

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

For three months ended June 30, 2009 and 2008 and one year ended March 31, 2009

### Operating results

	Millions of yen		Thousands of
	Three months ended Jun. 30, 2009	Three months ended Jun. 30, 2008	U.S. dollars
			Three months ended Jun. 30, 2009
Net sales	¥ 256,757	¥ 302,531	\$ 2,673,995
Operating income	(5,374)	8,246	(55,967)
Net income	(1,719)	8,101	(17,902)
Earnings per share (Yen)	(1.0)	4.8	

### Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of net assets to total assets
	Total assets	Net assets	
<b>As of June 30, 2009</b>	¥ 1,370,845	¥ 292,333	20%
As of March 31, 2009	1,399,770	295,245	20%
As of June 30, 2009	\$ 14,276,661	\$ 3,044,501	—
	Yen / U.S. dollars	Thousand shares	
	Net assets per share	Number of shares issued and outstanding	
<b>As of June 30, 2009</b>	¥ 172.4	1,668,218	
As of March 31, 2009	174.1	1,668,235	
As of June 30, 2009	\$ 1.80	—	

### Cash flows

	Millions of yen		Thousands of
	Three months ended Jun. 30, 2009	Three months ended Jun. 30, 2008	U.S. dollars
			Three months ended Jun. 30, 2009
Operating activities	¥ (27,276)	¥ (3,584)	\$ (284,065)
Investing activities	(22,801)	(14,818)	(237,460)
Financing activities	40,367	12,100	420,401
Cash and cash equivalents at end of term	20,348	31,217	211,914

### Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2010	¥ 1,240,000	¥ 5,000	¥ 6,000

- 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 ¥96.02=\$1, the rate prevailing as of June 30, 2009, solely for the convenience of the readers.

(Consolidated)

## Condensed Consolidated Balance Sheets

As of June 30 and March 31, 2009

	Millions of yen		Thousands of U.S. dollars
	As of June. 30, 2009	As of Mar. 31, 2009	As of June. 30, 2009
<b>Assets :</b>			
Current assets :			
Cash on hand and in banks	¥ 20,894	¥ 31,955	\$ 217,600
Receivables, less allowance	364,089	418,636	3,791,803
Inventories	485,924	476,441	5,060,654
Other current assets	84,902	68,764	884,212
Total current assets	<u>955,809</u>	<u>995,796</u>	<u>9,954,269</u>
Investments and long-term loans less allowance	58,215	54,289	606,280
Net property, plant and equipment	291,809	284,117	3,039,044
Intangible and other assets	65,012	65,568	677,068
Total assets	<u>¥ 1,370,845</u>	<u>¥ 1,399,770</u>	<u>\$ 14,276,661</u>
<b>Liabilities and net assets :</b>			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	¥ 202,793	¥ 207,082	\$ 2,111,987
Payables	289,023	358,478	3,010,029
Advances from customers	136,632	125,762	1,422,953
Other current liabilities	125,134	138,684	1,303,208
Total current liabilities	<u>753,582</u>	<u>830,006</u>	<u>7,848,177</u>
Long-term liabilities :			
Long-term debt, less current portion	231,344	181,706	2,409,331
Others	93,586	92,813	974,652
Total long-term liabilities	<u>324,930</u>	<u>274,519</u>	<u>3,383,983</u>
<b>Net assets :</b>			
Common stock	104,328	104,328	1,086,523
Capital surplus	54,316	54,281	565,673
Retained earnings	147,377	154,272	1,534,857
Treasury stock	(470)	(467)	(4,894)
Net unrealized gains on securities	4,921	3,139	51,249
Gains (losses) on hedging items	(976)	(263)	(10,164)
Foreign currency translation adjustments	(21,882)	(24,850)	(227,890)
Minority interests	4,719	4,805	49,147
Total net assets	<u>292,333</u>	<u>295,245</u>	<u>3,044,501</u>
Total liabilities and net assets	<u>¥ 1,370,845</u>	<u>¥ 1,399,770</u>	<u>\$ 14,276,661</u>

## Condensed Consolidated Statements of Income

For three months ended June 30, 2009 and 2008

	Millions of yen		%	Thousands of
	Three months ended Jun.30, 2009	Three months ended Jun.30, 2008		U.S. dollars
				Three months ended Jun.30, 2009
Net sales	¥ 256,757	¥ 302,531	-15%	\$ 2,673,995
Cost of sales	225,997	254,443		2,353,646
Gross profit	30,760	48,088		320,349
Selling, general and administrative expenses	36,134	39,842		376,316
Operating income (loss)	(5,374)	8,246	-165%	(55,967)
Other income (expenses) :				
Interest and dividend income	1,069	1,645		11,133
Equity in income of unconsolidated subsidiaries and affiliates	314	1,355		3,270
Interest expense	(1,441)	(1,849)		(15,007)
Other, net	3,933	5,427		40,960
Income (loss) before income taxes and minority interests	(1,499)	14,824	-110%	(15,611)
Income taxes	(28)	(6,454)		(291)
Minority interests in net income of consolidated subsidiaries	(192)	(269)		(2,000)
Net income (loss)	¥ (1,719)	¥ 8,101	-121%	\$ (17,902)

## Condensed Consolidated Statements of Cash Flows

For three months ended June 30, 2009 and 2008

(Consolidated)

	Millions of yen		Thousands of U.S. dollars
	Three months ended Jun. 30, 2009	Three months ended Jun. 30, 2008	Three months ended Jun. 30, 2009
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	¥ (1,499)	¥ 14,824	\$ (15,611)
Adjustments to reconcile net income (loss) before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	11,174	9,541	116,371
Decrease in assets	35,117	39,962	365,725
Decrease in liabilities	(60,056)	(54,103)	(625,453)
Other	(12,012)	(13,808)	(125,097)
<b>Net cash provided by operating activities</b>	<b>¥ (27,276)</b>	<b>¥ (3,584)</b>	<b>\$ (284,065)</b>
<b>Cash flows from investing activities:</b>			
Acquisition of tangible and intangible assets	(23,340)	(14,922)	(243,074)
Acquisition of investments in securities	(11)	(12)	(114)
Other	550	116	5,728
<b>Net cash used for investing activities</b>	<b>¥ (22,801)</b>	<b>¥ (14,818)</b>	<b>\$ (237,460)</b>
<b>Cash flows from financing activities:</b>			
Increase in short-term borrowings	5,132	18,886	53,447
Proceeds from long-term debt	50,000	8	520,724
Repayment of long-term debt	(10,640)	(506)	(110,810)
Other	(4,125)	(6,288)	(42,960)
<b>Net cash provided by financing activities</b>	<b>¥ 40,367</b>	<b>¥ 12,100</b>	<b>\$ 420,401</b>
Effect of exchange rate changes	(1,355)	(650)	(14,112)
<b>Net decrease in cash and cash equivalents</b>	<b>(11,065)</b>	<b>(6,952)</b>	<b>(115,236)</b>
<b>Cash and cash equivalents at beginning of term</b>	<b>31,413</b>	<b>38,169</b>	<b>327,150</b>
<b>Cash and cash equivalents at end of term</b>	<b>¥ 20,348</b>	<b>¥ 31,217</b>	<b>\$ 211,914</b>

Segment information  
(a) Information by industry segment

(Consolidated)

	Millions of yen				
	Three months ended				
	Jun.30,2009				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Shipbuilding	¥ 39,403	¥ 115	¥ 39,518	¥ 40,179	¥ (661)
Rolling Stock	40,843	158	41,001	39,391	1,610
Aerospace	26,696	376	27,072	29,224	(2,152)
Gas Turbines & Machinery	44,753	4,355	49,108	48,162	946
Plant & Infrastructure Engineering	13,199	642	13,841	14,452	(611)
Consumer Products & Machinery	60,256	578	60,834	66,514	(5,680)
Hydraulic Machinery	14,327	1,650	15,977	14,795	1,182
Other	17,280	7,631	24,911	24,828	83
Total	256,757	15,505	272,262	277,545	(5,283)
Eliminations and corporate	-	(15,505)	(15,505)	(15,414)	(91)
Consolidated total	¥ 256,757	¥ -	¥ 256,757	¥ 262,131	¥ (5,374)

Since Kawasaki Heavy Industries, Ltd. (KHI) separated its construction machinery business as of April 1, 2009, the relation between the Rolling Stock business and construction machinery business were reduced. Therefore while the construction machinery business was included in the Rolling Stock & Construction Machinery segment, this business is included in the other segment and we change the industry segment name from Rolling Stock & Construction Machinery to Rolling Stock from this fiscal year.

	Millions of yen				
	Three months ended				
	Jun.30,2008				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Shipbuilding	¥ 19,091	¥ 186	¥ 19,277	¥ 19,253	¥ 24
Rolling Stock					
& Construction Machinery	36,103	259	36,362	33,981	2,381
Aerospace	39,563	393	39,956	39,738	218
Gas Turbines & Machinery	44,984	4,260	49,244	46,986	2,258
Plant & Infrastructure Engineering	20,283	2,892	23,175	21,480	1,695
Consumer Products & Machinery	94,006	1,862	95,868	97,702	(1,834)
Hydraulic Machinery	23,008	2,040	25,048	22,416	2,632
Other	25,493	9,956	35,449	34,507	942
Total	302,531	21,848	324,379	316,063	8,316
Eliminations and corporate	-	(21,848)	(21,848)	(21,778)	(70)
Consolidated total	¥ 302,531	¥ -	¥ 302,531	¥ 294,285	¥ 8,246

	Thousands of U.S. dollars				
	Three months ended				
	Jun.30,2009				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Shipbuilding	\$ 410,362	\$ 1,198	\$ 411,560	\$ 418,443	\$ (6,883)
Rolling Stock	425,359	1,645	427,004	410,237	16,767
Aerospace	278,025	3,916	281,941	304,352	(22,411)
Gas Turbines & Machinery	466,079	45,356	511,435	501,583	9,852
Plant & Infrastructure Engineering	137,460	6,687	144,147	150,510	(6,363)
Consumer Products & Machinery	627,535	6,020	633,555	692,709	(59,154)
Hydraulic Machinery	149,208	17,184	166,392	154,083	12,309
Other	179,967	79,470	259,437	258,573	864
Total	2,673,995	161,476	2,835,471	2,890,490	(55,019)
Eliminations and corporate	-	(161,476)	(161,476)	(160,528)	(948)
Consolidated total	\$ 2,673,995	\$ -	\$ 2,673,995	\$ 2,729,962	\$ (55,967)

## (b) Information by geographic area

	Millions of yen				
	Three months ended Jun.30, 2009				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Japan	¥ 189,189	¥ 33,475	¥ 222,664	¥ 229,959	¥ (7,295)
North America	35,850	5,541	41,391	42,794	(1,403)
Europe	21,333	432	21,765	20,742	1,023
Asia	8,736	12,976	21,712	19,926	1,786
Other Areas	1,649	39	1,688	1,620	68
<b>Total</b>	<b>256,757</b>	<b>52,463</b>	<b>309,220</b>	<b>315,041</b>	<b>(5,821)</b>
Eliminations and corporate	-	(52,463)	(52,463)	(52,910)	447
<b>Consolidated total</b>	<b>¥ 256,757</b>	<b>¥ -</b>	<b>¥ 256,757</b>	<b>¥ 262,131</b>	<b>¥ (5,374)</b>

	Millions of yen				
	Three months ended Jun.30, 2008				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Japan	¥ 206,344	¥ 56,975	¥ 263,319	¥ 258,579	¥ 4,740
North America	51,067	6,647	57,714	57,643	71
Europe	34,858	1,333	36,191	35,168	1,023
Asia	7,810	9,344	17,154	16,625	529
Other Areas	2,452	54	2,506	2,346	160
<b>Total</b>	<b>302,531</b>	<b>74,353</b>	<b>376,884</b>	<b>370,361</b>	<b>6,523</b>
Eliminations and corporate	-	(74,353)	(74,353)	(76,076)	1,723
<b>Consolidated total</b>	<b>¥ 302,531</b>	<b>¥ -</b>	<b>¥ 302,531</b>	<b>¥ 294,285</b>	<b>¥ 8,246</b>

	Thousands of U.S. dollars				
	Three months ended Jun.30, 2009				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Japan	\$ 1,970,308	\$ 348,625	\$ 2,318,933	\$ 2,394,906	\$ (75,973)
North America	373,359	57,707	431,066	445,677	(14,611)
Europe	222,172	4,499	226,671	216,017	10,654
Asia	90,981	135,138	226,119	207,519	18,600
Other Areas	17,175	406	17,581	16,873	708
<b>Total</b>	<b>2,673,995</b>	<b>546,375</b>	<b>3,220,370</b>	<b>3,280,992</b>	<b>(60,622)</b>
Eliminations and corporate	-	(546,375)	(546,375)	(551,030)	4,655
<b>Consolidated total</b>	<b>\$ 2,673,995</b>	<b>\$ -</b>	<b>\$ 2,673,995</b>	<b>\$ 2,729,962</b>	<b>\$ (55,967)</b>

## (c) Overseas sales

	Millions of yen				Thousands of U.S. dollars
	Three months ended Jun.30, 2009		Three months ended June.30, 2008		Three months ended Jun.30, 2009
	Overseas sales	% against net sales	Overseas sales	% against net sales	Overseas sales
North America	¥ 54,002	21.0%	¥ 69,690	23.0%	\$ 562,403
Europe	26,585	10.3%	39,454	13.0%	276,869
Asia	35,692	13.9%	35,587	11.7%	371,714
Other Areas	20,446	8.0%	29,240	9.8%	212,936
<b>Total</b>	<b>¥ 136,725</b>	<b>53.2%</b>	<b>¥ 173,971</b>	<b>57.5%</b>	<b>\$ 1,423,922</b>

(Consolidated)

## Net sales, orders and order backlog by industry segment

For three months ended June 30, 2009 and 2008 and as of June 30 and March 31, 2009

Since Kawasaki Heavy Industries, Ltd. (KHI) separated its construction machinery business as of April 1, 2009, the relation between the Rolling Stock business and construction machinery business were reduced. Therefore while the construction machinery business was included in the Rolling Stock & Construction Machinery segment, this business is included in the other segment and we change the industry segment name from Rolling Stock & Construction Machinery to Rolling Stock from this fiscal year.

	Millions of yen			% Change	Thousands of U.S. dollars	
	Three months ended		Three months ended		Three months ended	
	Jun. 30, 2009		Jun. 30, 2008		Jun. 30, 2009	
<b>Net sales :</b>						
Shipbuilding	¥ 39,403	(15%)	¥ 19,091	(6%)	+106%	\$ 410,362
Rolling Stock	40,843	(16%)	36,103	(12%)	+13%	425,359
Aerospace	26,696	(10%)	39,563	(13%)	-32%	278,025
Gas Turbines & Machinery	44,753	(17%)	44,984	(15%)	0%	466,079
Plant & Infrastructure Engineering	13,199	(5%)	20,283	(7%)	-34%	137,460
Consumer products & Machinery	60,256	(24%)	94,006	(31%)	-35%	627,535
Hydraulic Machinery	14,327	(6%)	23,008	(8%)	-37%	149,208
Other	17,280	(7%)	25,493	(8%)	-32%	179,967
Total	¥ 256,757	(100%)	¥ 302,531	(100%)	-15%	\$ 2,673,995

<b>Orders :</b>						
Shipbuilding	¥ 1,844	(1%)	¥ 20,628	(5%)	-91%	\$ 19,204
Rolling Stock	28,075	(15%)	98,200	(25%)	-71%	292,387
Aerospace	11,460	(6%)	27,517	(7%)	-58%	119,350
Gas Turbines & Machinery	52,334	(27%)	59,148	(15%)	-11%	545,032
Plant & Infrastructure Engineering	13,253	(7%)	28,751	(8%)	-53%	138,023
Consumer products & Machinery	60,256	(31%)	94,006	(24%)	-35%	627,535
Hydraulic Machinery	10,988	(6%)	28,921	(8%)	-62%	114,434
Other	13,523	(7%)	32,200	(8%)	-57%	140,837
Total	¥ 191,733	(100%)	¥ 389,371	(100%)	-50%	\$ 1,996,802

	Millions of yen			% Change	Thousands of U.S. dollars	
	As of		As of		As of	
	Jun. 30, 2009		Mar. 31, 2009		Jun. 30, 2009	
<b>Order backlog :</b>						
Shipbuilding	¥ 318,550	(19%)	¥ 356,937	(21%)	-10%	\$ 3,317,538
Rolling Stock	473,953	(29%)	478,565	(28%)	0%	4,935,982
Aerospace	269,533	(16%)	286,600	(17%)	-5%	2,807,050
Gas Turbines & Machinery	407,384	(25%)	405,196	(24%)	0%	4,242,699
Plant & Infrastructure Engineering	112,216	(7%)	112,162	(6%)	0%	1,168,673
Consumer products & Machinery	-	(- %)	-	(- %)	0%	-
Hydraulic Machinery	25,199	(2%)	28,539	(2%)	-11%	262,434
Other	31,146	(2%)	31,163	(2%)	0%	324,372
Total	¥ 1,637,981	(100%)	¥ 1,699,162	(100%)	-3%	\$ 17,058,748