

Financial Results for First Quarter of Fiscal 2008
(for the year ending March 31, 2009)

Jul. 31, 2008

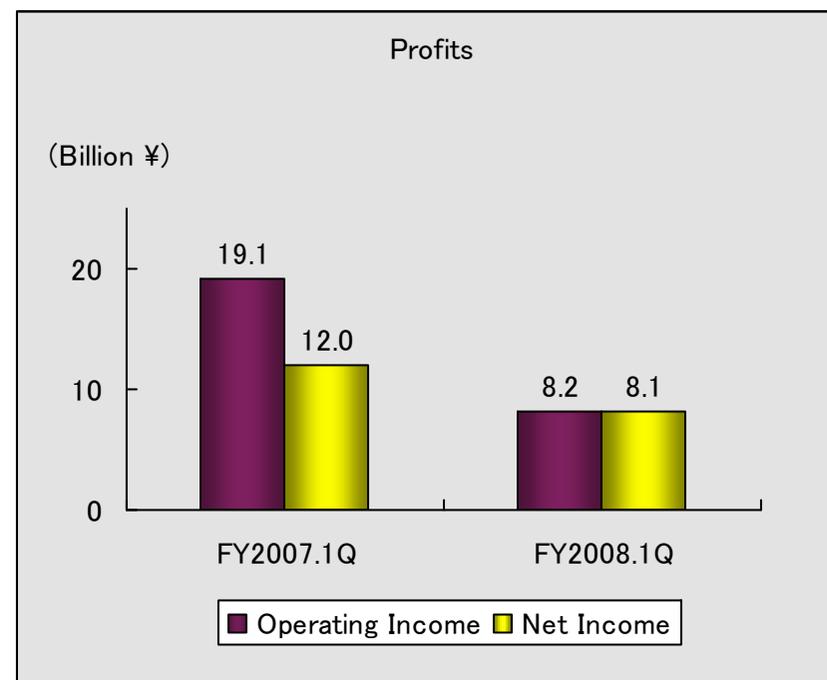
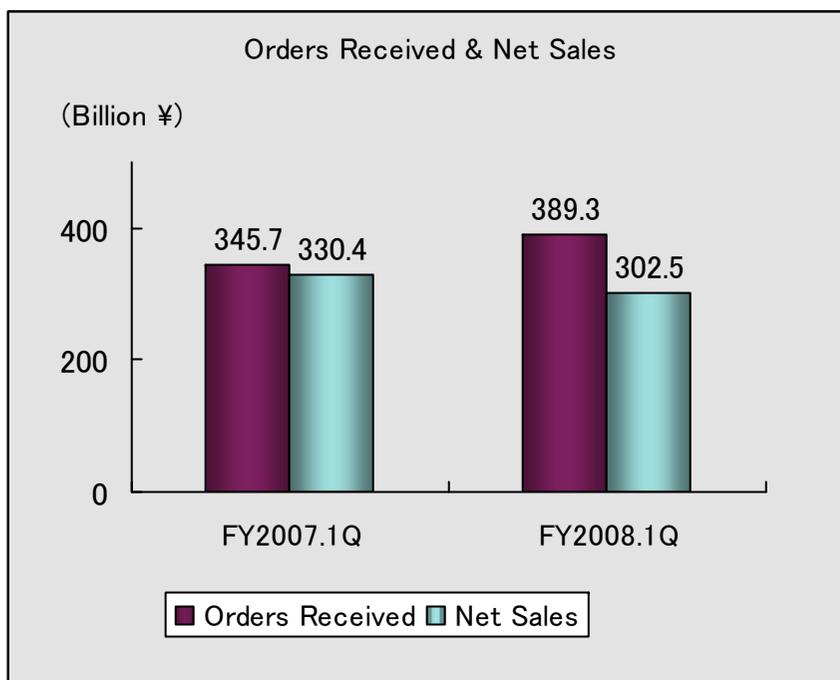
Kawasaki Heavy Industries, Ltd.



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Summary of FY2008.1Q Results (Consolidated)



Actual Exchange Rates

	FY2007.1Q	FY2008.1Q
USD/¥	119	104
EUR/¥	164	158

(Billion ¥)

	FY2007.1Q	FY2008.1Q	Change
Operating Income	19.1	8.2	-10.9
Net Income	12.0	8.1	-3.9

Breakdown of Increases/Decreases in Profit for FY2008.1Q Compared to FY2007.1Q

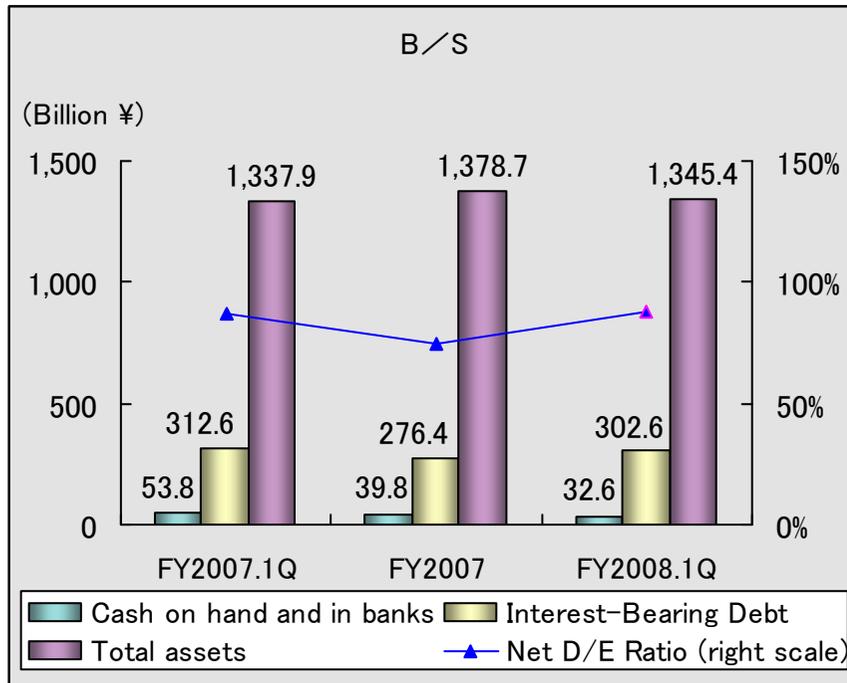
≡ Operating income (− 10. 9 billion yen)

Adverse impact of the fluctuation of foreign exchange rate	−6. 4
Adverse impact of decrease in sales	−3. 8
Increase in selling, general and administrative expenses	−1. 5
Adverse impact of a rise in material price	−3. 5
Adverse impact of changes in accounting method for valuation of inventories	−1. 9
Adverse impact of Tax Law Revision regarding Depreciation Methodology	−0. 3
Changes in product mix, Other improvements	+6. 5

≡ Non-operating income (+ 6. 6 billion yen)

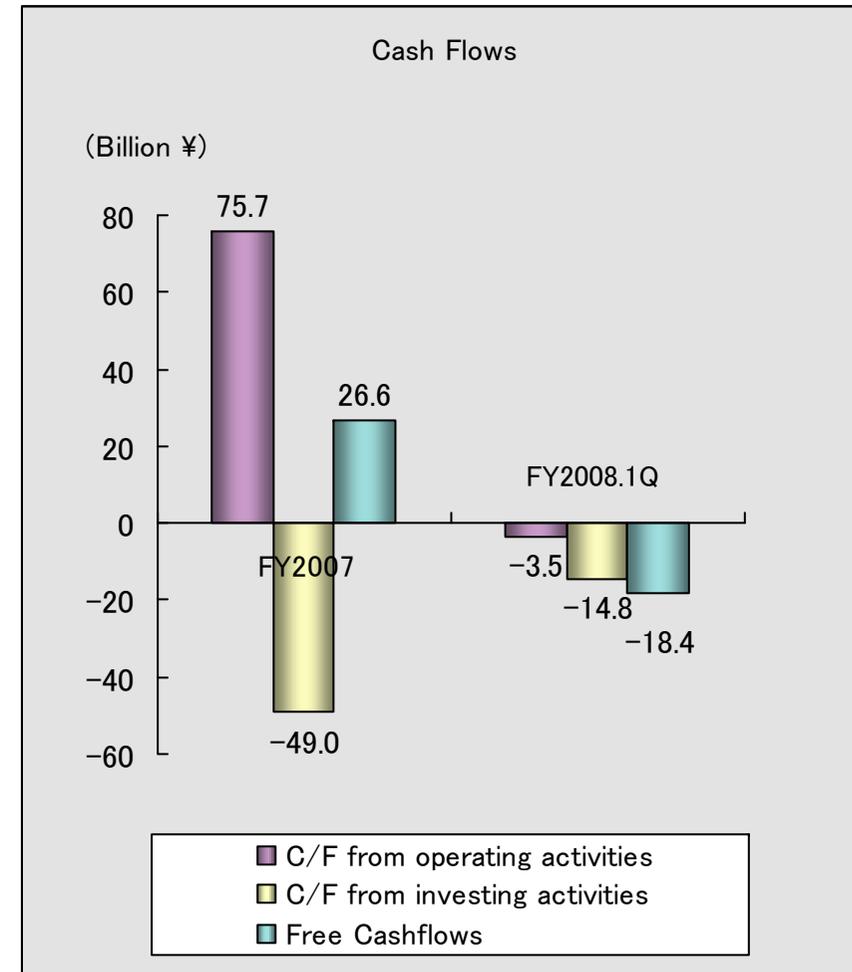
Decrease in net interest expenses	+0. 4
Increase in equity in income of non-consolidated subsidiaries and affiliates	+0. 6
(FY2007.1Q ¥0.6 billion → FY2008.1Q ¥1.3 billion)	
Gain and loss on foreign exchange (FY2007.1Q ¥−0.6 billion → FY2008.1Q ¥4.4 billion)	+5. 1
Others	+0. 5

Interest-Bearing Debt and Cash Flows



(Billion ¥)

	FY2007.1Q	FY2007	FY2008.1Q
Net debt	258.7	236.5	269.9
Shareholders' equity	295.3	313.1	305.6
Net D/E Ratio	87%	75%	88%

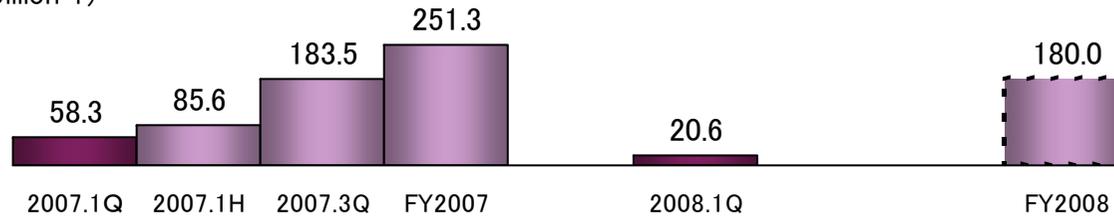


Shipbuilding

Orders Received

(In accumulated amt/
FY2008 amt represents the projection)

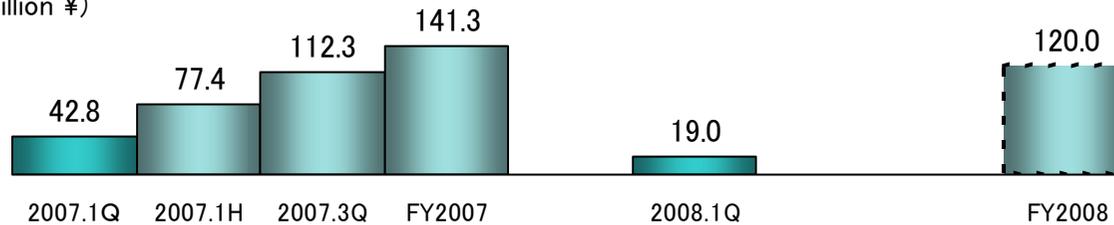
(Billion ¥)



2007.1Q		⇒	2008.1Q	
LPG carriers	2		LPG carrier	1
Bulk carriers	5		Bulk carrier	1

Net Sales

(Billion ¥)

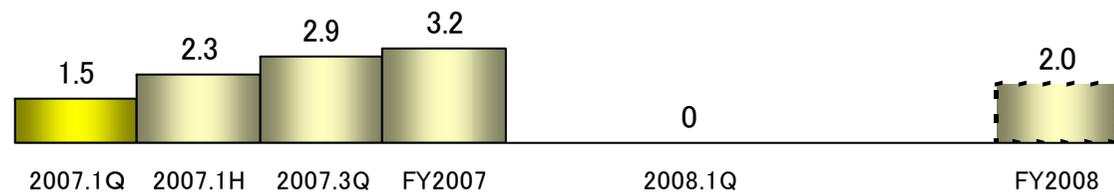


2007.1Q		⇒	2008.1Q	
LNG carriers	4 (4)		LNG carriers	4 (3)
LPG carrier	1		LPG carrier	1 (1)
VLCC	1		Bulk carrier	1
Bulk carrier	1		Submarine	1 (1)
Submarines	2 (2)			

Note: () = Sales units by percentage-of-completion method

Operating Income

(Billion ¥)



【Business Results for FY2008.1Q
(year-on-year comparison)】

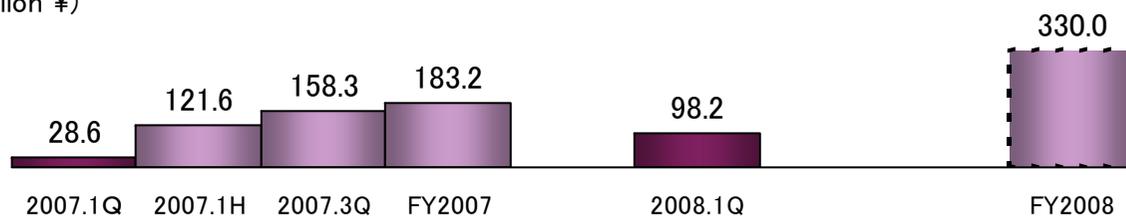
- * Orders received of 1 LPG carrier and 1 Bulk carrier
- * Decrease in profit due to sales decrease of LNG carriers, LPG carriers and Submarines and adverse impact of a rise in steel price

Rolling Stock

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)

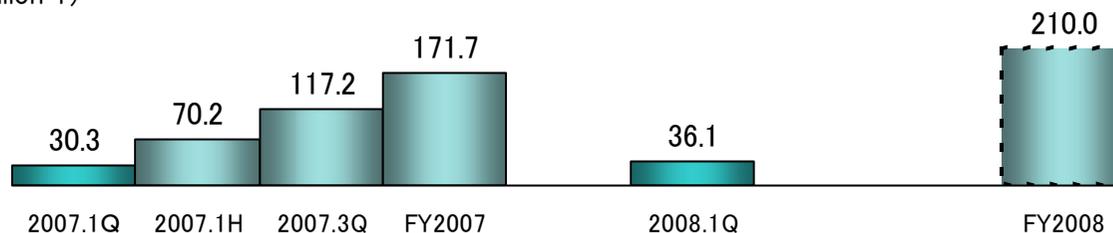
(Billion ¥)



Net Sales

【Business Results for FY2008.1Q
(year-on-year comparison)】

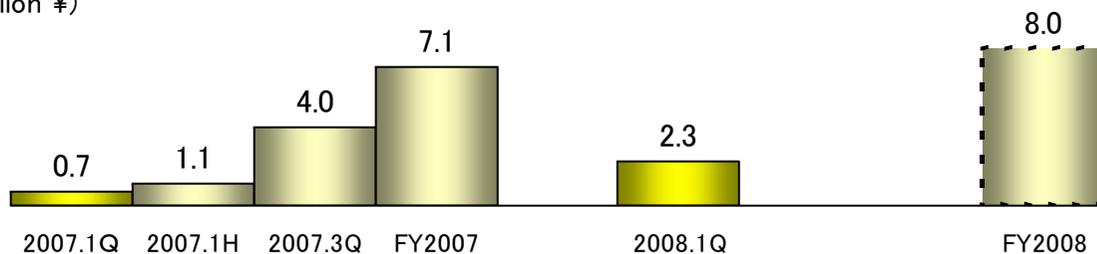
(Billion ¥)



- * Large-scale orders received of Shinkansen cars for JR
- * Increase in profit due to sales increase for Asia and U.S. and additional sales from EARTHTECHNICA Co which became a wholly owned subsidiary of KHI as of April 1, 2008

Operating Income

(Billion ¥)

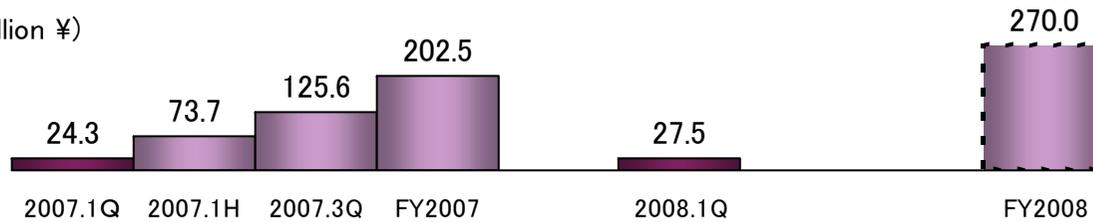


Aerospace

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)

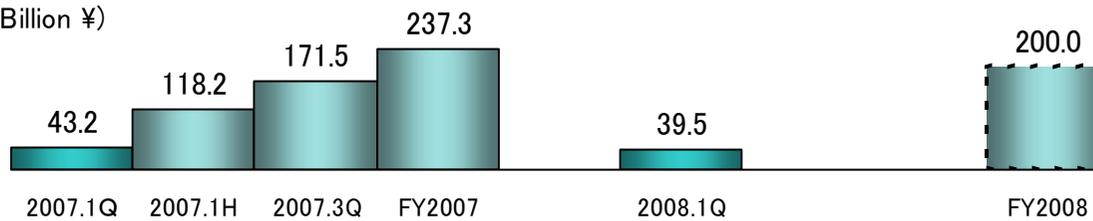
(Billion ¥)



Net Sales

【Business Results for FY2008.1Q
(year-on-year comparison)】

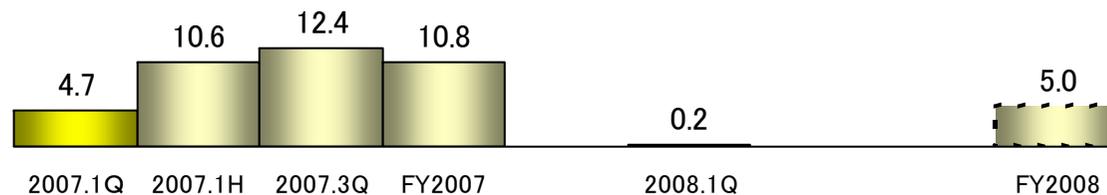
(Billion ¥)



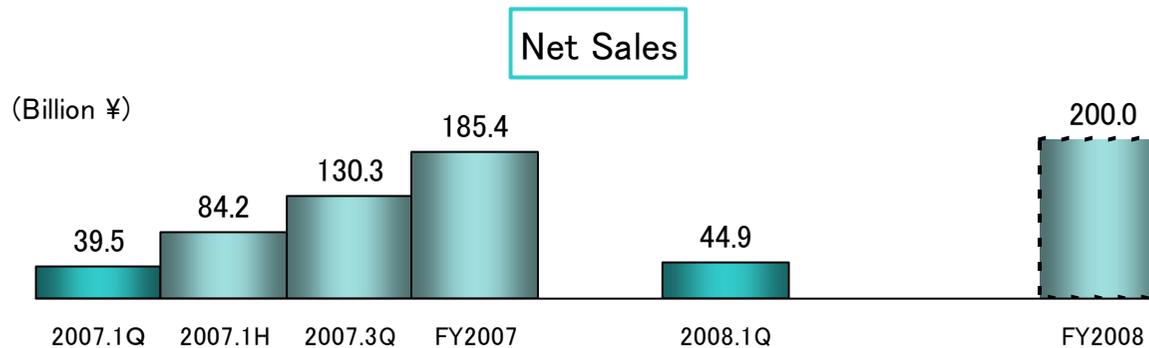
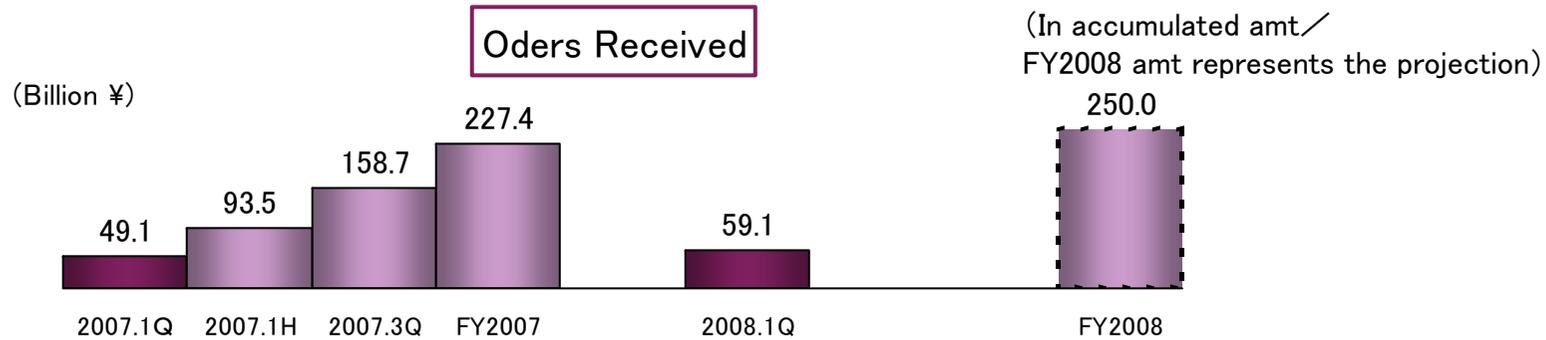
- * Decrease in sales due to adverse impact of the fluctuation of foreign exchange rate
- * Decrease in profit due to overall sales decrease and adverse impact of changes in accounting method for valuation of inventories

Operating Income

(Billion ¥)

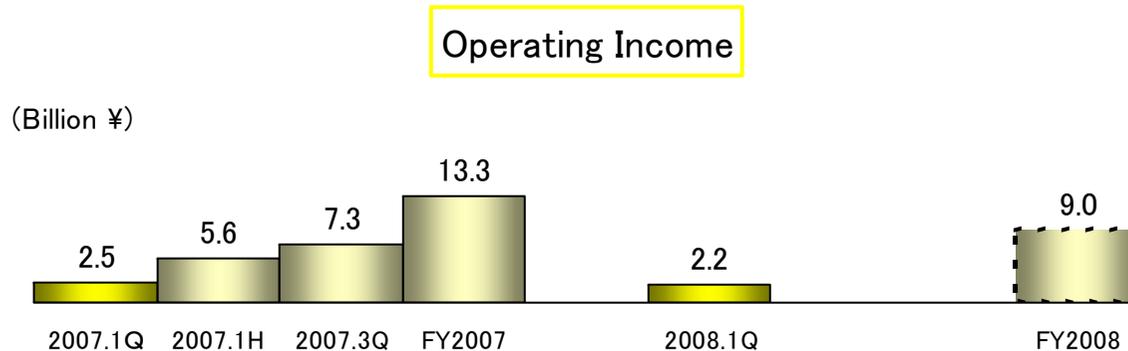


Gas Turbines & Machinery



【Business Results for FY2008.1Q
(year-on-year comparison)】

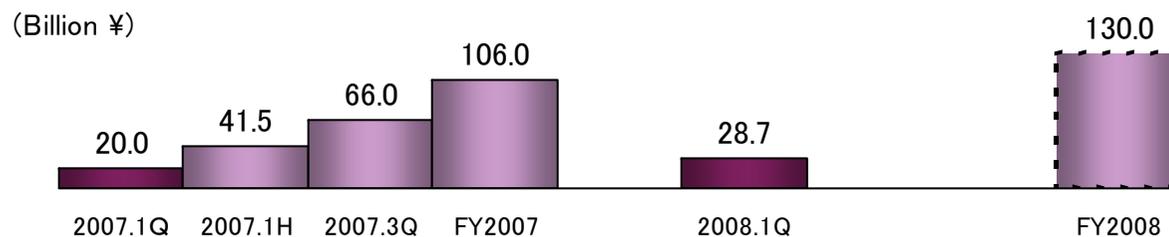
- * Increase in orders received of industrial gas turbines and marine diesel engines
- * Increase in sales of marine diesel engines
- * Slight decrease in profit due to adverse impact of a rise in steel price and changes in accounting method for valuation of inventories



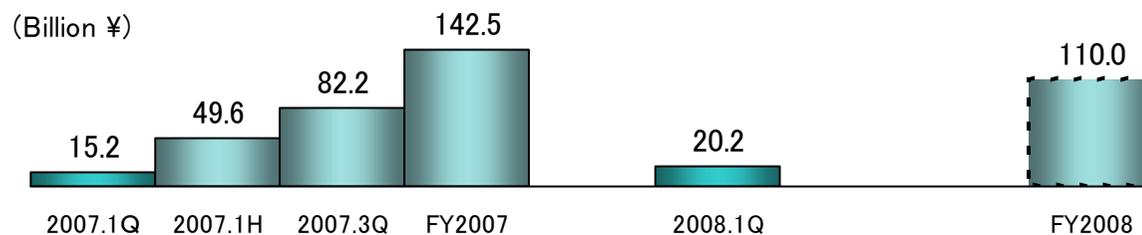
Energy & Environmental Engineering

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)



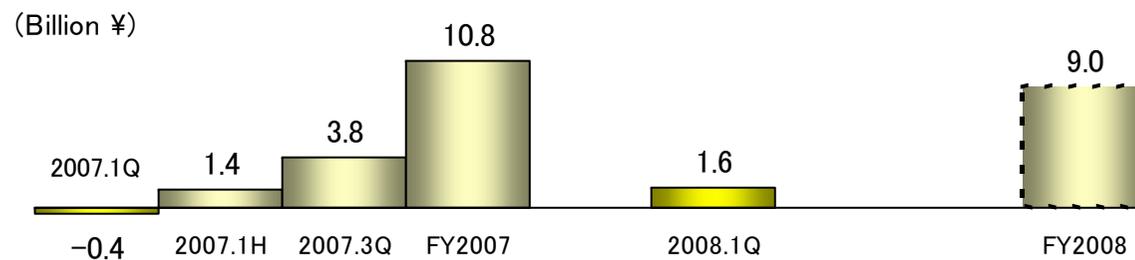
Net Sales



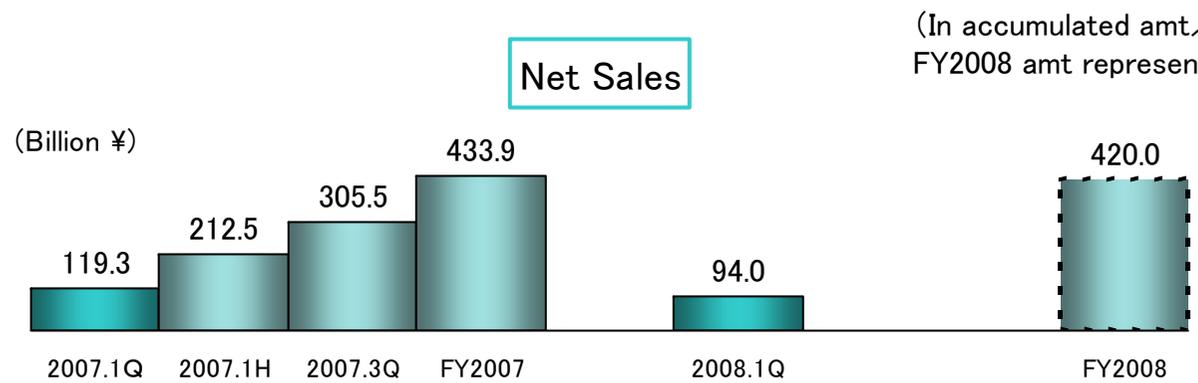
【Business Results for FY2008.1Q
(year-on-year comparison)】

- * Increase in orders received of LNG tanks
- * Increase in profit due to sales increase of cement plant for overseas

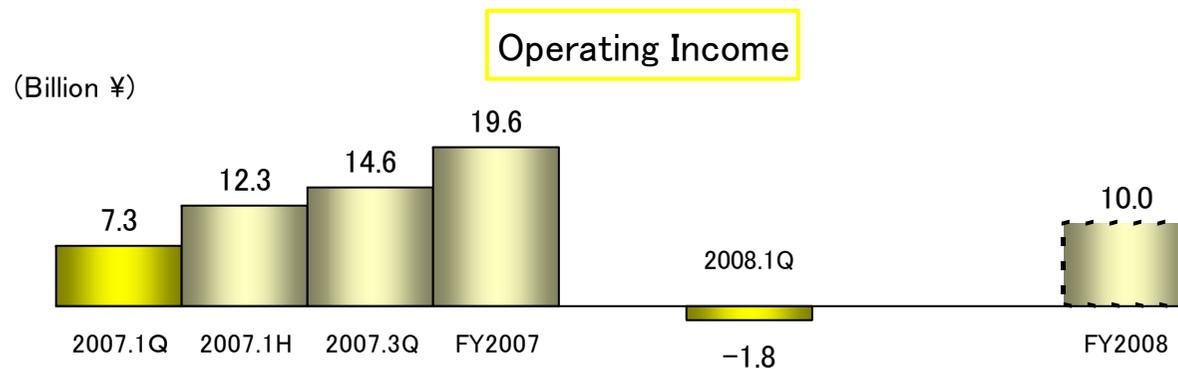
Operating Income



Consumer Products & Machinery



【Business Results for FY2008.1Q
(year-on-year comparison)】



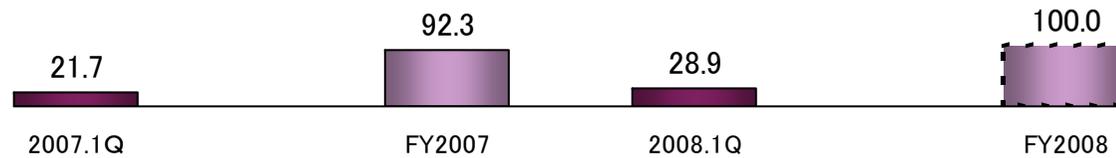
- * Decrease in sales of
 - ...Motorcycles and ATVs for U.S. and European markets
 - ...industrial robots for automobiles and semiconductors
- * Decrease in profit due to sales decrease and adverse impact of the fluctuation of foreign exchange rate

Industrial Hydraulic Products

Orders Received

(Billion ¥)

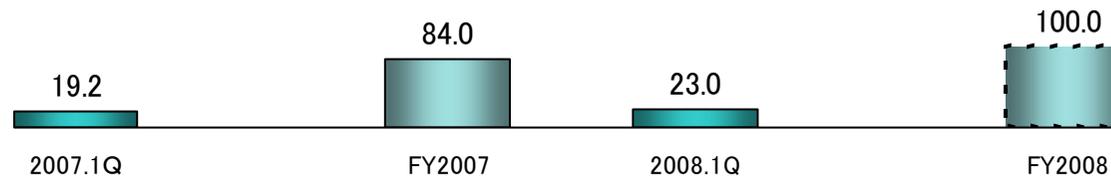
(In accumulated amt./
FY2008 amt represents the projection)



Net Sales

(Billion ¥)

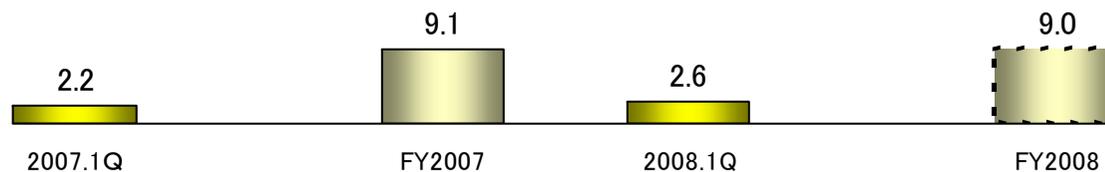
【Business Results for FY2008.1Q
(year-on-year comparison)】



- * Increase in orders received of industrial hydraulic products for construction machinery
- * Increase in profit due to sales increase of industrial hydraulic products for construction machinery

Operating Income

(Billion ¥)



FY2008.1Q Results by Segment

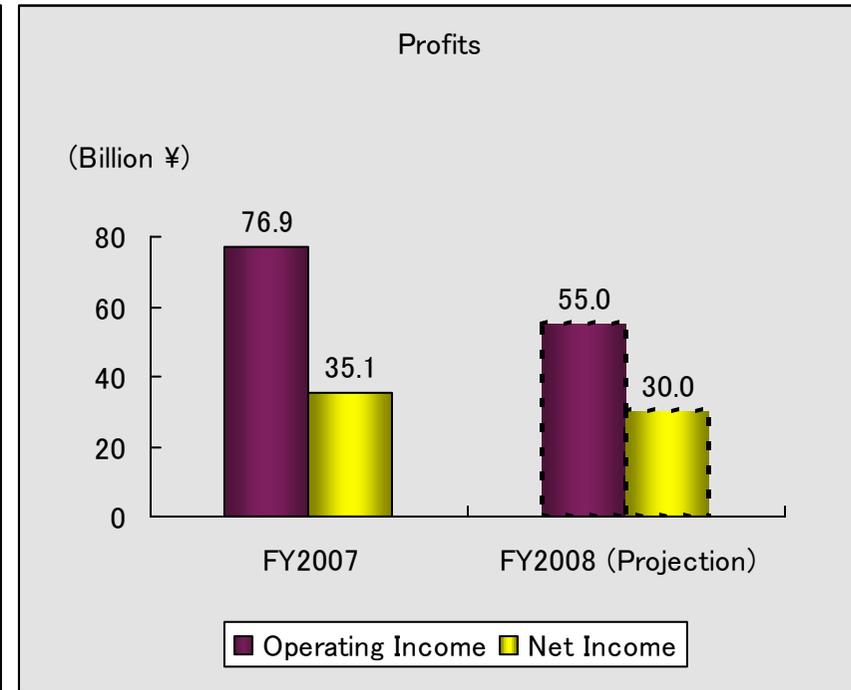
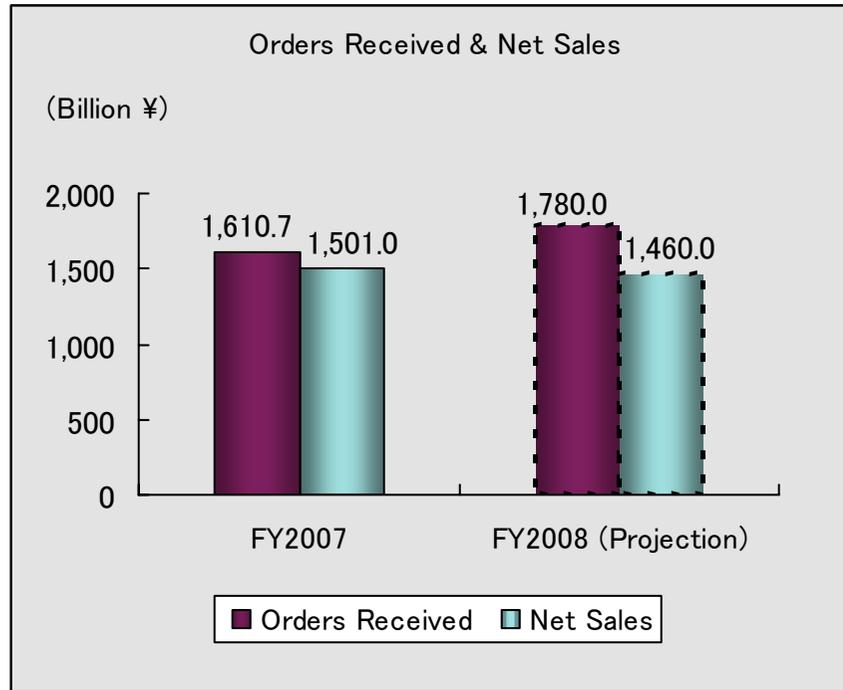
(Billion ¥)

	Orders Received		Net Sales		Operating Income	
	FY2007.1Q	FY2008.1Q	FY2007.1Q	FY2008.1Q	FY2007.1Q	FY2008.1Q
Shipbuilding	58.3	20.6	42.8	19.0	1.5	0
Rolling Stock	28.6	98.2	30.3	36.1	0.7	2.3
Aerospace	24.3	27.5	43.2	39.5	4.7	0.2
Gas Turbines & Machinery	49.1	59.1	39.5	44.9	2.5	2.2
Energy & Environmental Engineering	20.0	28.7	15.2	20.2	-0.4	1.6
Consumer Products & Machinery	119.3	94.0	119.3	94.0	7.3	-1.8
Industrial Hydraulic Products	21.7	28.9	19.2	23.0	2.2	2.6
Others	24.1	32.1	20.6	25.4	0.5	0.8
Total	345.7	389.3	330.4	302.5	19.1	8.2

Actual Exchange Rates

	FY2007.1Q	FY2008.1Q
USD/¥	119	104
EUR/¥	164	158

Outlook for FY2008



Exchange Rates

	FY2007 (Actual)	FY2008 (Assumption)
USD/¥	115	100
EUR/¥	162	160

(Billion ¥)

	FY2007 (Actual)	FY2008 (Projection)
Operating Income	76.9	55.0
Net Income	35.1	30.0

Outlook for FY2008 by Segment

(Billion ¥)

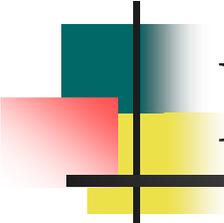
	Orders Received		Net Sales		Operating Income	
	FY2007	FY2008 Projection	FY2007	FY2008 Projection	FY2007	FY2008 Projection
Shipbuilding	251.3	180.0	141.3	120.0	3.2	2.0
Rolling Stock	183.2	330.0	171.7	210.0	7.1	8.0
Aerospace	202.5	270.0	237.3	200.0	10.8	5.0
Gas Turbines & Machinery	227.4	250.0	185.4	200.0	13.3	9.0
Energy & Environmental Engineering	106.0	130.0	142.5	110.0	10.8	9.0
Consumer Products & Machinery	433.9	420.0	433.9	420.0	19.6	10.0
Industrial Hydraulic Products	92.3	100.0	84.0	100.0	9.1	9.0
Others	113.9	100.0	104.5	100.0	2.5	3.0
Total	1,610.7	1,780.0	1,501.0	1,460.0	76.9	55.0

Assumed Exchange Rates
USD=¥ 100/EUR=¥ 160

R&D/Capital Expenditures/Number of Employees (Outlook for FY2008)

(Billion ¥ / Persons)

	FY2007 Actual	FY2008 Projection	Change	
R&D	36.2	41.0	+4.8	
Capital Expenditures	50.5	110.0	+59.5	
Depreciation and Amortization	37.4	49.0	+11.6	
	Domestic	23,542	24,800	+1,258
	Overseas	7,021	7,800	+779
Number of Employees	30,563	32,600	+2,037	



Kawasaki, let the good times roll !

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.