



July 29, 2005

(Consolidated)

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

FLASH CONSOLIDATED FINANCIAL RESULTS OF THE FIRST QUARTER (Unaudited)

For three months ended June 30, 2005 and 2004 and one year ended March 31, 2005

Operating results	Millions of yen			Thousands of U.S. dollars	
	Three months ended	Three months ended	%	Three months ended	
	Jun. 30, 2005	Jun. 30, 2004	Change	Jun. 30, 2005	
Net sales	¥ 264,080	¥ 261,047	+1%	\$ 2,387,056	
Operating income (loss)	2,440	531	+360%	22,056	
Net income (loss)	1,625	(2,720)	-	14,689	
Net income (loss) per share (Yen)	1.1	(1.9)			

Financial condition

	Millions of yen / Thousands of U.S. dollars		Ratio of shareholders' equity to total assets
	Total assets	Shareholders' equity	
As of June 30, 2005	¥ 1,174,350	¥ 197,832	17%
As of March 31, 2005	1,194,473	201,465	17%
As of June 30, 2005	\$ 10,615,113	\$ 1,788,231	—

	Yen / U.S. dollars	Thousand shares
	Shareholders' equity per share	Number of shares issued and outstanding
As of June 30, 2005	¥ 137.2	1,442,350
As of March 31, 2005	139.7	1,442,359
As of June 30, 2005	\$ 1.24	—

Fiscal year forecast

	Millions of yen	
	Net sales	Net income
One year ending March 31, 2006	¥ 1,270,000	¥ 14,000

- Notes :
- This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
 - All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥110.63=\$1, the rate prevailing as of June 30, 2005, solely for the convenience of the readers.
 - At this stage, it is difficult to estimate the impact of the suspicion that there was a violation of the Antimonopoly Act in connection with a bid rigging case concerning steel bridge construction projects. Therefore, fiscal year forecast in this "FLASH CONSOLIDATED FINANCIAL RESULTS" does not include this impact.

(Consolidated)

Condensed Consolidated Balance Sheets

As of June 30 and March 31, 2005

	Millions of yen		Thousands of U.S. dollars
	As of Jun. 30, 2005	As of Mar. 31, 2005	As of Jun. 30, 2005
Assets :			
Current assets :			
Cash on hand and in banks	¥ 51,185	¥ 44,629	\$ 462,668
Receivables, less allowance	333,913	413,619	3,018,286
Inventories	368,844	332,333	3,334,032
Other current assets	66,015	46,424	596,720
Total current assets	819,957	837,005	7,411,706
Investments and long-term loans less allowance :	76,040	79,569	687,336
Net property, plant and equipment :	242,633	243,166	2,193,194
Intangible and other assets :	35,720	34,733	322,877
Total assets	¥ 1,174,350	¥ 1,194,473	\$ 10,615,113
Liabilities and shareholders' equity :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	¥ 143,714	¥ 146,605	\$ 1,299,051
Trade payables	296,070	348,389	2,676,218
Advances from customers	148,132	106,574	1,338,986
Other current liabilities	94,204	96,914	851,523
Total current liabilities	682,120	698,482	6,165,778
Long-term liabilities :			
Long-term debt, less current portion	205,455	207,279	1,857,136
Others	84,292	82,556	761,927
Total long-term liabilities	289,747	289,835	2,619,063
Minority interests	4,651	4,691	42,041
Shareholders' equity :			
Common stock	81,427	81,427	736,030
Capital surplus	31,390	31,390	283,739
Retained earnings	86,527	88,704	782,130
Net unrealized gains on securities	14,105	16,910	127,497
Foreign currency translation adjustments	(15,489)	(16,843)	(140,008)
Treasury stock	(128)	(123)	(1,157)
Total shareholders' equity	197,832	201,465	1,788,231
Total liabilities and shareholders' equity	¥ 1,174,350	¥ 1,194,473	\$ 10,615,113

Condensed Consolidated Statements of Operations

For three months ended June 30, 2005 and 2004

	Millions of yen			Thousands of U.S. dollars
	Three months ended Jun. 30, 2005	Three months ended Jun. 30, 2004	% Change	Three months ended Jun. 30, 2005
Net sales	¥ 264,080	¥ 261,047	+1%	\$ 2,387,056
Cost of sales	232,158	228,871		2,098,509
Gross profit	31,922	32,176		288,547
Selling, general and administrative expenses	29,482	31,645		266,491
Operating income (loss)	2,440	531	+360%	22,056
Other income (expenses) :				
Interest and dividend income	1,226	1,104		11,082
Equity in income (loss) of unconsolidated subsidiaries and affiliates	316	245		2,856
Interest expense	(1,449)	(1,669)		(13,098)
Other, net	1,130	643		10,214
Income (loss) before income taxes and minority interests	3,663	854	+329%	33,110
Income taxes	(2,043)	(3,608)		(18,467)
Minority interests in net loss (income) of consolidated subsidiaries	5	34		46
Net income (loss)	¥ 1,625	¥ (2,720)	-	\$ 14,689

(Consolidated)

Net sales, orders and operating income (loss) by industry segment

For three months ended June 30, 2005 and 2004

	Millions of yen						Thousands of U.S. dollars	
	Three months ended Jun. 30, 2005			Three months ended Jun. 30, 2004			% Change	Three months ended Jun. 30, 2005
	¥			¥				
Net sales :								
Shipbuilding	¥	25,856	(10%)	¥	19,348	(8%)	+34%	\$ 233,716
Rolling Stock, Construction Machinery & Crushing Plant		31,216	(12%)		24,220	(9%)	+29%	282,166
Aerospace		35,568	(14%)		36,001	(14%)	-1%	321,504
Gas Turbines & Machinery		32,915	(12%)		37,844	(14%)	-13%	297,523
Plant & Infrastructure Engineering		26,607	(10%)		33,855	(13%)	-21%	240,504
Consumer products & Machinery		84,281	(32%)		81,533	(31%)	+3%	761,828
Other		27,637	(10%)		28,246	(11%)	-2%	249,815
Total	¥	264,080	(100%)	¥	261,047	(100%)	+1%	\$ 2,387,056

	Millions of yen						Thousands of U.S. dollars	
	Three months ended Jun. 30, 2005			Three months ended Jun. 30, 2004			% Change	Three months ended Jun. 30, 2005
	¥			¥				
Orders :								
Shipbuilding	¥	23,492	(10%)	¥	29,080	(12%)	-19%	\$ 212,347
Rolling Stock, Construction Machinery & Crushing Plant		8,674	(4%)		15,716	(7%)	-45%	78,405
Aerospace		18,402	(8%)		14,663	(6%)	+25%	166,338
Gas Turbines & Machinery		62,033	(26%)		46,503	(20%)	+33%	560,725
Plant & Infrastructure Engineering		13,231	(6%)		17,282	(7%)	-23%	119,597
Consumer products & Machinery		84,281	(35%)		81,533	(36%)	+3%	761,828
Other		28,276	(11%)		29,046	(12%)	-3%	255,591
Total	¥	238,389	(100%)	¥	233,823	(100%)	+2%	\$ 2,154,831

	Millions of yen						Thousands of U.S. dollars	
	Three months ended Jun. 30, 2005			Three months ended Jun. 30, 2004			% Change	Three months ended Jun. 30, 2005
	¥			¥				
Operating income (loss) :								
Shipbuilding	¥	332		¥	1,810			\$ 3,001
Rolling Stock, Construction Machinery & Crushing Plant		229			(235)			2,070
Aerospace		1,768			964			15,981
Gas Turbines & Machinery		48			(1,299)			434
Plant & Infrastructure Engineering		(4,984)			(3,003)			(45,051)
Consumer products & Machinery		3,203			978			28,953
Other		1,844			1,316			16,668
Total	¥	2,440		¥	531			\$ 22,056