


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS
October 29, 2015
(Consolidated)
For six months ended September 30, 2015 and 2014 and one year ended March 31, 2015
Operating results

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2014	Six months ended Sep. 30, 2015
Net sales	¥ 708,194	¥ 633,422	\$ 5,903,092
Operating income	42,305	23,189	352,629
Profit attributable to owners of parent	26,878	18,185	224,039
Earnings per share (Yen)	16.0	10.8	

Financial condition

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Sep. 30, 2015	As of March. 31, 2015	As of Sep. 30, 2015
Total assets	¥ 1,727,750	¥ 1,662,283	\$ 14,401,517
Net assets	462,049	447,957	3,851,371
Number of shares issued and outstanding	1,670,594	1,670,613	
Equity Ratio	25.8%	25.9%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2014	Six months ended Sep. 30, 2015
Operating activities	¥ (100,893)	¥ (60,807)	\$ (840,985)
Investing activities	(40,722)	(29,707)	(339,434)
Financing activities	135,523	78,398	1,129,640
Cash and cash equivalents at end of term	41,706	33,664	347,636

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2016	¥ 1,610,000	¥ 96,000	¥ 69,000

- 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 ¥119.97=\$1, the rate prevailing as of September 30, 2015, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of September 30 and March 31, 2015

	Millions of yen		Thousands of
	As of Sep. 30, 2015	As of Mar. 31, 2015	U.S. dollars As of Sep. 30, 2015
Assets :			
Current assets :			
Cash on hand and in banks	¥ 45,873	¥ 51,645	\$ 382,370
Receivables, less allowance	439,907	436,831	3,666,808
Inventories	547,955	498,652	4,567,433
Other current assets	93,529	85,934	779,604
Total current assets	<u>1,127,264</u>	<u>1,073,062</u>	<u>9,396,215</u>
Investments and long-term loans less allowance	111,267	110,410	927,458
Net property, plant and equipment	431,497	420,554	3,596,707
Intangible and other assets	57,722	58,257	481,137
Total assets	<u>¥ 1,727,750</u>	<u>¥ 1,662,283</u>	<u>\$ 14,401,517</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 281,081	¥ 142,614	\$ 2,342,927
Payables	298,672	347,032	2,489,556
Advances from customers	167,047	171,607	1,392,406
Other current liabilities	127,607	163,371	1,063,658
Total current liabilities	<u>874,407</u>	<u>824,624</u>	<u>7,288,547</u>
Long-term liabilities :			
Long-term debt, less current portion	279,406	271,761	2,328,966
Others	111,888	117,941	932,633
Total long-term liabilities	<u>391,294</u>	<u>389,702</u>	<u>3,261,599</u>
Net assets :			
Common stock	104,484	104,484	870,917
Capital surplus	54,393	54,393	453,388
Retained earnings	268,815	253,606	2,240,686
Treasury stock	(78)	(67)	(650)
Net unrealized gains on securities	2,905	3,704	24,214
Gains (losses) on hedging items	(856)	(1,985)	(7,135)
Foreign currency translation adjustments	22,799	25,179	190,039
Remeasurements of defined benefit plans	(6,639)	(7,318)	(55,338)
Non-controlling interests	16,226	15,961	135,250
Total net assets	<u>462,049</u>	<u>447,957</u>	<u>3,851,371</u>
Total liabilities and net assets	<u>¥ 1,727,750</u>	<u>¥ 1,662,283</u>	<u>\$ 14,401,517</u>

Condensed Consolidated Statements of Income

For six months ended September 30, 2015 and 2014

	Millions of yen		% Change	Thousands of U.S. dollars
	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2014		Six months ended Sep. 30, 2015
Net sales	¥ 708,194	¥ 633,422	+12%	\$ 5,903,092
Cost of sales	575,216	526,539		4,794,665
Gross profit	132,978	106,883		1,108,427
Selling, general and administrative expenses	90,673	83,694		755,798
Operating income	42,305	23,189	+82%	352,629
Other income (expenses) :				
Interest and dividend income	526	468		4,384
Equity in income of unconsolidated subsidiaries and affiliates	1,348	5,739		11,236
Interest expense	(1,857)	(1,894)		(15,478)
Other, net	(2,030)	(1,539)		(16,921)
Income before income taxes and non-controlling interests	40,292	25,963		335,850
Income taxes	(12,466)	(6,511)		(103,909)
Profit attributable to non-controlling interests	(948)	(1,267)		(7,902)
Profit attributable to owners of parent	¥ 26,878	¥ 18,185	+48%	\$ 224,039

(Consolidated)

Condensed Consolidated Statements of Cash Flows

For six months ended September 30, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2014	Six months ended Sep. 30, 2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 40,292	¥ 25,963	\$ 335,850
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	24,087	21,530	200,775
Decrease in assets	(65,682)	(53,978)	(547,486)
Decrease in liabilities	(69,690)	(27,827)	(580,895)
Other	(29,900)	(26,495)	(249,229)
Net cash provided by operating activities	¥ (100,893)	¥ (60,807)	\$ (840,985)
Cash flows from investing activities:			
Acquisition of tangible and intangible assets	(40,251)	(28,757)	(335,509)
Acquisition of investments in securities	(38)	(49)	(316)
Other	(433)	(901)	(3,609)
Net cash used for investing activities	¥ (40,722)	¥ (29,707)	\$ (339,434)
Cash flows from financing activities:			
Decrease in short-term borrowings	143,079	105,340	1,192,623
Proceeds from long-term debt	28,500	57,019	237,559
Repayment of long-term debt	(23,856)	(73,379)	(198,850)
Other	(12,200)	(10,582)	(101,692)
Net cash provided by financing activities	¥ 135,523	¥ 78,398	\$ 1,129,640
Effect of exchange rate changes	78	227	650
Net decrease in cash and cash equivalents	(6,014)	(11,889)	(50,129)
Cash and cash equivalents at beginning of term	47,721	45,431	397,774
Increase in cash and cash equivalents			
due to changes in fiscal period of consolidated subsidiaries	(1)	122	(9)
Cash and cash equivalents at end of term	¥ 41,706	¥ 33,664	\$ 347,636

Segment information
Information by reportable segment

	Millions of yen				
	Six months ended				
	Sep. 30, 2014				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 34,876	¥ 909	¥ 35,785	¥ 36,493	¥ (708)
Rolling Stock	56,915	923	57,838	56,637	1,201
Aerospace	144,842	1,181	146,023	132,430	13,593
Gas Turbine & Machinery	83,896	4,917	88,813	87,318	1,495
Plant & Infrastructure	47,245	7,534	54,779	53,774	1,005
Motorcycle & Engine	137,728	349	138,077	137,025	1,052
Precision Machinery	63,774	6,878	70,652	65,523	5,129
Other	64,146	15,731	79,877	78,656	1,221
Total	633,422	38,422	671,844	647,856	23,988
Eliminations and corporate	-	(38,422)	(38,422)	(37,623)	(799)
Consolidated total	¥ 633,422	¥ -	¥ 633,422	¥ 610,233	¥ 23,189

	Millions of yen				
	Six months ended				
	Sep. 30, 2015				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 51,861	¥ 1,657	¥ 53,518	¥ 56,633	¥ (3,115)
Rolling Stock	62,769	1,083	63,852	60,327	3,525
Aerospace	166,805	665	167,470	141,794	25,676
Gas Turbine & Machinery	103,375	6,865	110,240	102,069	8,171
Plant & Infrastructure	55,834	7,576	63,410	60,741	2,669
Motorcycle & Engine	143,055	395	143,450	142,940	510
Precision Machinery	63,948	6,584	70,532	66,656	3,876
Other	60,547	17,751	78,298	76,997	1,301
Total	708,194	42,576	750,770	708,157	42,613
Eliminations and corporate	-	(42,576)	(42,576)	(42,268)	(308)
Consolidated total	¥ 708,194	¥ -	¥ 708,194	¥ 665,889	¥ 42,305

	Thousands of U.S. dollars				
	Six months ended				
	Sep. 30, 2015				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 432,283	\$ 13,812	\$ 446,095	\$ 472,060	\$ (25,965)
Rolling Stock	523,206	9,027	532,233	502,851	29,382
Aerospace	1,390,389	5,543	1,395,932	1,181,912	214,020
Gas Turbine & Machinery	861,674	57,223	918,897	850,788	68,109
Plant & Infrastructure	465,400	63,149	528,549	506,302	22,247
Motorcycle & Engine	1,192,423	3,292	1,195,715	1,191,464	4,251
Precision Machinery	533,033	54,880	587,913	555,605	32,308
Other	504,684	147,962	652,646	641,802	10,844
Total	5,903,092	354,888	6,257,980	5,902,784	355,196
Eliminations and corporate	-	(354,888)	(354,888)	(352,321)	(2,567)
Consolidated total	\$ 5,903,092	\$ -	\$ 5,903,092	\$ 5,550,463	\$ 352,629

Net sales, orders and order backlog by reportable segment

For six months ended September 30, 2015 and 2014 and as of September 30 and March 31, 2015

	Millions of yen			% Change	Thousands of
	Six months ended		Six months ended		U.S. dollars
	Sep. 30, 2015	Sep. 30, 2014	Sep. 30, 2015		
Net sales :					
Ship & Offshore Structure	¥ 51,861 (7%)	¥ 34,876 (6%)	+49%	\$	432,283
Rolling Stock	62,769 (9%)	56,915 (9%)	+10%		523,205
Aerospace	166,805 (24%)	144,842 (23%)	+15%		1,390,389
Gas Turbine & Machinery	103,375 (15%)	83,896 (13%)	+23%		861,673
Plant & Infrastructure	55,834 (8%)	47,245 (7%)	+18%		465,399
Motorcycle & Engine	143,055 (20%)	137,728 (22%)	+4%		1,192,423
Precision Machinery	63,948 (9%)	63,774 (10%)	+0%		533,033
Other	60,547 (8%)	64,146 (10%)	-6%		504,687
Total	¥ 708,194 (100%)	¥ 633,422 (100%)	+12%	\$	5,903,092
Orders :					
Ship & Offshore Structure	¥ 67,496 (9%)	¥ 77,192 (11%)	-13%	\$	562,607
Rolling Stock	65,775 (9%)	91,598 (13%)	-28%		548,262
Aerospace	134,663 (18%)	114,489 (16%)	+18%		1,122,472
Gas Turbine & Machinery	115,844 (16%)	85,964 (12%)	+35%		965,608
Plant & Infrastructure	75,046 (10%)	66,954 (9%)	+12%		625,539
Motorcycle & Engine	143,055 (19%)	137,728 (20%)	+4%		1,192,423
Precision Machinery	64,045 (9%)	64,801 (9%)	-1%		533,841
Other	72,899 (10%)	67,850 (10%)	+7%		607,645
Total	¥ 738,823 (100%)	¥ 706,576 (100%)	+5%	\$	6,158,397

	Millions of yen			% Change	Thousands of
	As of		As of		U.S. dollars
	Sep. 30, 2015	Mar. 31, 2015	Sep. 30, 2015		
Order backlog :					
Ship & Offshore Structure	¥ 279,632 (15%)	¥ 264,281 (15%)	+6%	\$	2,330,849
Rolling Stock	406,063 (22%)	405,999 (22%)	+0%		3,384,704
Aerospace	454,255 (25%)	488,431 (27%)	-7%		3,786,404
Gas Turbine & Machinery	350,632 (19%)	336,441 (19%)	+4%		2,922,663
Plant & Infrastructure	274,724 (15%)	255,522 (14%)	+8%		2,289,939
Motorcycle & Engine	- (- %)	- (- %)	-%		-
Precision Machinery	26,422 (2%)	26,325 (1%)	+0%		220,238
Other	40,899 (2%)	28,534 (2%)	+43%		340,913
Total	¥ 1,832,627 (100%)	¥ 1,805,533 (100%)	+2%	\$	15,275,710

Net Sales by geographic area

For six months ended September 30, 2015 and 2014

	Millions of yen			% Change	Thousands of
	Six months ended		Six months ended		U.S. dollars
	Sep. 30, 2015	Sep. 30, 2014	Sep. 30, 2015		
Japan	¥ 276,602 (39%)	¥ 258,659 (41%)	+7%	\$	2,305,593
United States	187,229 (26%)	153,779 (24%)	+22%		1,560,632
Europe	69,679 (10%)	48,525 (8%)	+44%		580,803
Asia	112,493 (16%)	115,455 (18%)	-3%		937,676
Other	62,191 (9%)	57,004 (9%)	+9%		518,388
Total	¥ 708,194 (100%)	¥ 633,422 (100%)	+12%	\$	5,903,092