


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

For the year ended March 31, 2016 and 2015

 April 27, 2016
 (Consolidated)

Operating results

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2016	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016
Net sales	¥ 1,541,096	¥ 1,486,123	\$ 13,675,534
Operating income	95,996	87,259	851,859
Profit attributable to owners of parent	46,043	51,639	408,581
Earnings per share (Yen)	27.5	30.8	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Mar. 31, 2016	As of Mar. 31, 2015	As of Mar. 31, 2016
Total assets	¥ 1,620,458	¥ 1,662,283	\$ 14,379,785
Net assets	445,625	447,957	3,954,432
Number of shares issued and outstanding	1,670,576	1,670,613	
Equity Ratio	26.6%	25.9%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2016	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016
Operating activities	¥ 86,059	¥ 127,651	\$ 763,679
Investing activities	(74,185)	(67,397)	(658,310)
Financing activities	(23,400)	(57,133)	(207,649)
Cash and cash equivalents at end of term	37,832	47,721	335,717

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2017	¥ 1,570,000	¥ 70,000	¥ 49,000

- 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 ¥112.69=\$1, the rate prevailing as of March 31, 2016, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of March 31, 2016 and 2015

	Millions of yen		Thousands of
	As of Mar. 31, 2016	As of Mar. 31, 2015	U.S. dollars As of Mar. 31, 2016
Assets :			
Current assets :			
Cash on hand and in banks	¥ 42,157	¥ 51,645	\$ 374,097
Receivables, less allowance	396,750	436,831	3,520,720
Inventories	492,965	498,652	4,374,523
Other current assets	86,031	85,934	763,431
Total current assets	<u>1,017,903</u>	<u>1,073,062</u>	<u>9,032,771</u>
Investments and long-term loans less allowance	106,303	110,410	943,323
Net property, plant and equipment	436,558	420,554	3,873,972
Intangible and other assets	59,694	58,257	529,719
Total assets	<u>¥ 1,620,458</u>	<u>¥ 1,662,283</u>	<u>\$ 14,379,785</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	¥ 116,047	¥ 142,614	\$ 1,029,789
Payables	329,903	347,032	2,927,526
Advances from customers	170,454	171,607	1,512,593
Other current liabilities	151,307	163,371	1,342,684
Total current liabilities	<u>767,711</u>	<u>824,624</u>	<u>6,812,592</u>
Long-term liabilities :			
Long-term debt, less current portion	282,377	271,761	2,505,786
Others	124,745	117,941	1,106,975
Total long-term liabilities	<u>407,122</u>	<u>389,702</u>	<u>3,612,761</u>
Net assets :			
Common stock	104,484	104,484	927,180
Capital surplus	54,394	54,393	482,687
Retained earnings	279,627	253,606	2,481,383
Treasury stock	(86)	(67)	(763)
Net unrealized gains on securities	2,705	3,704	24,003
Gains (losses) on hedging items	693	(1,985)	6,149
Foreign currency translation adjustments	8,990	25,179	79,777
Remeasurements of defined benefit plans	(19,439)	(7,318)	(172,499)
Non-controlling interests	14,257	15,961	126,515
Total net assets	<u>445,625</u>	<u>447,957</u>	<u>3,954,432</u>
Total liabilities and net assets	<u>¥ 1,620,458</u>	<u>¥ 1,662,283</u>	<u>\$ 14,379,785</u>

Condensed Consolidated Statements of Income

For the year ended March 31, 2016 and 2015

	Millions of yen		% Change	Thousands of U.S. dollars
	Year ended Mar. 31, 2016	Year ended Mar. 31, 2015		Year ended Mar. 31, 2016
Net sales	¥ 1,541,096	¥ 1,486,123	+4%	\$ 13,675,534
Cost of sales	1,253,691	1,216,680		11,125,131
Gross profit	287,405	269,443		2,550,403
Selling, general and administrative expenses	191,409	182,184		1,698,544
Operating income	95,996	87,259	+10%	851,859
Other income (expenses) :				
Interest and dividend income	1,164	1,191		10,329
Equity in income of unconsolidated subsidiaries and affiliates	2,876	6,208		25,521
Interest expense	(3,637)	(3,761)		(32,274)
Other, net	(21,568)	(6,608)		(191,392)
Income before income taxes and non-controlling interests	74,832	84,288		664,043
Income taxes	(27,154)	(30,343)		(240,962)
Profit attributable to non-controlling interests	(1,635)	(2,306)		(14,508)
Profit attributable to owners of parent	¥ 46,043	¥ 51,639	-11%	\$ 408,573

Condensed Consolidated Statements of Cash Flows

For the year ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2016	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 74,832	¥ 84,288	\$ 664,051
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	49,004	44,572	434,856
Decrease in assets	(36,784)	(32,598)	(326,417)
Decrease in liabilities	6,996	58,331	62,081
Other	(7,989)	(26,942)	(70,892)
Net cash provided by operating activities	¥ 86,059	¥ 127,651	\$ 763,679
Cash flows from investing activities:			
Acquisition of tangible and intangible assets	(79,463)	(77,361)	(705,146)
Acquisition of investments in securities	(173)	(486)	(1,535)
Other	5,451	10,450	48,371
Net cash used for investing activities	¥ (74,185)	¥ (67,397)	\$ (658,310)
Cash flows from financing activities:			
Decrease in short-term borrowings	4,132	(16,587)	36,667
Proceeds from long-term debt	39,648	62,456	351,832
Repayment of long-term debt	(45,651)	(86,233)	(405,102)
Other	(21,529)	(16,769)	(191,046)
Net cash provided by financing activities	¥ (23,400)	¥ (57,133)	\$ (207,649)
Effect of exchange rate changes	1,639	(953)	14,544
Net decrease in cash and cash equivalents	(9,887)	2,168	(87,736)
Cash and cash equivalents at beginning of term	47,721	45,431	423,471
Increase in cash and cash equivalents			
due to changes in fiscal period of consolidated subsidiaries	(2)	122	(18)
Cash and cash equivalents at end of term	¥ 37,832	¥ 47,721	\$ 335,717

Segment information

(a) Information by reportable segment

For the year ended March 31, 2015

Millions of yen										
Year ended Mar. 31, 2015										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 90,327	¥ 3,289	¥ 93,616	¥ 90,941	¥ 2,675	¥ 171,736	¥ 805	¥ -	¥ 56,749	¥ 3,317
Rolling Stock	121,519	3,737	125,256	119,212	6,044	169,469	2,837	-	144	3,256
Aerospace	325,083	2,161	327,244	290,926	36,318	363,417	10,823	-	-	34,780
Gas Turbine & Machinery	218,794	17,638	236,432	225,163	11,269	296,359	3,913	-	1,436	7,053
Plant & Infrastructure	121,113	18,860	139,973	133,399	6,574	124,938	1,345	-	17,306	2,293
Motorcycle & Engine	329,240	808	330,048	315,125	14,923	271,746	13,245	-	1,212	15,788
Precision Machinery	135,782	14,423	150,205	139,297	10,908	134,868	5,162	-	7	6,175
Other	144,265	40,951	185,216	181,226	3,990	101,985	2,226	-	2,865	2,173
Total	1,486,123	101,867	1,587,990	1,495,289	92,701	1,634,518	40,356	-	79,719	74,835
Eliminations and corporate	-	(101,867)	(101,867)	(96,425)	(5,442)	27,765	4,216	-	-	5,261
Consolidated total	¥ 1,486,123	¥ -	¥ 1,486,123	¥ 1,398,864	¥ 87,259	¥ 1,662,283	¥ 44,572	¥ -	¥ 79,719	¥ 80,096

Thousands of U.S. dollars										
Year ended Mar. 31, 2015										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 751,035	\$ 27,346	\$ 778,381	\$ 756,140	\$ 22,241	\$ 1,427,920	\$ 6,693	\$ -	\$ 471,846	\$ 27,579
Rolling Stock	1,010,384	31,072	1,041,456	991,204	50,252	1,409,071	23,588	-	1,197	27,072
Aerospace	2,702,943	17,968	2,720,911	2,418,941	301,970	3,021,676	89,989	-	-	289,182
Gas Turbine & Machinery	1,819,190	146,654	1,965,844	1,872,146	93,698	2,464,114	32,535	-	11,939	58,643
Plant & Infrastructure	1,007,009	156,814	1,163,823	1,109,162	54,661	1,038,812	11,183	-	143,892	19,065
Motorcycle & Engine	2,737,507	6,718	2,744,225	2,620,146	124,079	2,259,466	110,127	-	10,077	131,271
Precision Machinery	1,128,976	119,921	1,248,897	1,158,202	90,695	1,121,376	42,920	-	58	51,342
Other	1,199,512	340,492	1,540,004	1,506,827	33,177	847,969	18,510	-	23,824	18,070
Total	12,356,556	846,985	13,203,541	12,432,768	770,773	13,590,404	335,545	-	662,833	622,224
Eliminations and corporate	-	(846,985)	(846,985)	(801,737)	(45,248)	230,856	35,054	-	-	43,744
Consolidated total	\$ 12,356,556	\$ -	\$ 12,356,556	\$ 11,631,031	\$ 725,525	\$ 13,821,260	\$ 370,599	\$ -	\$ 662,833	\$ 665,968

(b) Net Sales by geographic area

For the year ended March 31, 2015

	Millions of yen	Thousands of U.S. dollars
	Year ended	Year ended
	Mar. 31, 2015	Mar. 31, 2015
Japan	¥ 631,018	\$ 5,246,678
United States	356,806	2,966,708
Europe	115,145	957,387
Asia	252,371	2,098,370
Other	130,783	1,087,413
Total	¥ 1,486,123	\$ 12,356,556

Segment information

(a) Information by reportable segment

For the year ended March 31, 2016

Millions of yen											
Year ended Mar. 31, 2016											
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures	
Ship & Offshore Structure	¥ 94,888	¥ 2,792	¥ 97,680	¥ 105,606	¥ (7,926)	¥ 155,063	¥ 995	¥ -	¥ 52,063	¥ 2,672	
Rolling Stock	146,646	1,230	147,876	138,577	9,299	171,323	2,914	-	153	2,536	
Aerospace	351,858	1,727	353,585	307,928	45,657	378,982	13,435	-	-	28,760	
Gas Turbine & Machinery	236,445	16,634	253,079	236,118	16,961	314,549	4,333	-	745	7,918	
Plant & Infrastructure	135,668	14,205	149,873	141,358	8,515	120,741	1,473	-	17,276	1,444	
Motorcycle & Engine	333,595	1,117	334,712	318,943	15,769	243,733	13,159	-	1,332	14,513	
Precision Machinery	133,175	15,518	148,693	140,151	8,542	142,960	6,034	-	371	8,130	
Other	108,821	38,927	147,748	144,849	2,899	71,372	1,617	-	3,004	3,933	
Total	1,541,096	92,150	1,633,246	1,533,530	99,716	1,598,723	43,960	-	74,944	69,906	
Eliminations and corporate	-	(92,150)	(92,150)	(88,430)	(3,720)	21,734	5,044	-	-	6,404	
Consolidated total	¥ 1,541,096	¥ -	¥ 1,541,096	¥ 1,445,100	¥ 95,996	¥ 1,620,457	¥ 49,004	¥ -	¥ 74,944	¥ 76,310	

Thousands of U.S. dollars											
Year ended Mar. 31, 2016											
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures	
Ship & Offshore Structure	\$ 842,026	\$ 24,775	\$ 866,801	\$ 937,138	\$ (70,337)	\$ 1,376,014	\$ 8,829	\$ -	\$ 462,001	\$ 23,712	
Rolling Stock	1,301,323	10,915	1,312,238	1,229,719	82,519	1,520,303	25,859	-	1,357	22,504	
Aerospace	3,122,354	15,326	3,137,680	2,732,523	405,157	3,363,050	119,221	-	-	255,213	
Gas Turbine & Machinery	2,098,189	147,608	2,245,797	2,095,287	150,510	2,791,276	38,450	-	6,611	70,263	
Plant & Infrastructure	1,203,905	126,054	1,329,959	1,254,397	75,562	1,071,443	13,071	-	153,305	12,814	
Motorcycle & Engine	2,960,289	9,912	2,970,201	2,830,268	139,933	2,162,862	116,771	-	11,820	128,787	
Precision Machinery	1,181,782	137,706	1,319,488	1,243,687	75,801	1,268,613	53,546	-	3,292	72,144	
Other	965,666	345,434	1,311,100	1,285,375	25,725	633,349	14,349	-	26,659	34,901	
Total	13,675,534	817,730	14,493,264	13,608,394	884,870	14,186,910	390,096	-	665,045	620,338	
Eliminations and corporate	-	(817,730)	(817,730)	(784,719)	(33,011)	192,866	44,760	-	-	56,829	
Consolidated total	\$ 13,675,534	\$ -	\$ 13,675,534	\$ 12,823,675	\$ 851,859	\$ 14,379,776	\$ 434,856	\$ -	\$ 665,045	\$ 677,167	

(b) Net Sales by geographic area

For the year ended March 31, 2016

	Thousands of	
	Millions of yen	U.S. dollars
	Year ended	Year ended
	Mar. 31, 2016	Mar. 31, 2016
Japan	¥ 636,565	\$ 5,648,815
United States	396,697	3,520,250
Europe	144,894	1,285,775
Asia	241,424	2,142,372
Other	121,516	1,078,322
Total	¥ 1,541,096	\$ 13,675,534

Net sales, orders and order backlog by reportable segment

For the year ended March 31, 2016 and 2015

	Millions of yen			% Change	Thousands of	
	Year ended		Year ended		U.S. dollars	
	Mar. 31, 2016		Mar. 31, 2015		Year ended Mar. 31, 2016	
Net sales :						
Ship & Offshore Structure	¥ 94,888	(6%)	¥ 90,327	(6%)	+5%	\$ 842,026
Rolling Stock	146,646	(9%)	121,519	(8%)	+21%	1,301,322
Aerospace	351,858	(23%)	325,083	(22%)	+8%	3,122,353
Gas Turbine & Machinery	236,445	(15%)	218,794	(15%)	+8%	2,098,189
Plant & Infrastructure	135,668	(9%)	121,113	(8%)	+12%	1,203,904
Motorcycle & Engine	333,595	(22%)	329,240	(22%)	+1%	2,960,289
Precision Machinery	133,175	(9%)	135,782	(9%)	-2%	1,181,781
Other	108,821	(7%)	144,265	(10%)	-25%	965,670
Total	¥ 1,541,096	(100%)	¥ 1,486,123	(100%)	+4%	\$ 13,675,534

	Millions of yen			% Change	Thousands of	
	Year ended		Year ended		U.S. dollars	
	Mar. 31, 2016		Mar. 31, 2015		Year ended Mar. 31, 2016	
Orders :						
Ship & Offshore Structure	¥ 98,394	(6%)	¥ 179,221	(10%)	-45%	\$ 873,138
Rolling Stock	132,133	(8%)	131,428	(8%)	+1%	1,172,535
Aerospace	464,286	(27%)	357,031	(21%)	+30%	4,120,028
Gas Turbine & Machinery	288,903	(17%)	235,722	(14%)	+23%	2,563,696
Plant & Infrastructure	138,775	(8%)	203,473	(12%)	-32%	1,231,475
Motorcycle & Engine	333,595	(20%)	329,240	(19%)	+1%	2,960,289
Precision Machinery	133,191	(8%)	136,286	(8%)	-2%	1,181,923
Other	104,410	(6%)	140,562	(8%)	-26%	926,528
Total	¥ 1,693,687	(100%)	¥ 1,712,963	(100%)	-1%	\$ 15,029,612

	Millions of yen			% Change	Thousands of	
	As of		As of		U.S. dollars	
	Mar. 31, 2016		Mar. 31, 2015		As of Mar. 31, 2016	
Order backlog :						
Ship & Offshore Structure	¥ 259,921	(13%)	¥ 264,281	(15%)	-2%	\$ 2,306,513
Rolling Stock	375,729	(20%)	405,999	(22%)	-7%	3,334,182
Aerospace	608,352	(32%)	488,431	(27%)	+25%	5,398,455
Gas Turbine & Machinery	381,787	(20%)	336,441	(19%)	+13%	3,387,940
Plant & Infrastructure	255,944	(13%)	255,522	(14%)	-0%	2,271,221
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	26,358	(1%)	26,325	(1%)	0%	233,898
Other	17,866	(1%)	28,534	(2%)	-37%	158,544
Total	¥ 1,925,957	(100%)	¥ 1,805,533	(100%)	+7%	\$ 17,090,753