consolidated orders received increased ¥23.1 billion to ¥91.1 billion, chiefly because of growth in orders for hydraulic equipment from construction machinery makers.

Consolidated net sales went up ¥24.2 billion to ¥85.2 billion, due mainly to increases in sales of hydraulic equipment to construction machinery makers and sales of various clean robots for semiconductor production facilities.

Consolidated operating income advanced ¥5.9 billion to ¥14.5 billion, primarily because of an increase in sales.

Other Operations

Consolidated net sales increased ¥4.4 billion to ¥56.4 billion.

Consolidated operating income advanced ¥0.9 billion to ¥1.8 billion.

(2) Consolidated financial position

Consolidated total assets at the end of the first half under review were ¥1,309.5 billion, down ¥44.6 billion from the end of the previous fiscal year. The decrease is attributable to a decline in trade receivables following collection of sales receipts. Consolidated liabilities stood at ¥1,002.9 billion, down ¥53.9 billion, due to a fall in trade payables. Interest-bearing debt was ¥427.1 billion, down ¥1.9 billion. Consolidated net assets were ¥306.6 billion, up ¥9.2 billion, reflecting distribution of dividends and the booking of net income.

(3) Consolidated earnings outlook

The strong yen is adversely affecting earnings of the Motorcycle & Engine, Rolling Stock and Aerospace segments, among others. However, we expect earnings to improve in the Precision Machinery segment, which is operating at a high utilization rate, and the Plant & Infrastructure segment, where existing projects are progressing steadily. Business performance has developed generally as planned. Given this, the Company has left unchanged its previously announced earnings forecast for the fiscal year ending March 31, 2012.

The Company's earnings forecasts assume exchange rates of ¥80 to the US dollar and ¥110 to the euro.

2. Summary Information (Others)

(1) Changes affecting the status of material subsidiaries (scope of consolidation)

Not applicable

(2) Accounting procedures specific to preparation of quarterly consolidated financial statements

The Company calculates tax expense by rationally estimating its effective tax rate after application of deferred-tax accounting to pretax net income for the fiscal year, which includes the second quarter under review, and multiplying quarterly pretax net income by said estimated effective tax rate. If unable to use the estimated effective tax rate, the Company calculates tax expense by multiplying the statutory effective tax rate by quarterly pretax net income adjusted to reflect material differences other than temporary differences.

Income taxes are reported inclusive of income tax adjustments.

(3) Changes in accounting policies, changes in accounting estimates, and correction of errors

Not applicable

3. Consolidated Financial Statements

(1) Consolidated balance sheets

	Millions of yen	
	As of March 31, 2011	Six months ended September 30, 2011
Assets		
Current assets		
Cash on hand and in banks	47,233	37,169
Trade receivables	401,753	323,203
Merchandise and finished products	50,528	43,228
Work in process	285,977	319,451
Raw materials and supplies	88,817	88,497
Other current assets	80,239	85,260
Allowance for doubtful receivables	(2,829)	(2,808)
Total current assets	951,719	894,003
Fixed assets		
Net property, plant and equipment	275,780	283,061
Intangible assets		
Goodwill	626	471
Other	18,622	18,583
Total intangible assets	19,249	19,054
Investments and other assets		
Other	108,515	114,400
Allowance for doubtful receivables	(986)	(930)
Total investments and other assets	107,529	113,469
Total fixed assets	402,558	415,585
Total assets	1,354,278	1,309,588
Liabilities		
Current liabilities		
Trade payables	319,271	258,894
Short-term debt	143,972	153,907
Income taxes payable	5,988	5,953
Accrued bonuses	15,692	14,030
Provision for losses on construction contracts	33,068	35,042
Other provisions	8,865	7,138
Advances from customers	80,815	91,753
Other	96,051	78,706
Total current liabilities	703,726	645,426
Long-term liabilities		
Bonds payable	50,000	70,000
Long-term debt	203,801	189,422
Employees' retirement and severance benefits	80,556	78,566
Other provisions	9,202	8,765
Other	9,557	10,754
Total long-term liabilities	353,117	357,509
Total liabilities	1,056,844	1,002,936
Net assets		
Shareholders' equity		
Common stock	104,340	104,484
Capital surplus	54,251	54,393
Retained earnings	158,615	170,904
Treasury stock	(30)	(21)
Total shareholders' equity	317,176	329,761

Accumulated other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	3,876	2,753
Deferred gains (losses) on hedges	(990)	(913)
Foreign currency translation adjustments	(31,006)	(34,223)
Total accumulated other comprehensive income	(28,119)	(32,382)
Minority interests	8,376	9,274
Total net assets	297,433	306,652
Total liabilities and net assets	1,354,278	1,309,588

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

	Millions of yen	
	Six months ended September 30, 2010	Six months ended September 30, 2011
Net sales	571,708	584,990
Cost of sales	481,156	485,826
Gross profit	90,551	99,164
Selling, general and administrative expenses		
Salaries and benefits	19,533	19,896
R&D expenses	16,007	16,228
Other	34,105	36,416
Total selling, general and administrative expenses	69,647	72,541
Operating income (loss)	20,904	26,623
Non-operating income		
Interest income	945	701
Dividend income	366	377
Equity in income of non-consolidated subsidiaries and affiliates	4,875	4,833
Other	2,424	2,396
Total non-operating income	8,610	8,308
Non-operating expenses		
Interest expense	2,435	2,255
Foreign exchange loss, net	1,963	2,990
Loss on valuation of securities	1,715	7
Other	2,150	2,442
Total non-operating expenses	8,265	7,694
Recurring profit (loss)	21,249	27,237
Extraordinary losses		
Loss on impairment of fixed assets	-	924
Loss on adjustment for changes of accounting standard for asset retirement obligations	280	-
Provision for doubtful accounts of affiliates	256	-
Total extraordinary losses	536	924
Income (loss) before income taxes and minority interests	20,712	26,312
Income taxes	7,434	7,254
Income before minority interests	13,278	19,058
Minority interests in net income of consolidated subsidiaries	943	1,245
Net income (loss)	12,334	17,813

Consolidated statements of comprehensive income

	Millions of yen	
	Six months ended September 30, 2010	Six months ended September 30, 2011
Income before minority interests	13,278	19,058
Other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	(1,726)	(1,175)
Deferred gains (losses) on hedges	1,061	153
Foreign currency translation adjustments	(3,975)	(3,680)
Share of other comprehensive income of associates accounted for using equity method	(895)	561
Total other comprehensive income	(5,535)	(4,141)
Comprehensive Income attributable to:	7,742	14,916
Owners of the parent company	6,904	13,550
Minority interests	837	1,366

(3) Consolidated cash flow statements

	Millions of yen	
	Six months ended September 30, 2010	Six months ended September 30, 2011
Cash flow from operating activities		
Income before income taxes and minority interests	20,712	26,312
Depreciation and amortization	23,348	22,312
Loss on impairment of fixed assets	-	924
Increase (decrease) in provision	(1,629)	(3,927)
Interest and dividend income	(1,311)	(1,078)
Interest expense	2,435	2,255
Loss (gain) on valuation of securities	1,715	7
Equity in income non-consolidated subsidiaries and affiliates	(4,875)	(4,833)
(Increase) decrease in trade receivables	58,874	73,204
(Increase) decrease in inventories	(15,666)	(28,528)
Increase (decrease) in trade payables	(14,662)	(58,568)
Increase (decrease) in advances from customers	(361)	13,350
Other	(13,061)	(434)
Subtotal	<u>55,518</u>	<u>40,995</u>
Cash received for interest and dividends	1,298	1,063
Cash paid for interest	(2,440)	(2,298)
Cash paid for income taxes	(6,207)	(7,188)
Net cash provided by operating activities	<u>48,168</u>	<u>32,572</u>
Cash flow from investing activities		
Acquisition of property, plant, equipment and intangible assets	(25,854)	(33,176)
Proceeds from sales of property, plant, equipment and intangible assets	402	155
Acquisition of investments in securities	(28)	(34)
Proceeds from sales of investments in securities	0	5
Decrease (Increase) in short-term loans receivable	16	25
Additions to long-term loans receivable	(10)	(35)
Proceeds from collection of long-term loans receivable	50	43
Other	(740)	330
Net cash used for investing activities	<u>(26,164)</u>	<u>(32,686)</u>
Cash flow from financing activities		
Net increase (decrease) in short-term debt	(47,923)	(4,416)
Proceeds from long-term debt	15,580	8,741
Repayment of long-term debt	(3,516)	(3,954)
Proceeds from issuance of bonds	20,000	20,000
Redemption of bonds payable	-	(20,186)
Acquisition of treasury stock	(5)	(7)
Proceeds from stock issuance to minority shareholders	1,209	-
Cash dividends paid	(4,985)	(5,000)
Cash dividends paid to minority shareholders	(418)	(470)
Other	(37)	(33)
Net cash used for financing activities	<u>(20,096)</u>	<u>(5,328)</u>
Effect of exchange rate changes	<u>(2,244)</u>	<u>(1,977)</u>
Net increase (decrease) in cash and cash equivalents	<u>(336)</u>	<u>(7,419)</u>
Cash and cash equivalents at beginning of period	34,137	44,629
Increase (decrease) in cash and cash equivalents by change of consolidation period of subsidiaries	-	(1,508)
Cash and cash equivalents at end of period	<u>33,800</u>	<u>35,701</u>

(4) Notes on the going-concern assumption

Not applicable

(5) Segment information and others

Segment information

1. Six months ended September 30, 2010 (April 1, 2010 – September 30, 2010)

(1) Sales and income (loss) by reportable segment

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	61,253	1,107	62,360	2,063
Rolling Stock	63,018	384	63,402	3,436
Aerospace	83,070	840	83,910	(1,138)
Gas Turbine & Machinery	99,264	10,527	109,792	6,166
Plant & Infrastructure	38,867	6,130	44,998	3,537
Motorcycle & Engine	113,247	572	113,820	(1,175)
Precision Machinery	60,988	6,150	67,138	8,610
Other	51,997	15,056	67,054	938
Reportable segment total	571,708	40,769	612,477	22,440
Adjustments*1	-	(40,769)	(40,769)	(1,536)
Consolidated total	571,708	-	571,708	20,904

Notes: 1. Breakdown of adjustments:

Income	Amount
Intersegment transactions	67
Corporate expenses*	(1,603)
Total	(1,536)

*Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

Not applicable

2. Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)

(1) Sales and income (loss) by reportable segment

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	53,183	722	53,906	532
Rolling Stock	55,366	472	55,838	1,133
Aerospace	87,479	899	88,379	3,057
Gas Turbine & Machinery	84,760	7,432	92,193	3,914
Plant & Infrastructure	56,299	4,311	60,610	6,740
Motorcycle & Engine	106,202	482	106,684	(2,378)
Precision Machinery	85,251	6,564	91,816	14,514
Other	56,446	16,769	73,215	1,868
Reportable segment total	584,990	37,655	622,646	29,383
Adjustments*1	-	(37,655)	(37,655)	(2,760)
Consolidated total	584,990	-	584,990	26,623

Notes: 1. Breakdown of adjustments:

		Millions of yen
Income	Amount	
Intersegment transactions	13	
Corporate expenses*	(2,774)	
Total	(2,760)	

* Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

Not applicable

(6) Notes on significant changes in the amount of shareholders' equity

Not applicable

4. Supplementary information

(1) Orders and sales (consolidated)

Orders received

	Six months ended September 30, 2010		Six months ended September 30, 2011		Year ended March 31, 2011	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	36,468	5.9	24,657	4.8	78,953	6.2
Rolling Stock	117,712	19.1	42,126	8.2	187,122	14.7
Aerospace	87,956	14.3	67,596	13.1	206,730	16.2
Gas Turbine & Machinery	65,381	10.6	79,729	15.5	187,582	14.7
Plant & Infrastructure	77,378	12.6	46,823	9.1	119,987	9.4
Motorcycle & Engine	113,247	18.4	106,202	20.6	234,479	18.4
Precision Machinery	68,042	11.0	91,159	17.7	148,955	11.7
Other	47,252	7.7	55,161	10.7	106,841	8.4
Total	613,440	100.0	513,456	100.0	1,270,652	100.0

Note: The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

Net sales

	Six months ended September 30, 2010		Six months ended September 30, 2011		Year ended March 31, 2011	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	61,253	10.7	53,183	9.0	118,416	9.6
Rolling Stock	63,018	11.0	55,366	9.4	131,104	10.6
Aerospace	83,070	14.5	87,479	14.9	196,876	16.0
Gas Turbine & Machinery	99,264	17.3	84,760	14.4	202,692	16.5
Plant & Infrastructure	38,867	6.7	56,299	9.6	89,012	7.2
Motorcycle & Engine	113,247	19.8	106,202	18.1	234,479	19.1
Precision Machinery	60,988	10.6	85,251	14.5	140,328	11.4
Other	51,997	9.0	56,446	9.6	114,038	9.2
Total	571,708	100.0	584,990	100.0	1,226,949	100.0

Order backlog

	Year ended March 31, 2011		Six months ended September 30, 2011		Six months ended September 30, 2010	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	177,254	11.8	145,762	10.4	191,779	12.7
Rolling Stock	411,560	27.5	394,125	28.3	423,389	28.0
Aerospace	269,470	18.0	244,598	17.5	264,846	17.5
Gas Turbine & Machinery	382,269	25.5	356,454	25.6	365,470	24.2
Plant & Infrastructure	185,414	12.3	175,708	12.6	192,899	12.7
Motorcycle & Engine	-	-	-	-	-	-
Precision Machinery	42,790	2.8	48,698	3.5	41,218	2.7
Other	26,589	1.7	25,558	1.8	29,044	1.9
Total	1,495,349	100.0	1,390,905	100.0	1,508,648	100.0

(2) Net sales by geographic area (consolidated)**Six months ended September 30, 2010 (April 1, 2010 – September 30, 2010)**

Millions of yen

Japan	253,062	44.2%
United States	116,170	20.3%
Europe	42,492	7.4%
Asia	104,041	18.1%
Other areas	55,940	9.7%
Total	571,708	100.0%

Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)

Millions of yen

Japan	241,194	41.2%
United States	102,865	17.5%
Europe	62,180	10.6%
Asia	115,232	19.7%
Other areas	63,516	10.8%
Total	584,990	100.0%

(3) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2012

1) Consolidated earnings outlook

	Outlook for the year ending March 31, 2012 (fiscal 2011)			Billions of yen
	Revised forecast (A)	Forecast issued April 28, 2011 (B)	Change (A – B)	Fiscal 2010 (ended March 31, 2011) (actual)
	Net sales	1,360.0	1,360.0	-
Operating income	50.0	50.0	-	42.6
Recurring profit	52.0	52.0	-	49.1
Net income	32.0	32.0	-	25.9
Orders received	1,430.0	1,360.0	70.0	1,270.6
Before-tax ROIC (%)	7.8%	7.8%	-	6.0%
R&D expenses	44.4	43.0	1.4	37.0
Capital expenditures	88.0	76.0	12.0	55.3
Depreciation/amortization	51.0	55.0	(4.0)	50.3
Number of employees at end of fiscal year <i>(Of which, employees outside of Japan)</i>	33,900 (8,900)	33,200 (8,200)	700 (700)	32,706 (8,195)

Notes: 1. Outlook's assumed foreign exchange rates: ¥80 = US\$1, ¥110 = 1 euro

2. Before-tax ROIC = (income before income taxes + interest expense) / invested capital.

3. Capital expenditures represent the total of newly recorded property, plant and equipment and newly recorded intangible assets. Depreciation/amortization represents depreciation and amortization expenses on property, plant and equipment and intangible assets.

2) Outlook by reportable segment

(a) Net sales and operating income (loss)

	Outlook for the year ending March 31, 2012 (fiscal 2011)						Billions of yen	
	Revised forecast (A)		Forecast issued April 28, 2011 (B)		Change (A – B)		Fiscal 2010 (ended March 31, 2011) (actual)	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Ship & Offshore Structure	110.0	(4.0)	110.0	(4.0)	-	-	118.4	(1.0)
Rolling Stock	130.0	6.0	150.0	7.0	(20.0)	(1.0)	131.1	8.1
Aerospace	220.0	5.0	220.0	8.0	-	(3.0)	196.8	3.0
Gas Turbine & Machinery	210.0	6.0	210.0	5.0	-	1.0	202.6	9.5
Plant & Infrastructure	130.0	14.0	130.0	11.0	-	3.0	89.0	8.2
Motorcycle & Engine	260.0	2.0	260.0	5.0	-	(3.0)	234.4	(4.9)
Precision Machinery	190.0	28.0	170.0	25.0	20.0	3.0	140.3	22.3
Other	110.0	2.0	110.0	2.0	-	-	114.0	2.5
Adjustments		(9.0)		(9.0)		-		(5.3)
Total	1,360.0	50.0	1,360.0	50.0	-	-	1,226.9	42.6

(b) Orders received

Billions of yen

	Outlook for the year ending March 31, 2012 (fiscal 2011)			Fiscal 2010 (ended March 31, 2011) (actual)
	Revised outlook (A)	Forecast issued April 28, 2011 (B)	Change (A – B)	
Ship & Offshore Structure	60.0	60.0	-	78.9
Rolling Stock	150.0	150.0	-	187.1
Aerospace	280.0	260.0	20.0	206.7
Gas Turbine & Machinery	230.0	220.0	10.0	187.5
Plant & Infrastructure	140.0	120.0	20.0	119.9
Motorcycle & Engine	260.0	260.0	-	234.4
Precision Machinery	200.0	180.0	20.0	148.9
Other	110.0	110.0	-	106.8
Total	1,430.0	1,360.0	70.0	1,270.6