

**Report of Earnings and Financial Statements for the
Nine Months Ended December 31, 2011 (Consolidated)**
(Prepared pursuant to Japanese GAAP)

January 31, 2012

Listed company's name: **Kawasaki Heavy Industries, Ltd.**
 Listed on: 1st sections of the TSE, OSE, and NSE
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Scheduled dates:

Submission of quarterly securities filing: February 9, 2012

Commencement of dividend payments: -

Supplementary materials to quarterly earnings: Available

Quarterly earnings presentation: Conducted (for institutional investors and analysts)

1. Consolidated Financial Results for the Nine Months ended December 31, 2011
(April 1 – December 31, 2011)

(Amounts in millions of yen rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine Months Ended December 31, 2011	906,314	4.1	47,282	22.0	58,111	28.5	33,679	19.6
Nine Months Ended December 31, 2010	870,540	9.0	38,750	-	45,215	-	28,159	-

Note: Comprehensive income December 31, 2011: 27,531 million yen (37.6%)

December 31, 2010: 19,999 million yen (- %)

	Earnings per share	Earnings per share – diluted
	yen	yen
Nine Months Ended December 31, 2011	20.15	19.95
Nine Months Ended December 31, 2010	16.87	16.60

(2) Financial Condition

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	million yen	million yen	%
December 31, 2011	1,404,498	319,257	22.0
March 31, 2011	1,354,278	297,433	21.3

Note: Shareholders' equity: December 31, 2011: 309,700 million yen
 March 31, 2011: 289,056 million yen

2. Dividends

Record date or term	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of financial year	Full year
Year ended March 31, 2011	yen -	yen 0.00	yen -	yen 3.00	yen 3.00
Year ending March 31, 2012	-	0.00	-		
Year ending March 31, 2012 (forecast)				4.00	4.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,330,000	8.3	50,000	17.2	52,000	5.8	26,000	0.1	15.55

Note: Revision to the most recently announced earnings forecast: Yes

4. Other Information

1) Changes affecting the status of material subsidiaries (scope of consolidation): None

*This refers to additions and removals of material subsidiaries to and from the consolidated group during the period. For further details, see “Changes affecting the status of material subsidiaries (scope of consolidation)” on page 8 in the Accompanying Materials.

2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

*For further details, see “Accounting procedures specific to preparation of quarterly consolidated financial statements” on page 8 in the Accompanying Materials.

3) Changes in accounting policies, changes in accounting estimates, and correction of errors

(1) Changes in accounting policies in accord with revisions to accounting standards: None

(2) Changes in accounting policies other than (1): None

(3) Changes in accounting estimates: None

(4) Correction of errors: None

*For further details, see “Changes in accounting policies, changes in accounting estimates, and correction of errors” on page 8 in the Accompanying Materials.

4) Number of shares issued and outstanding (common stock)

(1) Number of shares issued as of period-end (including treasury stock)

December 31, 2011: 1,671,892,659 shares

March 31, 2011: 1,670,646,460 shares

(2) Number of shares held in treasury as of period-end

December 31, 2011: 74,937 shares

March 31, 2011: 100,288 shares

(3) Average number of shares during respective periods

Nine months ended December 31, 2011: 1,671,347,871 shares

Nine months ended December 31, 2010: 1,668,992,016 shares

***Quarterly review status**

This report is exempt from the quarterly review of accounts conducted in accord with Japan's Financial Instruments and Exchange Act. As of this report's publication, the quarterly review of the quarterly financial results had not been completed.

***Appropriate Use of Financial Forecasts and Other Important Matters**

Forward-Looking Statements

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation. Actual results may differ from those expressed or implied by forward-looking statements due to a range of factors. For assumptions underlying earnings forecasts and other information regarding the use of such forecasts, refer to "Consolidated earnings outlook" on page 7 in the Accompanying Materials.

How to Obtain Supplementary Briefing Material on Quarterly Financial Results and Details of the Quarterly Financial Results Briefing

The Company plans to conduct a briefing for institutional investors and analysts by conference call on Tuesday January 31, 2012, and to post the briefing material on quarterly financial results to be used for the briefing on TDnet and the Company's website simultaneously with the announcement of financial results.

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1. Qualitative Information and Financial Statements

(1) Consolidated operating results

In the nine months ended December 31, 2011 (first three quarters of the fiscal year ending March 31, 2012), the Japanese economy, severely affected by the Great East Japan Earthquake of March 11, 2011, showed signs of recovery. However, the business environment surrounding the KHI Group remained challenging, hurt by factors such as a historically high yen and the effects of flooding in Thailand. The economic outlook for Japan also remained uncertain, given the impact on production activities of electricity supply constrains and concern over a slowdown in the world economy.

The global economy is in danger of further downturn because of a delay in the improvement of the employment situation in the U.S. and fears of financial system instability caused by European debt crisis, despite a steady demand for infrastructure in China and other emerging countries.

Under such a business environment, both sales and profits of the Group for the third quarter under review as a whole increased from the corresponding period of the previous fiscal year, despite year-on-year decreases in sales or profits in some businesses. Overall orders received decreased. This was because order increases in the Gas Turbine & Machinery and Precision Machinery segments failed to offset a decrease in orders in the Rolling Stock, Ship & Offshore Structure, and Plant & Infrastructure segments. Sales generally rose as higher revenue in the Precision Machinery, Plant & Infrastructure and Aerospace segments offset lower revenue in the Gas Turbine & Machinery, Ship & Offshore Structure and Motorcycle & Engine segments. Overall profits increased thanks to higher profits in the Precision Machinery, Plant & Infrastructure and Aerospace segments, despite decreases in profits and deterioration in other segments whose sales dropped.

As a result, in the third quarter of the current fiscal year, orders received fell ¥91.9 billion from a year earlier to ¥782.1 billion on a consolidated basis. Consolidated net sales increased ¥35.7 billion to ¥906.3 billion. Operating income rose ¥8.5 billion to ¥47.2 billion, ordinary income advanced ¥12.8 billion to ¥58.1 billion, and net income increased ¥5.5 billion to ¥33.6 billion.

Consolidated segment information for the first three quarters of the fiscal year is summarized below.

Segment Information

Segment net sales, operating income, and orders received (billions of yen)

Segment	Nine months ended December 31,				Orders received	
	2011		2010		Nine months ended December 31,	
	Net sales	Operating income	Net sales	Operating income	2011	2010
Ship & Offshore Structure	93.2	4.9	87.1	4.1	67.2	36.9
Rolling Stock	95.5	5.9	94.6	4.9	124.1	49.9
Aerospace	135.0	2.0	138.5	5.9	123.7	114.1
Gas Turbine & Machinery	149.6	9.6	137.0	8.0	113.6	123.3
Plant & Infrastructure	56.4	4.6	78.7	8.8	105.4	84.0
Motorcycle & Engine	159.2	(2.6)	154.2	(4.5)	159.2	154.2
Precision Machinery	99.0	14.6	129.0	20.7	106.7	131.1
Other	82.2	1.6	86.7	3.3	73.8	88.2
Adjustments	-	(2.3)	-	(4.0)	-	-
Total	870.5	38.7	906.3	47.2	874.0	782.1

Note: Net sales include only sales to external customers.

Ship & Offshore Structure

In the nine-month period under review, consolidated orders received decreased ¥30.3 billion year on year to ¥36.9 billion, despite the receipt of orders for eight bulk carriers.

Consolidated net sales were ¥87.1 billion, down ¥6.1 billion from a year ago, when revenues were raised by large ship sales.

Operating income fell ¥0.8 billion to ¥4.1 billion, due primarily to a decline in sales, the strong yen and a hike in the prices of steel materials.

Rolling Stock

Consolidated orders received were ¥49.9 billion, down ¥74.2 billion from the year-earlier period, when the segment received a large order overseas.

Consolidated net sales remained nearly unchanged from a year ago at ¥94.6 billion, reflecting a decrease in domestic railway car sales and an increase in overseas railway car sales.

Operating income fell ¥1.0 billion to ¥4.9 billion due mainly to the yen's appreciation.

Aerospace

Consolidated orders received declined ¥9.5 billion to ¥114.1 billion, owing chiefly to a decrease in orders from Japan's Ministry of Defense.

Consolidated net sales advanced ¥3.5 billion to ¥138.5 billion, due mainly to an increase in sales of Boeing 777 component parts.

Operating income rose ¥3.8 billion to ¥5.9 billion, primarily because of increased sales and reduced costs.

Gas Turbine & Machinery

Consolidated orders received increased ¥9.6 billion to ¥123.3 billion, due mainly to the receipt of orders for construction of a gas-engine power plant.

Consolidated net sales decreased ¥12.5 billion to ¥137.0 billion, owing chiefly to decreases in sales of gas compression modules and sales to Japan's Ministry of Defense.

Operating income dropped ¥1.6 billion to ¥8.0 billion, primarily because of a decrease in sales.

Plant & Infrastructure

Consolidated orders received decreased ¥21.3 billion to ¥84.0 billion, due in large part to lower orders received for plants for Japan.

Consolidated net sales increased ¥22.2 billion to ¥78.7 billion, owing mainly to an increase in sales of plants for overseas.

Operating income went up ¥4.1 billion to ¥8.8 billion, chiefly because of an increase in sales.

Motorcycle & Engine

Consolidated net sales decreased ¥4.9 billion to ¥154.2 billion, affected mainly by the strong yen and a fall in sales of motorcycles to developed countries.

Operating loss was ¥4.5 billion, a deterioration of ¥1.9 billion from a year earlier, due chiefly to decreased sales and the strong yen.

Precision Machinery

Consolidated orders received increased ¥24.4 billion to ¥131.1 billion, chiefly because of growth in orders for hydraulic equipment from construction machinery makers.

Consolidated net sales rose ¥30.0 billion to ¥129.0 billion, due mainly to increases in sales of hydraulic equipment to construction machinery makers and sales of painting robots.

Operating income advanced ¥6.0 billion to ¥20.7 billion, primarily because of increased sales.

Other Operations

Consolidated net sales increased ¥4.4 billion to ¥86.7 billion.

Operating income rose ¥1.6 billion to ¥3.3 billion.

(2) Consolidated financial position

Consolidated total assets at the end of the nine-month period under review were ¥1,404.4 billion, up ¥50.2 billion from the end of the previous fiscal year, due in large part to an increase in inventories following the progress of construction works on hand. Interest-bearing debt was ¥491.6 billion, up ¥62.5 billion. Despite decreases in trade payables, consolidated liabilities stood at ¥1,085.2 billion as a whole, up ¥28.3 billion. Consolidated net assets were ¥319.2 billion, up ¥21.8 billion, reflecting distribution of dividends and the booking of net income.

(3) Consolidated earnings outlook

Consolidated net sales for the fiscal year ending March 2012 are expected to be ¥1,330.0 billion, down ¥30.0 billion from the previously announced forecast, due to a decrease in sales at the Motorcycle & Engine segment caused by the floods in Thailand and a decline in sales of hydraulic equipment to emerging countries.

Consolidated operating income and recurring profit are predicted to be ¥50.0 billion and ¥52.0 billion, respectively, unchanged from the previously announced forecasts, thanks to profitability improvement measures taken by each segment such as reduction in fixed costs and increase in

productivity, despite the effects of decreased sales and the strong yen. Consolidated net income will be ¥26.0 billion, down ¥6.0 billion from the previous forecast, owing to a partial write-down of deferred tax assets following the promulgation of a law concerning reduction of the corporate tax rate.

The Company's earnings forecasts assume exchange rates of ¥80 to the US dollar and ¥100 to the euro.

2. Summary Information (Others)

(1) Changes affecting the status of material subsidiaries (scope of consolidation)

Not applicable

(2) Accounting procedures specific to preparation of quarterly consolidated financial statements

The Company calculates tax expense by rationally estimating its effective tax rate after application of deferred-tax accounting to pretax net income for the fiscal year, which includes the Third quarter under review, and multiplying quarterly pretax net income by said estimated effective tax rate. If unable to use the estimated effective tax rate, the Company calculates tax expense by multiplying the statutory effective tax rate by quarterly pretax net income adjusted to reflect material differences other than temporary differences.

Income taxes are reported inclusive of income tax adjustments.

(3) Changes in accounting policies, changes in accounting estimates, and correction of errors

Not applicable

3. Consolidated Financial Statements

(1) Consolidated balance sheets

	Millions of yen	
	As of March 31, 2011	Nine months ended December 31, 2011
Assets		
Current assets		
Cash on hand and in banks	47,233	35,954
Trade receivables	401,753	374,954
Merchandise and finished products	50,528	57,063
Work in process	285,977	333,431
Raw materials and supplies	88,817	89,190
Other current assets	80,239	100,531
Allowance for doubtful receivables	(2,829)	(2,677)
Total current assets	951,719	988,447
Fixed assets		
Net property, plant and equipment	275,780	281,275
Intangible assets		
Goodwill	626	385
Other	18,622	18,097
Total intangible assets	19,249	18,483
Investments and other assets		
Other	108,515	117,230
Allowance for doubtful receivables	(986)	(937)
Total investments and other assets	107,529	116,292
Total fixed assets	402,558	416,051
Total assets	1,354,278	1,404,498
Liabilities		
Current liabilities		
Trade payables	319,271	290,034
Short-term debt	143,972	139,179
Income taxes payable	5,988	15,538
Accrued bonuses	15,692	9,843
Provision for losses on construction contracts	33,068	30,016
Other provisions	8,865	6,668
Advances from customers	80,815	85,992
Other	96,051	160,478
Total current liabilities	703,726	737,751
Long-term liabilities		
Bonds payable	50,000	60,000
Long-term debt	203,801	195,612
Employees' retirement and severance benefits	80,556	77,165
Other provisions	9,202	5,471
Other	9,557	9,239
Total long-term liabilities	353,117	347,489
Total liabilities	1,056,844	1,085,240
Net assets		
Shareholders' equity		
Common stock	104,340	104,484
Capital surplus	54,251	54,393
Retained earnings	158,615	186,770
Treasury stock	(30)	(22)
Total shareholders' equity	317,176	345,626

Accumulated other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	3,876	2,579
Deferred gains (losses) on hedges	(990)	(1,244)
Foreign currency translation adjustments	(31,006)	(37,261)
Total accumulated other comprehensive income	<u>(28,119)</u>	<u>(35,926)</u>
Minority interests	<u>8,376</u>	<u>9,557</u>
Total net assets	<u>297,433</u>	<u>319,257</u>
Total liabilities and net assets	<u>1,354,278</u>	<u>1,404,498</u>

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net sales	870,540	906,314
Cost of sales	727,702	749,211
Gross profit	142,837	157,102
Selling, general and administrative expenses		
Salaries and benefits	29,123	30,039
R&D expenses	24,160	25,222
Provision for doubtful accounts	148	95
Other	50,654	54,461
Total selling, general and administrative expenses	104,086	109,819
Operating income (loss)	38,750	47,282
Non-operating income		
Interest income	1,388	1,172
Dividend income	513	641
Equity in income of non-consolidated subsidiaries and affiliates	7,076	7,100
Foreign exchange gain, net	560	2,723
Other	3,391	6,046
Total non-operating income	12,930	17,684
Non-operating expenses		
Interest expense	3,590	3,237
Loss on valuation of securities	4	12
Other	2,870	3,606
Total non-operating expenses	6,465	6,856
Recurring profit (loss)	45,215	58,111
Extraordinary losses		
Loss on impairment of fixed assets	-	924
Provision for doubtful accounts of affiliates	293	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	280	-
Total extraordinary losses	573	924
Income (loss) before income taxes and minority interests	44,642	57,186
Income taxes	15,029	21,442
Income before minority interests	29,612	35,744
Minority interests in net income of consolidated subsidiaries	1,453	2,065
Net income (loss)	28,159	33,679

Consolidated statements of comprehensive income

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Income before minority interests	29,612	35,744
Other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	(1,211)	(1,349)
Deferred gains (losses) on hedges	(1,128)	(241)
Foreign currency translation adjustments	(5,508)	(6,270)
Share of other comprehensive income of associates accounted for using equity method	(1,765)	(352)
Total other comprehensive income	(9,613)	(8,213)
Comprehensive Income attributable to:	19,999	27,531
Owners of the parent company	18,552	25,872
Minority interests	1,447	1,658

(3) Notes on the going-concern assumption

Not applicable

(4) Segment information and others

Segment information

1. Nine months ended December 31, 2010 (April 1, 2010 – December 31, 2010)

(1) Sales and income (loss) by reportable segment

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	93,222	1,332	94,554	4,990
Rolling Stock	95,588	1,457	97,046	5,920
Aerospace	135,020	1,308	136,329	2,076
Gas Turbine & Machinery	149,644	15,070	164,715	9,679
Plant & Infrastructure	56,479	9,416	65,895	4,653
Motorcycle & Engine	159,219	865	160,085	(2,626)
Precision Machinery	99,091	9,060	108,151	14,691
Other	82,272	23,632	105,905	1,680
Reportable segment total	870,540	62,144	932,684	41,065
Adjustments*1	-	(62,144)	(62,144)	(2,314)
Consolidated total	870,540	-	870,540	38,750

Notes: 1. Breakdown of adjustments:

Income	Amount
Intersegment transactions	0
Corporate expenses*	(2,315)
Total	(2,314)

*Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

Not applicable

2. Nine months ended December 31, 2011 (April 1, 2011 – December 31, 2011)

(1) Sales and income (loss) by reportable segment

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	87,113	1,047	88,161	4,132
Rolling Stock	94,651	1,641	96,292	4,905
Aerospace	138,586	1,433	140,019	5,905
Gas Turbine & Machinery	137,070	14,427	151,498	8,034
Plant & Infrastructure	78,773	8,312	87,086	8,837
Motorcycle & Engine	154,277	765	155,043	(4,581)
Precision Machinery	129,097	9,497	138,594	20,789
Other	86,743	24,973	111,716	3,349
Reportable segment total	906,314	62,098	968,412	51,373
Adjustments*1	-	(62,098)	(62,098)	(4,090)
Consolidated total	906,314	-	906,314	47,282

Notes: 1. Breakdown of adjustments:

Millions of yen	
Income	Amount
Intersegment transactions	(89)
Corporate expenses*	(4,000)
Total	(4,090)

* Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

Not applicable

(5) Notes on significant changes in the amount of shareholders' equity

Not applicable

4. Supplementary information

(1) Condensed consolidated cash flow statements

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Cash flow from operating activities	(33,545)	(16,113)
Cash flow from investing activities	(41,504)	(51,417)
Cash flow from financing activities	78,049	61,232
Cash and cash equivalents at end of period	35,820	34,301

(2) Orders and sales (consolidated)

Orders received

	Nine months ended December 31, 2010		Nine months ended December 31, 2011		Year ended March 31, 2011	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	67,256	7.6	36,911	4.7	78,953	6.2
Rolling Stock	124,166	14.2	49,937	6.3	187,122	14.7
Aerospace	123,700	14.1	114,110	14.5	206,730	16.2
Gas Turbine & Machinery	113,677	13.0	123,344	15.7	187,582	14.7
Plant & Infrastructure	105,436	12.0	84,069	10.7	119,987	9.4
Motorcycle & Engine	159,219	18.2	154,277	19.7	234,479	18.4
Precision Machinery	106,719	12.2	131,185	16.7	148,955	11.7
Other	73,893	8.4	88,270	11.2	106,841	8.4
Total	874,070	100.0	782,106	100.0	1,270,652	100.0

Note: The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

Net sales

	Nine months ended December 31, 2010		Nine months ended December 31, 2011		Year ended March 31, 2011	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	93,222	10.7	87,113	9.6	118,416	9.6
Rolling Stock	95,588	10.9	94,651	10.4	131,104	10.6
Aerospace	135,020	15.5	138,586	15.2	196,876	16.0
Gas Turbine & Machinery	149,644	17.1	137,070	15.1	202,692	16.5
Plant & Infrastructure	56,479	6.4	78,773	8.6	89,012	7.2
Motorcycle & Engine	159,219	18.2	154,277	17.0	234,479	19.1
Precision Machinery	99,091	11.3	129,097	14.2	140,328	11.4
Other	82,272	9.4	86,743	9.5	114,038	9.2
Total	870,540	100.0	906,314	100.0	1,226,949	100.0

Order backlog

	Year ended March 31, 2011		Nine months ended December 31, 2011		Nine months ended December 31, 2010	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	177,254	11.8	124,552	9.3	190,096	13.0
Rolling Stock	411,560	27.5	353,272	26.5	388,839	26.7
Aerospace	269,470	18.0	240,560	18.0	248,087	17.0
Gas Turbine & Machinery	382,269	25.5	350,921	26.3	356,952	24.5
Plant & Infrastructure	185,414	12.3	190,502	14.2	203,365	13.9
Motorcycle & Engine	-	-	-	-	-	-
Precision Machinery	42,790	2.8	44,878	3.3	41,792	2.8
Other	26,589	1.7	28,371	2.1	25,405	1.7
Total	1,495,349	100.0	1,333,058	100.0	1,454,538	100.0

(3) Net sales by geographic area (consolidated)**Nine months ended December 31, 2010 (April 1, 2010 – December 31, 2010)**

Millions of yen

Japan	391,842	45.0%
United States	164,453	18.8%
Europe	58,459	6.7%
Asia	168,258	19.3%
Other areas	87,526	10.0%
Total	870,540	100.0%

Nine months ended December 31, 2011 (April 1, 2011 – December 31, 2011)

Millions of yen

Japan	385,211	42.5%
United States	152,505	16.8%
Europe	89,937	9.9%
Asia	179,109	19.7%
Other areas	99,550	10.9%
Total	906,314	100.0%

(4) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2012

1) Consolidated earnings outlook

Billions of yen

	Outlook for the year ending March 31, 2012 (fiscal 2011)			Fiscal 2010 (ended March 31, 2011) (actual)
	Revised forecast (A)	Forecast issued November 2, 2011 (B)	Change (A – B)	
Net sales	1,330.0	1,360.0	(30.0)	1,226.9
Operating income	50.0	50.0	-	42.6
Recurring profit	52.0	52.0	-	49.1
Net income	26.0	32.0	(6.0)	25.9
Orders received	1,380.0	1,430.0	(50.0)	1,270.6
Before-tax ROIC (%)	7.8%	7.8%	-	6.0%

Notes: 1. Outlook's assumed foreign exchange rates: ¥80 = US\$1, ¥100= 1 euro

2. Before-tax ROIC = (income before income taxes + interest expense) / invested capital.

2) Outlook by reportable segment

(a) Net sales and operating income (loss)

Billions of yen

	Outlook for the year ending March 31, 2012 (fiscal 2011)						Fiscal 2010 (ended March 31, 2011) (actual)	
	Revised forecast (A)		Forecast issued November 2, 2011 (B)		Change (A – B)		Net sales	Operating income (loss)
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)		
Ship & Offshore Structure	110.0	(4.0)	110.0	(4.0)	-	-	118.4	(1.0)
Rolling Stock	130.0	7.0	130.0	6.0	-	1.0	131.1	8.1
Aerospace	220.0	6.0	220.0	5.0	-	1.0	196.8	3.0
Gas Turbine & Machinery	210.0	7.0	210.0	6.0	-	1.0	202.6	9.5
Plant & Infrastructure	130.0	15.0	130.0	14.0	-	1.0	89.0	8.2
Motorcycle & Engine	240.0	(3.0)	260.0	2.0	(20.0)	(5.0)	234.4	(4.9)
Precision Machinery	180.0	27.0	190.0	28.0	(10.0)	(1.0)	140.3	22.3
Other	110.0	3.0	110.0	2.0	-	1.0	114.0	2.5
Adjustments		(8.0)		(9.0)		1.0		(5.3)
Total	1,330.0	50.0	1,360.0	50.0	(30.0)	-	1,226.9	42.6

(b) Orders received

Billions of yen

	Outlook for the year ending March 31, 2012 (fiscal 2011)			Fiscal 2010 (ended March 31, 2011) (actual)
	Revised outlook (A)	Forecast issued November 2, 2011 (B)	Change (A – B)	
Ship & Offshore Structure	60.0	60.0	-	78.9
Rolling Stock	110.0	150.0	(40.0)	187.1
Aerospace	300.0	280.0	20.0	206.7
Gas Turbine & Machinery	230.0	230.0	-	187.5
Plant & Infrastructure	140.0	140.0	-	119.9
Motorcycle & Engine	240.0	260.0	(20.0)	234.4
Precision Machinery	180.0	200.0	(20.0)	148.9
Other	120.0	110.0	10.0	106.8
Total	1,380.0	1,430.0	(50.0)	1,270.6