

**Report of Earnings and Financial Statements for the
Six Months Ended September 30, 2015 (Consolidated)**
(Prepared pursuant to Japanese GAAP)

October 29, 2015

Listed company's name: **Kawasaki Heavy Industries, Ltd.**
 Listed on: 1st sections of the TSE, and NSE
 Stock code: 7012
 URL: <http://www.khi.co.jp/>
 Representative: Shigeru Murayama, President
 Contact: Nobuhisa Kato, Senior Manager, Accounting Department
 Tel: +81 3-3435-2130

Scheduled dates:

Submission of quarterly securities filing: November 9, 2015

Commencement of dividend payments: December 1, 2015

Supplementary materials to quarterly earnings: Available

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

1. Consolidated Financial Results for the Six Months ended September 30, 2015
(April 1, 2015 – September 30, 2015)

(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 attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six Months Ended September 30, 2015	708,194	11.8	42,305	82.4	40,292	55.1	26,878	47.8
Six Months Ended September 30, 2014	633,422	6.4	23,189	(13.6)	25,963	13.9	18,185	39.8

Note: Comprehensive income: Six Months Ended September 30, 2015: 26,202million yen 23.7%
 Six Months Ended September 30, 2014: 21,181million yen (29.2%)

	Earnings per share	Earnings per share – diluted
	yen	yen
Six Months Ended September 30, 2015	16.08	-
Six Months Ended September 30, 2014	10.87	-

(2) Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
September 30, 2015	1,727,750	462,049	25.8
March 31, 2015	1,662,283	447,957	25.9

Note: Shareholders' equity: September 30, 2015 : 445,822 million yen
 March 31, 2015 : 431,996 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 fiscal year	Full year
	yen	yen	yen	yen	yen
Year ended March 31, 2015	-	3.00	-	7.00	10.00
Year ending March 31, 2016	-	5.00			
Year ending March 31, 2016 (forecast)			-	7.00	12.00

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

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

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

	Net sales		Operating income		Recurring profit		Net income attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,610,000	8.3	96,000	10.0	100,000	18.6	69,000	33.6	41.30

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

Notes

- 1) Changes affecting the status of material subsidiaries (scope of consolidation): None
- 2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes
 - *For further details, see “2. Summary Information (Notes) (2) Accounting procedures specific to preparation of quarterly consolidated financial statements” on page 11 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: Yes
 - (2) Changes in accounting policies other than (1): None
 - (3) Changes in accounting estimates: None
 - (4) Correction of errors: None
 - *These are applicable to Article 10-5 of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. For details, please refer to “2. Summary Information (Notes) (3) Changes in accounting policies, changes in accounting estimates, and correction of errors” on page 11 of the Accompanying Materials.
- 4) Number of shares issued and outstanding (common stock)
 - (1) Number of shares issued as of period-end (including treasury stock)
 - September 30, 2015: 1,670,805,320 shares
 - March 31, 2015: 1,670,805,320 shares
 - (2) Number of shares held in treasury as of period-end
 - September 30, 2015: 211,258 shares
 - March 31, 2015: 191,653 shares
 - (3) Average number of shares during respective periods
 - Six months ended September 30, 2015: 1,670,601,905 shares

Six months ended September 30, 2014:

1,671,741,376 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, and do not mean that the Company promises to achieve these figures. 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 "1. Qualitative Information and Financial Statements (3) Consolidated earnings outlook" on page 9 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 on Thursday October 29, 2015, 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 first half of the fiscal year ending March 31, 2016, the global economy continued to grow modestly, centered on the US and other developed countries, but on the whole the global economy is lacking vigor as a result of the dulling of economic growth in emerging countries and resource-rich countries caused by the drop in crude oil prices and the slowdown of the Chinese economy. Going forward, modest economic growth is expected, but risks with the potential to drag down the global economy bear watching, including activity towards the normalization of US monetary policy and economic developments in emerging countries and resource-rich countries.

The Japanese economy is expected to grow modestly due to the pickup in capital investment against a backdrop of solid corporate earnings and the steady improvement in the income and employment environments. However, certain parts of the economy are at a standstill due to the fact that the improvement in the income and employment environments are not necessarily leading to consumption, as well as due to factors such as the decline in exports in conjunction with the slowdown of the Chinese economy.

Amid such an economic environment, the Group achieved an increase in orders received in the fiscal first half in segments including Gas Turbine & Machinery and Aerospace. Sales in the first half also increased in segments such as Aerospace, Gas Turbine & Machinery, and Ship & Offshore Structure. Profits increased in segments such as Aerospace and Gas Turbine & Machinery, and there was an increase in operating income, recurring profit and net income attributable to owners of parent.

The Group's consolidated orders received increased by ¥32.2 billion year on year to ¥738.8 billion. Consolidated net sales totaled ¥708.1 billion, a ¥74.7 billion year-on-year increase, and consolidated operating income increased by ¥19.1 billion year on year to ¥42.3 billion. Consolidated recurring profit increased by ¥14.3 billion year on year to ¥40.2 billion. Net income attributable to owners of parent increased by ¥8.6 billion year on year to ¥26.8 billion.

Consolidated operating performance in the first half of fiscal year is summarized by segment below.

Segment Information

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

	Six months ended September 30						Orders received		
	2014 (A)		2015 (B)		Change (B – A)		Six months ended September 30		
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	2014 (A)	2015 (B)	Change (B – A)
Ship & Offshore Structure	34.8	(0.7)	51.8	(3.1)	16.9	(2.4)	77.1	67.4	(9.6)
Rolling Stock	56.9	1.2	62.7	3.5	5.8	2.3	91.5	65.7	(25.8)
Aerospace	144.8	13.5	166.8	25.6	21.9	12.0	114.4	134.6	20.1
Gas Turbine & Machinery	83.8	1.4	103.3	8.1	19.4	6.6	85.9	115.8	29.8
Plant & Infrastructure	47.2	1.0	55.8	2.6	8.5	1.6	66.9	75.0	8.0
Motorcycle & Engine	137.7	1.0	143.0	0.5	5.3	(0.5)	137.7	143.0	5.3
Precision Machinery	63.7	5.1	63.9	3.8	0.1	(1.2)	64.8	64.0	(0.7)
Other	64.1	1.2	60.5	1.2	(3.6)	0	67.8	72.8	5.0
Adjustments	-	(0.7)	-	(0.3)	-	0.4	-	-	-
Total	633.4	23.1	708.1	42.3	74.7	19.1	706.5	738.8	32.2

Notes: 1. Net sales include only sales to external customers.

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

Ship & Offshore Structure

Consolidated orders received declined ¥9.6 billion year on year to ¥67.4 billion, as despite the booking of orders for two LNG carriers, two LPG carriers and one bulk carrier, orders for hull parts of drill ships were booked in the same period of the previous year.

Consolidated net sales increased ¥16.9 billion year on year to ¥51.8 billion, due to an increase in the amount of shipbuilding of LPG carriers, LNG carriers and other vessels.

The segment posted a consolidated operating loss of ¥3.1 billion, a ¥2.4 billion deterioration year on year, due to factors including the addition of provision for losses on construction contracts.

Rolling Stock

Consolidated orders received declined ¥25.8 billion to ¥65.7 billion, largely due to the fact that a large order was received overseas in the same period of the previous year.

Consolidated net sales increased ¥5.8 billion to ¥62.7 billion, as despite the decline in domestic net sales, there was an increase in overseas sales, including sales to customers in Singapore and Taiwan.

Consolidated operating income increased ¥2.3 billion year on year to ¥3.5 billion, attributable to the increase in sales and other factors.

Aerospace

Consolidated orders received grew ¥20.1 billion to ¥134.6 billion, as in addition to maintaining a high level of orders for component parts for the Commercial Airplane Company, the impact of the depreciation of the yen and other factors also contributed.

Consolidated net sales increased ¥21.9 billion year on year to ¥166.8 billion, due to the increase in sales to Japan's Ministry of Defense and the continued high level of sales of component parts for the Commercial Airplane Company, coupled with the impact of the depreciation of the yen and other factors.

Consolidated operating income increased ¥12.0 billion year on year to ¥25.6 billion, due to factors including the increase in sales and sales of highly-profitable projects accounted for during the period.

Gas Turbine & Machinery

Consolidated orders received grew ¥29.8 billion year on year to ¥115.8 billion, attributable to the increase in orders for aircraft engine components, and other products.

Consolidated net sales grew ¥19.4 billion to ¥103.3 billion, due to an increase in sales of aircraft engine components, and other products.

Consolidated operating income increased ¥6.6 billion year on year to ¥8.1 billion in response to the increase in sales, among other factors.

Plant & Infrastructure

Consolidated orders received totaled ¥75.0 billion, a ¥8.0 billion year-on-year increase, due to an increase in orders for refuse incineration plants for the domestic market and other facilities.

Consolidated net sales grew ¥8.5 billion year on year to ¥55.8 billion, due to the increase in sales of chemical plants for overseas customers and other factors.

Consolidated operating income increased ¥1.6 billion year on year to ¥2.6 billion, attributable to the increase in sales and other factors.

Motorcycle & Engine

Consolidated net sales increased ¥5.3 billion year on year to ¥143.0 billion, as the decline in motorcycle sales to Indonesia and other emerging countries was offset by the increase in automobile and motorcycle sales to developed countries.

Consolidated operating income declined ¥0.5 billion year on year to ¥0.5 billion due to factors including the decline in sales to emerging countries, despite the increase in profit in conjunction with the growth in sales to developed countries.

Precision Machinery

Consolidated orders fell ¥0.7 billion year on year to ¥64.0 billion, as the increase in orders for various types of robots, centered on industrial robots for the semiconductor industry, was offset by the decline in orders for hydraulic components, among other factors.

Consolidated net sales received totaled ¥63.9 billion, which was on par with the same period of the previous year. The increase in orders for various types of robots, centered on industrial robots for the semiconductor industry, was offset by the decline in orders for hydraulic components, among other factors.

Consolidated operating income declined ¥1.2 billion year on year to ¥3.8 billion, attributable to the decrease in sales of hydraulic components, and other factors.

Other Operations

Consolidated net sales decreased ¥3.6 billion year on year to ¥60.5 billion.

Consolidated operating income is ¥1.2 billion yen on a level with the same period of the previous year.

(2) Consolidated financial position

At September 30, 2015, consolidated assets totaled ¥1,727.7 billion, a ¥65.4 billion increase from March 31, 2015. The increase was largely attributable to inventory growth stemming from progress toward completion of construction jobs and capital expenditure that added to property, plant and equipment. Consolidated liabilities at September 30, 2015, were ¥1,265.7 billion, a ¥51.3 billion increase from March 31, 2015. The rise was largely due to the increase in short-term debt and other interest-bearing debt, which offset the decline in trade payables. At September 30, 2015, interest-bearing debt totaled ¥560.4 billion, an increase of ¥146.1 billion from March 31, 2015. At September 30, 2015, consolidated net assets totaled ¥462.0 billion, a ¥14.0 billion increase from March 31, 2015, largely attributable to the posting of net income attributable to owners of parent despite the payment of dividends.

(3) Consolidated earnings outlook

The future outlook for the Group's operating environment has become increasingly uncertain, as despite expectations for modest economic growth in developed countries, there are concerns about the impact of economic slowdowns in emerging countries, the decline in crude oil prices, US monetary policy developments, and other factors.

Amid this business environment, we have made a downward revision of ¥40.0 billion to our consolidated net sales outlook for the fiscal year ending March 31, 2016, from the previously announced forecast (July 31), and we now expect consolidated net sales of ¥1,610.0 billion. This downward revision reflects a change in the assumed delivery date of hull parts for drill ships in the Ship & Offshore Structure segment, the revision of the timing of sales accounting in both the Rolling Stock and Gas Turbine & Machinery segments, and the delay in the recovery of the emerging country hydraulic components market in the Precision Machinery segment.

Consolidated operating income was revised down ¥6.0 billion to ¥96.0 billion, as despite the improvement expected in the Aerospace segment due to factors including cost reductions arising from higher productivity, we are anticipating an increase in costs in the Ship & Offshore Structure segment resulting from factors including a revision of the assumed delivery date of offshore support vessels and hull parts of drill ships, and a decline in profits in the Precision Machinery segment in conjunction with a revision of the net sales forecast.

Consolidated recurring profit and net income attributable to owners of parent remain unchanged at ¥100.0 billion and ¥69.0, respectively, due to sales of fixed assets in conjunction with the relocation of an overseas office and other factors. In addition, forecasts for both ROIC and ROE have been left unchanged from the previously issued forecasts of 11.8% and 15.0%, respectively.

Consolidated orders received have been revised upward by ¥20.0 billion to ¥1,700.0 billion, due to increases in both the Gas Turbine & Machinery and Plant & Infrastructure segments, despite an expected decrease in the Precision Machinery segment due to the deteriorating market environment.

The Company's earnings forecasts assume exchange rates of ¥120 to the US dollar and ¥135 to the euro.

Note regarding consolidated earnings outlook

The above earnings outlook is based on information available at the time of preparation, and includes risks and uncertainties. We therefore discourage making investment decisions depending solely on this outlook. Actual earnings may differ materially from this outlook, due to a variety of important factors stemming from changes the external environment and/or the Company's internal environment. Important factors that impact actual operating performance include, but are not limited

to, the economic situation surrounding the Company's scope of business, foreign exchange rates, in particular the yen/dollar exchange rate, tax codes and other regulatory system-related issues.

2. Summary Information (Notes)

(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 second 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

(Application of accounting standard for business combinations, etc.)

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September 13, 2013) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013) from the first quarter of the current fiscal year. As a result, the accounting method was changed to record the difference arising from changes in the equity in subsidiaries under ongoing control of the Company as capital surplus, and acquisition-related costs as expenses for the fiscal year in which they are incurred. In addition, with respect to any business combination entered into on or after the beginning of the first quarter under review, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the financial period in which the relevant business combinations became or will become effective. Furthermore, the presentation of net income, etc., was changed, and minority interests are now presented as non-controlling interests. In order to reflect the changes in the presentation, certain reclassifications have been made to the consolidated financial statements for the second quarter of the previous fiscal year as well as the previous full fiscal year.

The Company has applied the Accounting Standard for Business Combinations, etc. in accordance with transitional provisions in paragraph 58-2(4) of the Accounting Standard for Business Combinations, paragraph 44-5(4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4(4) of the Accounting Standard for Business Divestitures, prospectively at the beginning of the first quarter under review.

For the second quarter under review, there are no impact on the consolidated financial statements.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

		Millions of yen	
		As of March 31, 2015	As of September 30, 2015
Assets			
Current assets			
Cash on hand and in banks		51,645	45,873
Trade receivables		421,890	422,685
Merchandise and finished products		59,487	64,650
Work in process		321,326	359,810
Raw materials and supplies		117,837	123,495
Other		103,869	113,075
Allowance for doubtful receivables		(2,995)	(2,324)
	Total current assets	1,073,062	1,127,264
Fixed assets			
Net property, plant and equipment		420,554	431,497
Intangible assets		16,409	15,565
Investments and other assets			
Other		153,080	154,267
Allowance for doubtful receivables		(823)	(845)
	Total investments and other assets	152,257	153,422
	Total fixed assets	589,220	600,485
Total assets		1,662,283	1,727,750
Liabilities			
Current liabilities			
Trade payables		253,907	210,921
Electronically recorded obligations-operating		85,453	79,444
Short-term debt		122,338	133,789
Income taxes payable		17,094	10,306
Accrued bonuses		26,440	19,013
Provision for product warranties		11,480	12,195
Provision for losses on construction contracts		5,873	7,136
Advances from customers		171,607	167,047
Other		130,425	234,552
	Total current liabilities	824,623	874,406
Long-term liabilities			
Bonds payable		110,000	120,000
Long-term debt		159,749	157,315
Provision for environmental measures		2,535	2,219
Net defined benefit liability		79,272	77,727
Other		38,144	34,030
	Total long-term liabilities	389,702	391,293
Total liabilities		1,214,326	1,265,700

Net assets

Shareholders' equity		
Common stock	104,484	104,484
Capital surplus	54,393	54,393
Retained earnings	253,605	268,814
Treasury stock	(67)	(78)
Total shareholders' equity	<u>412,416</u>	<u>427,614</u>
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities	3,704	2,905
Deferred gains (losses) on hedges	(1,985)	(856)
Foreign currency translation adjustment	25,179	22,799
Remeasurements of defined benefit plans	(7,318)	(6,639)
Total accumulated other comprehensive income	<u>19,579</u>	<u>18,208</u>
Non-controlling interests	<u>15,961</u>	<u>16,226</u>
Total net assets	<u>447,957</u>	<u>462,049</u>
Total liabilities and net assets	<u>1,662,283</u>	<u>1,727,750</u>

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	633,422	708,194
Cost of sales	526,539	575,215
Gross profit	106,883	132,978
Selling, general and administrative expenses		
Salaries and benefits	23,689	25,858
R&D expenses	18,016	19,208
Other	41,987	45,605
Total selling, general and administrative expenses	83,693	90,672
Operating income	23,189	42,305
Non-operating income		
Interest income	292	348
Dividend income	176	178
Share of profit of entities accounted for using equity method	5,739	1,348
Gain on sale of fixed assets	-	1,376
Other	2,214	2,392
Total non-operating income	8,422	5,644
Non-operating expenses		
Interest expense	1,894	1,857
Foreign exchange loss, net	646	4,552
Other	3,108	1,247
Total non-operating expenses	5,648	7,657
Recurring profit	25,963	40,292
Income before income taxes	25,963	40,292
Income taxes	6,511	12,466
Net income	19,451	27,826
Net income attributable to non-controlling interests	1,266	948
Net income attributable to owners of parent	18,185	26,878

Consolidated statements of comprehensive income

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Net income	19,451	27,826
Other comprehensive income		
Net unrealized gains (losses) on securities	429	(808)
Deferred gains (losses) on hedges	959	1,129
Foreign currency translation adjustment	3,555	(3,633)
Remeasurements of defined benefit plans	802	699
Share of other comprehensive income of associates accounted for using equity method	(4,016)	988
Total other comprehensive income	1,730	(1,623)
Comprehensive Income attributable to:	21,181	26,202
Owners of the parent company	19,985	25,506
Non-controlling interests	1,196	695

(3) Consolidated cash flow statements

	Millions of yen	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flow from operating activities		
Income before income taxes	25,963	40,292
Depreciation and amortization	21,530	24,087
Increase (decrease) in allowance for doubtful receivables	(418)	(554)
Increase (decrease) in accrued bonuses	(4,555)	(7,369)
Increase (decrease) in provision for product warranties	(901)	727
Increase (decrease) in provision for losses on construction contracts	(4,127)	1,259
Increase (decrease) in provision for environmental measures	(720)	(320)
Increase (decrease) in net defined benefit liability	(603)	(431)
Interest and dividend income	(468)	(526)
Interest expense	1,894	1,857
Share of (profit) loss of entities accounted for using equity method	(5,739)	(1,348)
(Gain) loss on sale of property, plant, and equipment	804	(1,376)
(Increase) decrease in trade receivables	4,990	(8,601)
(Increase) decrease in inventories	(40,597)	(47,993)
Increase (decrease) in trade payables	(23,713)	(48,256)
Increase (decrease) in advance payments	(10,255)	(5,927)
Increase (decrease) in advances received from customers	12,514	(4,418)
(Increase) decrease in other current assets	(8,267)	(3,042)
Increase (decrease) in other current liabilities	(16,628)	(17,015)
Other	1,866	(2,388)
Subtotal	<u>(47,433)</u>	<u>(81,346)</u>
Cash received for interest and dividends	486	785
Cash paid for interest	(2,071)	(1,886)
Cash paid for income taxes	(11,788)	(18,445)
Net cash provided by operating activities	<u>(60,807)</u>	<u>(100,893)</u>
Cash flow from investing activities		
Acquisition of property, plant, equipment and intangible assets	(28,757)	(40,251)
Proceeds from sales of property, plant, equipment and intangible assets	471	901
Acquisition of investments in securities	(49)	(38)
Proceeds from sales of investments in securities	2	675
Acquisition of investments in subsidiaries and affiliate	(472)	(1,601)
Net decrease (increase) in short-term loans receivable	(42)	(144)
Payments of long-term loans receivable	(33)	(60)
Proceeds from collection of long-term loans receivable	94	45
Other	(919)	(248)
Net cash used for investing activities	<u>(29,707)</u>	<u>(40,722)</u>
Cash flow from financing activities		
Net increase (decrease) in short-term debt	105,340	143,079
Proceeds from long-term debt	37,019	8,500
Repayment of long-term debt	(73,379)	(13,856)
Proceeds from issuance of bonds	20,000	20,000
Proceeds from redemption of bonds	-	(10,000)
Cash dividends paid	(10,006)	(11,680)
Cash dividends paid to non-controlling interests	(487)	(625)
Other	(88)	106
Net cash used for financing activities	<u>78,398</u>	<u>135,523</u>
Effect of exchange rate changes	227	77
Net increase (decrease) in cash and cash equivalents	<u>(11,889)</u>	<u>(6,013)</u>
Cash and cash equivalents at beginning of period	45,431	47,721
Increase (decrease) in cash and cash equivalents due to changes in fiscal period of consolidated subsidiaries	122	(1)
Cash and cash equivalents at end of period	<u>33,664</u>	<u>41,706</u>

(4) Notes on financial statements

Notes on the going-concern assumption

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information and others

Segment information

1. Six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)

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

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	34,876	909	35,786	(708)
Rolling Stock	56,915	923	57,839	1,201
Aerospace	144,842	1,181	146,024	13,593
Gas Turbine & Machinery	83,896	4,917	88,814	1,495
Plant & Infrastructure	47,245	7,534	54,779	1,005
Motorcycle & Engine	137,728	349	138,077	1,052
Precision Machinery	63,774	6,878	70,652	5,129
Other	64,143	15,727	79,870	1,218
Reportable segment total	633,422	38,422	671,844	23,988
Adjustments*1	-	(38,422)	(38,422)	(799)
Consolidated total	633,422	-	633,422	23,189

Notes: 1. Breakdown of adjustments:

Income	Amount
Intersegment transactions	(25)
Corporate expenses*	(774)
Total	(799)

*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 consolidated statements of income for the corresponding period.

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

Not applicable.

2. Six months ended September 30, 2015 (April 1, 2015 – September 30, 2015)

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

Million yen				
	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	51,861	1,657	53,518	(3,115)
Rolling Stock	62,769	1,083	63,852	3,525
Aerospace	166,805	664	167,470	25,676
Gas Turbine & Machinery	103,375	6,864	110,240	8,171
Plant & Infrastructure	55,834	7,576	63,410	2,669
Motorcycle & Engine	143,055	395	143,450	510
Precision Machinery	63,948	6,584	70,532	3,876
Other	60,543	17,750	78,294	1,299
Reportable segment total	708,194	42,576	750,770	42,613
Adjustments*1	-	(42,576)	(42,576)	(308)
Consolidated total	708,194	-	708,194	42,305

Notes: 1. Breakdown of adjustments:

Million yen	
Income	Amount
Intersegment transactions	(68)
Corporate expenses*	(239)
Total	(308)

* 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 consolidated statements of income for the corresponding period.

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

Not applicable.

4. Supplementary information

(1) Orders and sales (consolidated)

Orders received

Reportable segment	Six months ended September 30, 2014		Six months ended September 30, 2015		Year ended March 31, 2015	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	77,192	10.9	67,496	9.1	179,221	10.4
Rolling Stock	91,598	12.9	65,775	8.9	131,428	7.6
Aerospace	114,489	16.2	134,663	18.2	357,031	20.8
Gas Turbine & Machinery	85,964	12.1	115,844	15.6	235,722	13.7
Plant & Infrastructure	66,954	9.4	75,046	10.1	203,473	11.8
Motorcycle & Engine	137,728	19.4	143,055	19.3	329,240	19.2
Precision Machinery	64,801	9.1	64,045	8.6	136,286	7.9
Other	67,848	9.6	72,896	9.8	140,558	8.2
Total	706,576	100.0	738,823	100.0	1,712,963	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

Reportable segment	Six months ended September 30, 2014		Six months ended September 30, 2015		Year ended March 31, 2015	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	34,876	5.5	51,861	7.3	90,327	6.0
Rolling Stock	56,915	8.9	62,769	8.8	121,519	8.1
Aerospace	144,842	22.8	166,805	23.5	325,083	21.8
Gas Turbine & Machinery	83,896	13.2	103,375	14.5	218,794	14.7
Plant & Infrastructure	47,245	7.4	55,834	7.8	121,113	8.1
Motorcycle & Engine	137,728	21.7	143,055	20.2	329,240	22.1
Precision Machinery	63,774	10.0	63,948	9.0	135,782	9.1
Other	64,143	10.1	60,543	8.5	144,261	9.7
Total	633,422	100.0	708,194	100.0	1,486,123	100.0

Order backlog

Reportable segment	Year ended March 31, 2015		Six months ended September 30, 2015		Six months ended September 30, 2014	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	264,281	14.6	279,632	15.2	209,135	13.0
Rolling Stock	405,999	22.4	406,063	22.1	409,981	25.5
Aerospace	488,431	27.0	454,255	24.7	425,571	26.5
Gas Turbine & Machinery	336,441	18.6	350,632	19.1	305,877	19.0
Plant & Infrastructure	255,522	14.1	274,724	14.9	191,287	11.9
Motorcycle & Engine	-	-	-	-	-	-
Precision Machinery	26,325	1.4	26,422	1.4	26,848	1.6
Other	28,531	1.5	40,896	2.2	35,934	2.2
Total	1,805,533	100.0	1,832,627	100.0	1,604,637	100.0

(2) Net sales by geographic area (consolidated)

Six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)

Million yen

Japan	258,659	40.8%
United States	153,779	24.2%
Europe	48,525	7.6%
Asia	115,455	18.2%
Other areas	57,002	8.9%
Total	633,422	100.0%

Six months ended September 30, 2015 (April 1, 2015 – September 30, 2015)

Million yen

Japan	276,602	39.0%
United States	187,229	26.4%
Europe	69,679	9.8%
Asia	112,493	15.8%
Other areas	62,189	8.7%
Total	708,194	100.0%

(3) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2016

1) Consolidated earnings outlook

Billion yen

	Outlook for the year ending March 31, 2016 (fiscal 2015)			Fiscal 2014 (ended March 31, 2015) (actual)
	Revised forecast (A)	Forecast issued July 31, 2015 (B)	Change (A – B)	
Net sales	1,610.0	1,650.0	(40.0)	1,486.1
Operating income	96.0	102.0	(6.0)	87.2
Recurring profit	100.0	100.0	-	84.2
Net income attributable to owners of parent	69.0	69.0	-	51.6
Orders received	1,700.0	1,680.0	20.0	1,712.9
Before-tax ROIC (%)	11.8%	11.8%	-	10.4%
R&D expenses	46.0	46.0	-	41.6
Capital Expenditure	92.0	92.0	-	80.0
Depreciation/amortization	52.0	54.0	(2.0)	44.5
Number of employees at end of fiscal year	35,300	35,400	(100)	35,471
*Number of employees outside of Japan included therein	*9,100	*9,200	*(100)	*9,452

Notes: 1. Outlook's assumed foreign exchange rates: ¥120 = US\$1, ¥135 = 1 euro

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

3. Capital expenditures represent the total of newly recorded property, plant and equipment and newly recorded intangible assets. Depreciation/amortization represents depreciation and amortization expenses on property, plant and equipment and intangible assets.

2) Outlook by reportable segment

(a) Net sales and operating income (loss)

Billion yen

Reportable segment	Outlook for the year ending March 31, 2016 (fiscal 2015)						Fiscal 2014 (ended March 31, 2015) (actual)	
	Revised forecast (A)		Forecast issued July 31, 2015 (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	100.0	(3.0)	105.0	3.0	(5.0)	(6.0)	90.3	2.6
Rolling Stock	170.0	11.0	180.0	11.0	(10.0)	-	121.5	6.0
Aerospace	360.0	44.0	360.0	41.0	-	3.0	325.0	36.3
Gas Turbine & Machinery	250.0	16.0	260.0	16.0	(10.0)	-	218.7	11.2
Plant & Infrastructure	125.0	6.0	125.0	6.0	-	-	121.1	6.5
Motorcycle & Engine	350.0	15.5	350.0	15.5	-	-	329.2	14.9
Precision Machinery	135.0	8.5	150.0	11.5	(15.0)	(3.0)	135.7	10.9
Other	120.0	3.0	120.0	3.0	-	-	144.2	3.9
Adjustments		(5.0)		(5.0)		-		(5.4)
Total	1,610.0	96.0	1,650.0	102.0	(40.0)	(6.0)	1,486.1	87.2

(b) Orders received

Billion yen

Reportable segment	Outlook for the year ending March 31, 2016 (fiscal 2015)			Fiscal 2014 (ended March 31, 2015) (actual)
	Revised outlook (A)	Forecast issued July 31, 2015 (B)	Change (A – B)	
Ship & Offshore Structure	120.0	120.0	-	179.2
Rolling Stock	160.0	160.0	-	131.4
Aerospace	440.0	440.0	-	357.0
Gas Turbine & Machinery	270.0	250.0	20.0	235.7
Plant & Infrastructure	110.0	100.0	10.0	203.4
Motorcycle & Engine	350.0	350.0	-	329.2
Precision Machinery	145.0	155.0	(10.0)	136.2
Other	105.0	105.0	-	140.5
Total	1,700.0	1,680.0	20.0	1,712.9

(c) Before-tax ROIC

(%)

Reportable segment	Outlook for the year ending March 31, 2016 (fiscal 2015)			Fiscal 2014 (ended March 31, 2015) (actual)
	Revised outlook (A)	Forecast issued July 31, 2015 (B)	Change (A – B)	
Ship & Offshore Structure	(0.8)	5.4	(6.2)	6.0
Rolling Stock	12.5	12.5	-	8.7
Aerospace	31.6	29.0	2.6	35.1
Gas Turbine & Machinery	8.6	8.6	-	5.7
Plant & Infrastructure	12.6	12.6	-	14.3
Motorcycle & Engine	13.6	12.0	1.6	7.3
Precision Machinery	10.8	12.9	(2.1)	16.7
Total	11.8	11.8	-	10.4