

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

For nine months ended December 31, 2012 and 2011 and one year ended March 31, 2012

Operating results

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2012	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Net sales	¥ 885,896	¥ 906,314	\$ 10,232,109
Operating income	22,920	47,282	264,726
Net income	19,343	33,679	223,411
Earnings per share (Yen)	11.5	20.1	

Financial condition

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Dec. 31, 2012	As of March 31, 2012	As of Dec. 31, 2012
Total assets	¥ 1,494,484	¥ 1,362,139	\$ 17,261,307
Net assets	322,365	315,922	3,723,319
Number of shares issued and outstanding	1,671,799	1,671,815	
Equity Ratio	20.8%	22.4%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2012	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Operating activities	¥ (104,274)	¥ (16,113)	\$ (1,204,365)
Investing activities	(66,116)	(51,417)	(763,640)
Financing activities	168,493	61,232	1,946,096
Cash and cash equivalents at end of term	29,587	34,301	341,730

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2013	¥ 1,300,000	¥ 40,000	¥ 30,000

- 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 ¥86.58=\$1, the rate prevailing as of December 31, 2012, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2012

	Millions of yen		Thousands of
	As of Dec. 31, 2012	As of Mar. 31, 2012	U.S. dollars As of Dec. 31, 2012
Assets :			
Current assets :			
Cash on hand and in banks	¥ 30,840	¥ 34,316	\$ 356,202
Receivables, less allowance	440,005	416,479	5,082,063
Inventories	508,658	441,897	5,875,006
Other current assets	75,019	74,494	866,470
Total current assets	<u>1,054,522</u>	<u>967,186</u>	<u>12,179,741</u>
Investments and long-term loans less allowance	81,648	59,602	943,035
Net property, plant and equipment	296,366	274,750	3,423,031
Intangible and other assets	61,948	60,601	715,500
Total assets	<u>¥ 1,494,484</u>	<u>¥ 1,362,139</u>	<u>\$ 17,261,307</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 346,802	¥ 147,924	\$ 4,005,567
Payables	263,548	310,775	3,043,982
Advances from customers	102,834	99,051	1,187,734
Other current liabilities	127,476	138,253	1,472,350
Total current liabilities	<u>840,660</u>	<u>696,003</u>	<u>9,709,633</u>
Long-term liabilities :			
Long-term debt, less current portion	240,381	259,243	2,776,403
Others	91,078	90,971	1,051,952
Total long-term liabilities	<u>331,459</u>	<u>350,214</u>	<u>3,828,355</u>
Net assets :			
Common stock	104,484	104,484	1,206,791
Capital surplus	54,394	54,394	628,252
Retained earnings	187,008	176,414	2,159,944
Treasury stock	(25)	(22)	(288)
Net unrealized gains on securities	3,416	3,989	39,454
Gains (losses) on hedging items	(5,999)	246	(69,288)
Foreign currency translation adjustments	(32,229)	(33,451)	(372,245)
Minority interests	11,316	9,868	130,699
Total net assets	<u>322,365</u>	<u>315,922</u>	<u>3,723,319</u>
Total liabilities and net assets	<u>¥ 1,494,484</u>	<u>¥ 1,362,139</u>	<u>\$ 17,261,307</u>

Condensed Consolidated Statements of Income

For nine months ended December 31, 2012 and 2011

	Millions of yen		% Change	Thousands of
	Nine months ended Dec.31, 2012	Nine months ended Dec.31, 2011		U.S. dollars
				<i>Nine months ended Dec.31, 2012</i>
Net sales	¥ 885,896	¥ 906,314	-2%	\$ 10,232,109
Cost of sales	748,339	749,212		8,643,325
Gross profit	137,557	157,102		1,588,784
Selling, general and administrative expenses	114,637	109,820		1,324,058
Operating income	22,920	47,282	-52%	264,726
Other income (expenses) :				
Interest and dividend income	1,928	1,813		22,268
Equity in income of unconsolidated subsidiaries and affiliates	7,082	7,100		81,797
Interest expense	(3,131)	(3,237)		(36,163)
Other, net	1,038	4,228		11,989
Income before income taxes and minority interests	29,837	57,186		344,617
Income taxes	(8,694)	(21,442)		(100,416)
Minority interests in net income of consolidated subsidiaries	(1,800)	(2,065)		(20,790)
Net income	¥ 19,343	¥ 33,679	-43%	\$ 223,411

Segment information
Information by reportable segment

Millions of yen					
Nine months ended					
Dec. 31, 2011					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 87,113	¥ 1,048	¥ 88,161	¥ 84,029	¥ 4,132
Rolling Stock	94,651	1,641	96,292	91,387	4,905
Aerospace	138,586	1,433	140,019	134,114	5,905
Gas Turbine & Machinery	137,070	14,428	151,498	143,464	8,034
Plant & Infrastructure	78,773	8,313	87,086	78,249	8,837
Motorcycle & Engine	154,277	766	155,043	159,624	(4,581)
Precision Machinery	129,097	9,497	138,594	117,805	20,789
Other	86,747	24,972	111,719	108,367	3,352
Total	906,314	62,098	968,412	917,039	51,373
Eliminations and corporate	-	(62,098)	(62,098)	(58,007)	(4,091)
Consolidated total	¥ 906,314	¥ -	¥ 906,314	¥ 859,032	¥ 47,282

Millions of yen					
Nine months ended					
Dec. 31, 2012					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 68,629	¥ 1,446	¥ 70,075	¥ 65,658	¥ 4,417
Rolling Stock	94,181	2,468	96,649	97,234	(585)
Aerospace	165,848	1,656	167,504	158,158	9,346
Gas Turbine & Machinery	144,667	12,227	156,894	152,239	4,655
Plant & Infrastructure	71,132	11,460	82,592	78,880	3,712
Motorcycle & Engine	158,855	513	159,368	161,386	(2,018)
Precision Machinery	93,830	9,382	103,212	98,361	4,851
Other	88,754	23,536	112,290	110,789	1,501
Total	885,896	62,688	948,584	922,705	25,879
Eliminations and corporate	-	(62,688)	(62,688)	(59,729)	(2,959)
Consolidated total	¥ 885,896	¥ -	¥ 885,896	¥ 862,976	¥ 22,920

Thousands of U.S. dollars					
Nine months ended					
Dec. 31, 2012					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 792,666	\$ 16,701	\$ 809,367	\$ 758,350	\$ 51,017
Rolling Stock	1,087,792	28,506	1,116,298	1,123,054	(6,756)
Aerospace	1,915,546	19,127	1,934,673	1,826,727	107,946
Gas Turbine & Machinery	1,670,905	141,222	1,812,127	1,758,362	53,765
Plant & Infrastructure	821,575	132,363	953,938	911,065	42,873
Motorcycle & Engine	1,834,777	5,925	1,840,702	1,864,010	(23,308)
Precision Machinery	1,083,738	108,362	1,192,100	1,136,071	56,029
Other	1,025,110	271,841	1,296,951	1,279,614	17,337
Total	10,232,109	724,047	10,956,156	10,657,253	298,903
Eliminations and corporate	-	(724,047)	(724,047)	(689,870)	(34,177)
Consolidated total	\$ 10,232,109	\$ -	\$ 10,232,109	\$ 9,967,383	\$ 264,726

Net sales, orders and order backlog by industry segment

For nine months ended December 31, 2012 and 2011 and as of December 31 and March 31, 2012

	Millions of yen			Thousands of U.S. dollars	
	Nine months ended		%	Nine months ended	
	Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	
Net sales :					
Ship & Offshore Structure	¥ 68,629 (8%)	¥ 87,113 (10%)	-21%	\$	792,666
Rolling Stock	94,181 (11%)	94,651 (10%)	-0%		1,087,792
Aerospace	165,848 (19%)	138,586 (15%)	+20%		1,915,546
Gas Turbine & Machinery	144,667 (16%)	137,070 (15%)	+6%		1,670,905
Plant & Infrastructure	71,132 (8%)	78,773 (9%)	-10%		821,575
Motorcycle & Engine	158,855 (18%)	154,277 (17%)	+3%		1,834,777
Precision Machinery	93,830 (10%)	129,097 (14%)	-27%		1,083,738
Other	88,754 (10%)	86,747 (10%)	+2%		1,025,110
Total	¥ 885,896 (100%)	¥ 906,314 (100%)	-2%	\$	10,232,109
Orders :					
Ship & Offshore Structure	¥ 42,982 (5%)	¥ 36,911 (5%)	+16%	\$	496,442
Rolling Stock	93,149 (12%)	49,937 (6%)	+87%		1,075,872
Aerospace	138,359 (17%)	114,110 (14%)	+21%		1,598,048
Gas Turbine & Machinery	131,670 (16%)	123,344 (16%)	+7%		1,520,790
Plant & Infrastructure	69,481 (9%)	84,069 (11%)	-17%		802,506
Motorcycle & Engine	158,855 (20%)	154,277 (20%)	+3%		1,834,777
Precision Machinery	78,403 (10%)	131,185 (17%)	-40%		905,555
Other	89,534 (11%)	88,273 (11%)	+1%		1,034,120
Total	¥ 802,433 (100%)	¥ 782,106 (100%)	+3%	\$	9,268,110

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Dec. 31, 2012	Mar. 31, 2012		Dec. 31, 2012	
Order backlog :					
Ship & Offshore Structure	¥ 77,657 (5%)	¥ 102,870 (7%)	-25%	\$	896,939
Rolling Stock	348,644 (25%)	345,170 (23%)	+1%		4,026,842
Aerospace	359,572 (25%)	386,376 (26%)	-7%		4,153,060
Gas Turbine & Machinery	411,817 (29%)	409,819 (27%)	+0%		4,756,491
Plant & Infrastructure	172,076 (12%)	181,698 (12%)	-5%		1,987,479
Motorcycle & Engine	- (- %)	- (- %)	-%		-
Precision Machinery	26,873 (2%)	42,300 (3%)	-36%		310,383
Other	26,644 (2%)	25,883 (2%)	+3%		307,741
Total	¥ 1,423,283 (100%)	¥ 1,494,116 (100%)	-5%	\$	16,438,935

Net Sales by geographic area

For nine months ended December 31, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	
Japan	¥ 438,227 (49%)	¥ 385,211 (42%)	+14%	\$	5,061,527
United States	177,244 (20%)	152,505 (17%)	+16%		2,047,170
Europe	61,025 (7%)	89,937 (10%)	-32%		704,840
Asia	137,881 (16%)	179,109 (20%)	-23%		1,592,527
Other	71,519 (8%)	99,552 (11%)	-28%		826,045
Total	¥ 885,896 (100%)	¥ 906,314 (100%)	-2%	\$	10,232,109