

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES FLASH CONSOLIDATED FINANCIAL RESULTS

For the year ended March 31, 2012 and 2011

Operating results

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net sales	¥ 1,303,778	¥ 1,226,949	\$ 15,872,632
Operating income	57,484	42,628	699,829
Net income	23,323	25,965	283,942
Earnings per share (Yen)	13.9	15.5	

Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of net assets less minority interests to total asset
	Total assets	Net assets	
As of March 31, 2012	¥ 1,362,139	¥ 315,922	22%
As of March 31, 2011	1,354,278	297,433	21%
As of March 31, 2012	\$ 16,583,138	\$ 3,846,140	—

	Thousand shares
	Number of shares issued and outstanding
As of March 31, 2012	1,671,815
As of March 31, 2011	1,670,546

Cash flows

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Operating activities	¥ 84,737	¥ 81,929	\$ 1,031,616
Investing activities	(65,959)	(52,942)	(803,007)
Financing activities	(26,831)	(18,862)	(326,649)
Cash and cash equivalents at end of term	33,245	44,629	404,735

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2013	¥ 1,380,000	¥ 52,000	¥ 34,000

- Notes : 1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥82.14=\$1, the rate prevailing as of March 31, 2012, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Assets :			
Current assets :			
Cash on hand and in banks	¥ 34,316	¥ 47,233	\$ 417,774
Receivables, less allowance	416,479	416,450	5,070,355
Inventories	441,897	425,322	5,379,803
Other current assets	74,494	62,714	906,915
Total current assets	<u>967,186</u>	<u>951,719</u>	<u>11,774,847</u>
Investments and long-term loans less allowance	59,602	56,306	725,615
Net property, plant and equipment	274,750	275,780	3,344,899
Intangible and other assets	60,601	70,473	737,777
Total assets	<u>¥ 1,362,139</u>	<u>¥ 1,354,278</u>	<u>\$ 16,583,138</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	¥ 147,924	¥ 174,697	\$ 1,800,877
Payables	310,775	319,272	3,783,479
Advances from customers	99,051	80,816	1,205,880
Other current liabilities	138,253	128,942	1,683,139
Total current liabilities	<u>696,003</u>	<u>703,727</u>	<u>8,473,375</u>
Long-term liabilities :			
Long-term debt, less current portion	259,243	254,447	3,156,111
Others	90,971	98,671	1,107,512
Total long-term liabilities	<u>350,214</u>	<u>353,118</u>	<u>4,263,623</u>
Net assets :			
Common stock	104,484	104,340	1,272,023
Capital surplus	54,394	54,251	662,210
Retained earnings	176,414	158,615	2,147,723
Treasury stock	(22)	(30)	(267)
Net unrealized gains on securities	3,989	3,876	48,563
Gains (losses) on hedging items	246	(990)	2,995
Foreign currency translation adjustments	(33,451)	(31,006)	(407,243)
Minority interests	9,868	8,377	120,136
Total net assets	<u>315,922</u>	<u>297,433</u>	<u>3,846,140</u>
Total liabilities and net assets	<u>¥ 1,362,139</u>	<u>¥ 1,354,278</u>	<u>\$ 16,583,138</u>

Condensed Consolidated Statements of Income

For the year ended March 31, 2012 and 2011

	Millions of yen		Change	Thousands of
	2012	2011		U.S. dollars
				2012
Net sales	¥ 1,303,778	¥ 1,226,949	+6%	\$ 15,872,632
Cost of sales	1,088,918	1,037,079		13,256,855
Gross profit	214,860	189,870		2,615,777
Selling, general and administrative expenses	157,376	147,242		1,915,948
Operating income	57,484	42,628	+35%	699,829
Other income (expenses) :				
Interest and dividend income	2,331	2,306		28,378
Equity in income of unconsolidated subsidiaries and affiliates	8,567	9,205		104,297
Interest expense	(4,282)	(4,677)		(52,130)
Other, net	(15,394)	(10,867)		(187,411)
Income before income taxes and minority interests	48,706	38,595		592,963
Income taxes	(22,831)	(10,837)		(277,952)
Minority interests in net income of consolidated subsidiaries	(2,552)	(1,793)		(31,069)
Net income	¥ 23,323	¥ 25,965	-10%	\$ 283,942

Condensed Consolidated Statements of Cash Flows

For the year ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash flows from operating activities:			
Income(loss) before income taxes and minority interests	¥ 48,706	¥ 38,595	\$ 592,963
Adjustments to reconcile net income(loss) before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	48,901	50,276	595,337
Increase in assets	(23,035)	5,774	(280,436)
Increase in liabilities	20,349	(7,593)	247,735
Other	(10,184)	(5,123)	(123,983)
Net cash provided by operating activities	¥ 84,737	¥ 81,929	\$ 1,031,616
Cash flows from investing activities:			
Acquisition of tangible and intangible assets	(66,048)	(52,295)	(804,090)
Acquisition of investments in securities	(47)	(350)	(572)
Other	136	(297)	1,655
Net cash used for investing activities	¥ (65,959)	¥ (52,942)	\$ (803,007)
Cash flows from financing activities:			
Increase (Decrease) in short-term borrowings	(569)	(53,670)	(6,927)
Proceeds from long-term debt	39,963	44,000	486,523
Repayment of long-term debt	(59,887)	(4,836)	(729,084)
Other	(6,338)	(4,356)	(77,161)
Net cash provided by financing activities	¥ (26,831)	¥ (18,862)	\$ (326,649)
Effect of exchange rate changes	(1,823)	367	(22,194)
Net decrease in cash and cash equivalents	(9,876)	10,492	(120,234)
Cash and cash equivalents at beginning of term	44,629	34,137	543,328
Decrease in cash and cash equivalents due to changes in fiscal period of consolidated subsidiaries	(1,508)	-	(18,359)
Cash and cash equivalents at end of term	¥ 33,245	¥ 44,629	\$ 404,735

Segment information

(a) Information by reportable segment

Millions of yen 2011										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 118,416	¥ 1,895	¥ 120,311	¥ 121,324	¥ (1,013)	¥ 115,800	¥ 4,264	¥ -	¥ 13,125	¥ 3,183
Rolling Stock	131,104	2,079	133,183	125,010	8,173	151,212	3,634	-	123	2,416
Aerospace	196,876	1,811	198,687	195,656	3,030	288,495	9,402	-	-	7,121
Gas Turbine & Machinery	202,692	20,783	223,475	213,930	9,545	211,369	6,550	67	61	5,659
Plant & Infrastructure	89,012	12,017	101,029	92,747	8,281	95,115	1,554	141	8,603	2,033
Motorcycle & Engine	234,479	1,211	235,690	240,652	(4,961)	216,559	15,294	9,520	946	11,340
Precision Machinery	140,328	13,277	153,605	131,287	22,318	99,612	4,872	-	-	9,822
Other	114,042	34,340	148,382	145,805	2,577	159,618	2,474	195	2,308	8,017
Total	1,226,949	87,413	1,314,362	1,266,411	47,950	1,337,780	48,044	9,923	25,166	49,591
Eliminations and corporate	-	(87,413)	(87,413)	(82,090)	(5,322)	16,498	2,232	-	-	5,743
Consolidated total	¥ 1,226,949	¥ -	¥ 1,226,949	¥ 1,184,321	¥ 42,628	¥ 1,354,278	¥ 50,276	¥ 9,923	¥ 25,166	¥ 55,334

Thousands of U.S. dollars 2011										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 1,424,125	\$ 22,790	\$ 1,446,915	\$ 1,459,098	\$ (12,182)	\$ 1,392,663	\$ 51,280	\$ -	\$ 157,847	\$ 38,280
Rolling Stock	1,576,716	25,003	1,601,719	1,503,427	98,292	1,818,544	43,704	-	1,479	29,055
Aerospace	2,367,720	21,779	2,389,499	2,353,048	36,440	3,469,573	113,072	-	-	85,640
Gas Turbine & Machinery	2,437,666	249,945	2,687,611	2,572,820	114,792	2,542,020	78,773	805	733	68,057
Plant & Infrastructure	1,070,499	144,521	1,215,020	1,115,417	99,591	1,143,896	18,689	1,695	103,463	24,449
Motorcycle & Engine	2,819,951	14,564	2,834,515	2,894,191	(59,663)	2,604,437	183,932	114,491	11,377	136,380
Precision Machinery	1,687,648	159,676	1,847,324	1,578,917	268,406	1,197,979	58,592	-	-	118,123
Other	1,371,525	412,990	1,784,515	1,753,520	30,992	1,919,643	29,757	2,347	27,758	96,420
Total	14,755,850	1,051,268	15,807,118	15,230,438	576,668	16,088,755	577,799	119,338	302,657	596,404
Eliminations and corporate	-	(1,051,268)	(1,051,268)	(987,251)	(64,004)	198,412	26,843	-	-	69,068
Consolidated total	\$ 14,755,850	\$ -	\$ 14,755,850	\$ 14,243,187	\$ 512,664	\$ 16,287,167	\$ 604,642	\$ 119,338	\$ 302,657	\$ 665,472

(b) Net Sales by geographic area

For the year ended March 31, 2011

	Thousands of	
	Millions of yen	U.S. dollars
	2011	2011
Japan	¥ 558,126	\$ 6,712,279
United States	236,572	2,845,123
Europe	87,162	1,048,250
Asia	224,685	2,702,164
Other	120,404	1,448,034
Total	¥ 1,226,949	\$ 14,755,850

Segment information
(a) Information by reportable segment

Millions of yen

2012

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 113,532	¥ 1,636	¥ 115,168	¥ 111,204	¥ 3,964	¥ 102,102	¥ 3,819	¥ 13,554	¥ 15,278	¥ 2,297
Rolling Stock	132,684	2,105	134,789	129,635	5,154	157,487	3,693	-	92	2,266
Aerospace	206,580	1,846	208,426	200,611	7,815	295,668	9,633	33	-	10,208
Gas Turbine & Machinery	194,655	20,438	215,093	207,318	7,775	223,649	6,680	-	576	7,310
Plant & Infrastructure	122,800	13,150	135,950	121,832	14,118	109,395	1,703	64	10,171	3,277
Motorcycle & Engine	235,243	1,033	236,276	239,235	(2,959)	222,515	11,151	-	967	11,770
Precision Machinery	175,077	14,245	189,322	162,700	26,622	110,578	6,647	-	-	16,221
Other	123,207	35,281	158,488	154,650	3,838	183,396	2,539	1,270	2,412	3,384
Total	1,303,778	89,734	1,393,512	1,327,185	66,327	1,404,790	45,865	14,921	29,496	56,733
Eliminations and corporate	-	(89,734)	(89,734)	(80,891)	(8,843)	(42,651)	3,036	-	-	7,186
Consolidated total	¥ 1,303,778	¥ -	¥ 1,303,778	¥ 1,246,294	¥ 57,484	¥ 1,362,139	¥ 48,901	¥ 14,921	¥ 29,496	¥ 63,919

Thousands of U.S. dollars

2012

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 1,382,177	\$ 19,917	\$ 1,402,094	\$ 1,353,835	\$ 48,259	\$ 1,243,024	\$ 46,494	\$ 165,011	\$ 186,000	\$ 27,964
Rolling Stock	1,615,340	25,627	1,640,967	1,578,220	62,747	1,917,300	44,960	-	1,120	27,587
Aerospace	2,514,974	22,474	2,537,448	2,442,306	95,142	3,599,562	117,275	402	-	124,276
Gas Turbine & Machinery	2,369,795	248,819	2,618,614	2,523,959	94,655	2,722,778	81,324	-	7,012	88,994
Plant & Infrastructure	1,495,009	160,092	1,655,101	1,483,224	171,877	1,331,811	20,733	779	123,825	39,895
Motorcycle & Engine	2,863,927	12,576	2,876,503	2,912,527	(36,024)	2,708,972	135,756	-	11,773	143,292
Precision Machinery	2,131,446	173,423	2,304,869	1,980,764	324,105	1,346,214	80,923	-	-	197,480
Other	1,499,964	429,523	1,929,487	1,882,761	46,726	2,232,725	30,910	15,461	29,364	41,198
Total	15,872,632	1,092,451	16,965,083	16,157,596	807,487	17,102,386	558,375	181,653	359,094	690,686
Eliminations and corporate	-	(1,092,451)	(1,092,451)	(984,794)	(107,657)	(519,248)	36,962	-	-	87,485
Consolidated total	\$ 15,872,632	\$ -	\$ 15,872,632	\$ 15,172,802	\$ 699,830	\$ 16,583,138	\$ 595,337	\$ 181,653	\$ 359,094	\$ 778,171

(b) Net Sales by geographic area

For the year ended March 31, 2012

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Japan	¥ 567,044	\$ 6,903,384
United States	237,941	2,896,774
Europe	123,317	1,501,303
Asia	239,627	2,917,300
Other	135,849	1,653,871
Total	¥ 1,303,778	\$ 15,872,632

Net sales, orders and order backlog by industry segment

For the year ended March 31, 2012 and 2011

	Millions of yen				Change %	Thousands of U.S. dollars
	2012		2011			2012
Net sales :						
Ship & Offshore Structure	¥ 113,532	(9%)	¥ 118,416	(10%)	-4%	\$ 1,382,177
Rolling Stock	132,684	(10%)	131,104	(11%)	+1%	1,615,340
Aerospace	206,580	(16%)	196,876	(16%)	+5%	2,514,974
Gas Turbine & Machinery	194,655	(15%)	202,692	(17%)	-4%	2,369,795
Plant & Infrastructure	122,800	(9%)	89,012	(7%)	+38%	1,495,009
Motorcycle & Engine	235,243	(18%)	234,479	(19%)	0%	2,863,927
Precision Machinery	175,077	(13%)	140,328	(11%)	+25%	2,131,446
Other	123,207	(10%)	114,042	(9%)	+8%	1,499,964
Total	¥ 1,303,778	(100%)	¥ 1,226,949	(100%)	+6%	\$ 15,872,632

Orders :						
Ship & Offshore Structure	¥ 39,909	(3%)	¥ 78,953	(6%)	-49%	\$ 485,866
Rolling Stock	66,099	(5%)	187,122	(15%)	-65%	804,711
Aerospace	327,233	(25%)	206,730	(16%)	+58%	3,983,845
Gas Turbine & Machinery	227,281	(18%)	187,582	(15%)	+21%	2,766,995
Plant & Infrastructure	119,284	(9%)	119,987	(9%)	-1%	1,452,204
Motorcycle & Engine	235,243	(18%)	234,479	(18%)	0%	2,863,927
Precision Machinery	174,587	(13%)	148,955	(12%)	+17%	2,125,481
Other	122,242	(9%)	106,844	(9%)	+14%	1,488,215
Total	¥ 1,311,878	(100%)	¥ 1,270,652	(100%)	+3%	\$ 15,971,244

	Millions of yen				Change %	Thousands of U.S. dollars
	As of Mar. 31, 2012		As of Mar. 31, 2011			As of Mar. 31, 2012
Order backlog :						
Ship & Offshore Structure	¥ 102,870	(7%)	¥ 177,254	(12%)	-42%	\$ 1,252,373
Rolling Stock	345,170	(23%)	411,560	(28%)	-16%	4,202,216
Aerospace	386,376	(26%)	269,470	(18%)	+43%	4,703,872
Gas Turbine & Machinery	409,819	(27%)	382,269	(26%)	+7%	4,989,274
Plant & Infrastructure	181,698	(12%)	185,414	(12%)	-2%	2,212,053
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	42,300	(3%)	42,790	(3%)	-1%	514,974
Other	25,883	(2%)	26,592	(1%)	-3%	315,108
Total	¥ 1,494,116	(100%)	¥ 1,495,349	(100%)	-0%	\$ 18,189,870