

**Report of Earnings and Financial Statements for the
Six Months Ended September 30, 2014 (Consolidated)**
(Prepared pursuant to Japanese GAAP)

October 29, 2014

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: Ryoji Mori, Senior Manager, Accounting Department
 Tel: +81 3-3435-2130

Scheduled dates:

Submission of quarterly securities filing: November 10, 2014

Commencement of dividend payments: December 2, 2014

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, 2014
(April 1 – September 30, 2014)

(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	%
Six Months Ended September 30, 2014	633,422	6.4	23,189	(13.6)	25,963	13.9	18,185	39.8
Six Months Ended September 30, 2013	595,077	3.4	26,840	158.2	22,788	13.0	13,001	4.6

Note: Comprehensive income September 30, 2014: 21,181million yen (29.2%)
 September 30, 2013: 29,949million yen 190.7%

	Earnings per share	Earnings per share – diluted
	yen	yen
Six Months Ended September 30, 2014	10.87	-
Six Months Ended September 30, 2013	7.77	-

(2) Financial Condition

	Total assets	Net assets	Equity Ratio
	million yen	million yen	%
September 30, 2014	1,630,986	382,542	22.5
March 31, 2014	1,554,430	376,686	23.3

Note: Shareholders' equity: September 30, 2014 : 368,194 million yen
 March 31, 2014 : 363,041 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, 2014	yen -	yen 0.00	yen -	yen 6.00	yen 6.00
Year ending March 31, 2015	-	3.00			
Year ending March 31, 2015 (forecast)			-	5.00	8.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	1,510,000	8.9	77,000	6.4	72,000	18.8	48,000	24.3	28.71

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

4. 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 “Accounting procedures specific to preparation of quarterly consolidated financial statements” on page 10 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
- 4) Number of shares issued and outstanding (common stock)
 - (1) Number of shares issued as of period-end (including treasury stock)

September 30, 2014:	1,671,892,659 shares
March 31, 2014:	1,671,892,659 shares
 - (2) Number of shares held in treasury as of period-end

September 30, 2014:	163,053 shares
March 31, 2014:	141,710 shares
 - (3) Average number of shares during respective periods

Six months ended September 30, 2014:	1,671,741,376 shares
Six months ended September 30, 2013:	1,671,782,411 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 "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 Wednesday October 29, 2014, 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.

Accompanying Materials – Contents

1. Qualitative Information and Financial Statements	5
(1) Consolidated operating results	5
(2) Consolidated financial position	8
(3) Consolidated earnings outlook	9
2. Summary Information (Notes)	10
(1) Changes affecting the status of material subsidiaries (scope of consolidation)	10
(2) Accounting procedures specific to preparation of quarterly consolidated financial statements	10
3. Consolidated Financial Statements	11
(1) Consolidated balance sheets	11
(2) Consolidated statements of income and comprehensive income	13
(Consolidated statements of income for the six months ended September 30, 2014)	13
(Consolidated statements of comprehensive income for the six months ended September 30, 2014)	13
(3) Consolidated cash flow statements	14
(4) Notes on financial statements	15
(Notes on the going-concern assumption)	15
(Notes on significant changes in the amount of shareholders' equity)	15
(Segment information and others)	15
4. Supplementary Information	17
(1) Orders and sales (consolidated)	17
(2) Net sales by geographic area (consolidated)	18
(3) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2015	19

1. Qualitative Information and Financial Statements

(1) Consolidated operating results

In the first half of the fiscal year ending March 31, 2015, the global economy was expected to grow moderately, particularly the US economy, which is on a recovery track, but the situation now bears watching as there are risks of an economic downturn stemming from factors such as concerns about economic stagnation in the eurozone and emerging countries, the tapering of monetary easing in the US, as well as heightened geopolitical tensions.

The prospects for the Japanese economy are somewhat opaque, as the recovery in personal consumption has been materializing slowly due to the recoil drop in spending in the wake of the demand surge preceding the consumption tax hike, as well as the impacts of inclement summer weather. However, the economy is forecast to gradually head towards a recovery, underpinned by the high level of public investment and the improvement in employment and income environment. Still, an eye must be kept on any impacts from sudden foreign exchange rate movements and the situation with the follow-on consumption tax increase.

Amid such an economic environment, the Group achieved an overall significant increase in orders received in the fiscal first half, centered on order growth in segments such as Ship & Offshore Structure and Plant & Infrastructure. First-half sales also increased overall, as despite a decline in sales in segments such as Ship & Offshore Structure and Rolling Stock, there was a considerable increase in sales in the Aerospace segment, along with other factors. First-half operating income declined on the whole, as the drop in operating income in segments including Rolling Stock, Ship & Offshore Structure, and Gas Turbine & Machinery offset the increase in operating income in the Aerospace and Precision Machinery segments.

The Group's first half consolidated orders received increased ¥113.7 billion year on year to ¥706.5 billion. Consolidated net sales totaled ¥633.4 billion, a ¥38.3 billion year-on-year increase, but consolidated operating income decreased ¥3.6 billion year on year to ¥23.1 billion, due to the decline in profit margin caused by changes to the sales mix, among other factors. Consolidated recurring profit increased ¥3.1 billion to ¥25.9 billion, largely due to the narrowing of foreign exchange losses, while consolidated net income grew ¥5.1 billion year on year to ¥18.1 billion, as there was also a decline in tax expense.

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 (billions of yen)

	Six months ended September 30						Orders received		
	2014 (A)		2013 (B)		Change (A – B)		Six months ended September 30		
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	2014 (A)	2013 (B)	Change (A – B)
Ship & Offshore Structure	34.8	(0.7)	39.5	1.5	(4.6)	(2.2)	77.1	30.7	46.4
Rolling Stock	56.9	1.2	59.9	3.7	(3.0)	(2.5)	91.5	75.0	16.5
Aerospace	144.8	13.5	122.3	10.2	22.4	3.3	114.4	96.1	18.3
Gas Turbine & Machinery	83.8	1.4	77.3	3.5	6.5	(2.0)	85.9	84.1	1.8
Plant & Infrastructure	47.2	1.0	39.2	1.7	8.0	(0.7)	66.9	46.1	20.7
Motorcycle & Engine	137.7	1.0	139.7	2.5	(1.9)	(1.5)	137.7	139.7	(1.9)
Precision Machinery	63.7	5.1	55.6	4.2	8.1	0.8	64.8	61.7	3.0
Other	64.1	1.2	61.2	1.3	2.9	(0.1)	67.8	59.0	8.7
Adjustments	-	(0.7)	-	(2.1)	-	1.3	-	-	-
Total	633.4	23.1	595.0	26.8	38.3	(3.6)	706.5	592.8	113.7

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 increased ¥46.4 billion year on year to ¥77.1 billion, as a result of booking orders for two LNG carriers and an LPG carrier.

Consolidated net sales decreased ¥4.6 billion year on year to ¥34.8 billion, as growth in the amount of construction of LNG carriers was overshadowed by a decline in the amount of construction of other vessels, most notably LPG carriers and bulk carriers.

As a result of the decline in sales, the segment posted a consolidated operating loss of ¥0.7 billion, a ¥2.2 billion deterioration year on year.

Rolling Stock

Consolidated orders received grew ¥16.5 billion to ¥91.5 billion, largely as a result of an order from the Singapore Land Transport Authority for subway train cars for new lines.

Consolidated net sales decreased ¥3.0 billion year on year to ¥56.9 billion, as a result of a decline in overseas sales to customers in North America and Asia.

Consolidated operating income decreased ¥2.5 billion year on year to ¥1.2 billion, attributable to a decline in sales and profit margin.

Aerospace

Consolidated orders received grew ¥18.3 billion year on year to ¥114.4 billion, due to an increase in orders from Japan's Ministry of Defense and for component parts for the Boeing 787.

Consolidated net sales increased ¥22.4 billion year on year to ¥144.8 billion, largely due to the growth in sales to Japan's Ministry of Defense and of component parts for Boeing 787.

Consolidated operating income increased ¥3.3 billion year on year to ¥13.5 billion largely as a result of the increase in sales.

Gas Turbine & Machinery

Consolidated orders received increased ¥1.8 billion year on year to ¥85.9 billion, attributable to the increase in orders for industrial gas turbines, natural gas compression modules, and other products.

Consolidated net sales grew ¥6.5 billion year on year to ¥83.8 billion, due to an increase in sales of hydraulic machinery, aircraft engine components, and other products.

Despite the increase in sales, consolidated operating income fell ¥2.0 billion year on year to ¥1.4 billion, due to the amortization of development costs for the aircraft engine new program, R&D costs, and other factors.

Plant & Infrastructure

Consolidated orders received totaled ¥66.9 billion, a ¥20.7 billion increase year on year, due to an increase in orders for boiler power plant projects and earth-moving machinery.

Consolidated net sales grew ¥8.0 billion year on year to ¥47.2 billion, attributable to the increase in overseas plant projects and other factors.

Despite the increase in sales, consolidated operating income declined ¥0.7 billion year on year to ¥1.0 billion, due to the decline in profit margin, among other factors.

Motorcycle & Engine

Consolidated net sales decreased ¥1.9 billion year on year to ¥137.7 billion, as the decline in motorcycle sales in countries in Latin America and Thailand negated the increase in motorcycle sales to Indonesia and countries in Europe.

Consolidated operating income totaled ¥1.0 billion, a ¥1.5 billion year-on-year decline, largely attributable to the drop in sales and profit margin.

Precision Machinery

Consolidated orders received grew ¥3.0 billion to ¥64.8 billion. The increase was due to growth in orders for industrial robots for the automotive industry, a rise in orders of hydraulic components for the construction machinery market in Japan, and other factors.

Consolidated net sales increased ¥8.1 billion year on year to ¥63.7 billion, attributable to the growth in sales for industrial robots for the automotive industry, a rise in sales of hydraulic components for the construction machinery market in Japan, and other factors.

Consolidated operating income was up ¥0.8 billion year on year to ¥5.1 billion, due to the growth in sales and other factors.

Other Operations

Consolidated net sales increased ¥2.9 billion year on year to ¥64.1 billion.

Consolidated operating income decreased ¥0.1 billion year on year to ¥1.2 billion.

(2) Consolidated financial position

At September 30, 2014, consolidated assets totaled ¥1,630.9 billion, a ¥76.5 billion increase from March 31, 2014. 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, 2014, were ¥1,248.4 billion, a ¥70.6 billion increase from March 31, 2014. The rise was largely due to the increase in commercial paper and other interest-bearing debt, which offset the decline in trade payables. At September 30, 2014, interest-bearing debt totaled ¥541.2 billion, an increase of ¥96.6 billion from March 31, 2014. At September 30, 2014, consolidated net assets totaled ¥382.5 billion, a ¥5.8 billion increase from March 31, 2014, largely attributable to the posting of quarterly net income despite the payment of dividends.

(3) Consolidated earnings outlook

Despite the opaque economic prospects in the eurozone and emerging countries, the economic environment surrounding the Group's business remains solid. This, in tandem with the fact that the yen has been weaker than initially expected, has prompted us to revise our consolidated earnings outlook for the current fiscal year ending March 31, 2015. We have increased our consolidated net sales forecast to ¥1,510.0 billion, up by ¥20.0 billion from our previous forecast. We have similarly raised our profit forecasts, as despite a drop in profits in the motorcycle business attributable to lower profit margins in emerging countries, higher overall profits are expected as a result of the yen's depreciation, and other factors. Consequently, we now expect consolidated operating income of ¥77.0 billion (up ¥4.0 billion versus the previous forecast), consolidated recurring profit of ¥72.0 billion (up ¥6.0 billion), and consolidated net income of ¥48.0 billion (up ¥5.5 billion).

Due to an unofficial order for a large overseas project in the Plant & Infrastructure segment, we are forecasting consolidated orders received of ¥1,640.0 billion, up by ¥50.0 billion versus our previous forecast.

The Company's earnings forecasts assume exchange rates of ¥105 to the US dollar and ¥135 to the euro.

In conjunction with these upward revisions to consolidated operating results, we have increased our forecast annual dividend by 1 yen per share versus our previous forecast. As a result, we are now planning to pay an annual dividend of 8 yen per share (3 yen interim dividend, 5 yen year-end dividend).

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. Consolidated Financial Statements

(1) Consolidated balance sheets

		Millions of yen	
		As of March 31, 2014	As of September 30, 2014
Assets			
Current assets			
Cash on hand and in banks		47,949	37,187
Trade receivables		415,664	410,291
Merchandise and finished products		56,673	58,844
Work in process		302,511	343,607
Raw materials and supplies		98,848	106,999
Other current assets		87,211	107,264
Allowance for doubtful receivables		(3,104)	(2,939)
	Total current assets	1,005,754	1,061,255
Fixed assets			
Net property, plant and equipment		383,912	401,304
Intangible assets		17,262	16,824
Investments and other assets			
Other		148,210	152,460
Allowance for doubtful receivables		(710)	(858)
	Total investments and other assets	147,500	151,601
	Total fixed assets	548,675	569,730
Total assets		1,554,430	1,630,986
Liabilities			
Current liabilities			
Trade payables		252,107	209,887
Electronically recorded obligations-operating		53,923	72,500
Short-term debt		190,757	154,688
Income taxes payable		10,100	6,481
Accrued bonuses		22,118	17,637
Provision for losses on construction contracts		13,560	9,364
Other provisions		10,535	9,708
Advances from customers		137,598	151,777
Other		104,714	200,737
	Total current liabilities	795,415	832,782
Long-term liabilities			
Bonds payable		110,000	120,000
Long-term debt		141,343	165,117
Provisions		4,064	3,355
Net defined benefit liability		97,048	95,746
Other		29,871	31,441
	Total long-term liabilities	382,328	415,661
Total liabilities		1,177,744	1,248,443

Net assets

Shareholders' equity		
Common stock	104,484	104,484
Capital surplus	54,393	54,393
Retained earnings	217,449	220,811
Treasury stock	(43)	(51)
Total shareholders' equity	<u>376,284</u>	<u>379,637</u>
Accumulated other comprehensive income		
Net unrealized gains on securities, net of tax	2,652	3,058
Deferred gains (losses) on hedges	(3,803)	(2,883)
Foreign currency translation adjustments	6,416	5,902
Remeasurements of defined benefit plans	(18,509)	(17,520)
Total accumulated other comprehensive income	<u>(13,243)</u>	<u>(11,443)</u>
Minority interests	<u>13,645</u>	<u>14,348</u>
Total net assets	<u>376,686</u>	<u>382,542</u>
Total liabilities and net assets	<u>1,554,430</u>	<u>1,630,986</u>

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

	Millions of yen	
	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	595,077	633,422
Cost of sales	486,913	526,539
Gross profit	108,164	106,883
Selling, general and administrative expenses		
Salaries and benefits	22,290	23,689
R&D expenses	18,187	18,016
Provision for doubtful accounts	332	-
Other	40,512	41,987
Total selling, general and administrative expenses	81,323	83,693
Operating income	26,840	23,189
Non-operating income		
Interest income	475	292
Dividend income	275	176
Equity in income of non-consolidated subsidiaries and affiliates	5,016	5,739
Other	1,850	2,214
Total non-operating income	7,617	8,422
Non-operating expenses		
Interest expense	2,018	1,894
Foreign exchange loss, net	7,583	646
Other	2,067	3,108
Total non-operating expenses	11,669	5,648
Recurring profit	22,788	25,963
Income before income taxes and minority interests	22,788	25,963
Income taxes	8,777	6,511
Income before minority interests	14,010	19,451
Minority interests in net income of consolidated subsidiaries	1,008	1,266
Net income (loss)	13,001	18,185

Consolidated statements of comprehensive income

	Millions of yen	
	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	14,010	19,451
Other comprehensive income		
Net unrealized gains on securities	1,231	429
Deferred gains (losses) on hedges	(817)	959
Foreign currency translation adjustments	7,084	3,555
Remeasurements of defined benefit plans	320	802
Share of other comprehensive income of associates accounted for using equity method	8,119	(4,016)
Total other comprehensive income	15,938	1,730
Comprehensive Income attributable to:	29,949	21,181
Owners of the parent company	28,181	19,985
Minority interests	1,767	1,196

(3) Consolidated cash flow statements

	Millions of yen	
	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flow from operating activities		
Income before income taxes and minority interests	22,788	25,963
Depreciation and amortization	17,931	21,530
Increase (decrease) in provision	(7,672)	(10,717)
Increase (decrease) in net defined benefit liability	(4,067)	(603)
Interest and dividend income	(750)	(468)
Interest expense	2,018	1,894
Equity in income non-consolidated subsidiaries and affiliates	(5,016)	(5,739)
(Increase) decrease in trade receivables	24,269	4,990
(Increase) decrease in inventories	(40,461)	(40,597)
Increase (decrease) in trade payables	(37,953)	(37,713)
Increase (decrease) in advances from customers	12,165	12,514
(Increase) decrease in other current assets	(11,457)	(18,523)
Increase (decrease) in other current liabilities	(10,961)	(16,628)
Other	825	2,665
Subtotal	<u>(38,342)</u>	<u>(47,433)</u>
Cash received for interest and dividends	740	486
Cash paid for interest	(2,134)	(2,071)
Cash paid for income taxes	(5,868)	(11,788)
Net cash provided by operating activities	<u>(45,605)</u>	<u>(60,807)</u>
Cash flow from investing activities		
Acquisition of property, plant, equipment and intangible assets	(41,576)	(28,757)
Proceeds from sales of property, plant, equipment and intangible assets	541	471
Acquisition of investments in securities	(36)	(49)
Proceeds from sales of investments in securities	86	2
Acquisition of investments in subsidiaries and affiliate	(721)	(472)
Decrease (Increase) in short-term loans receivable	(527)	(42)
Additions to long-term loans receivable	(28)	(33)
Proceeds from collection of long-term loans receivable	46	94
Other	308	(919)
Net cash used for investing activities	<u>(41,907)</u>	<u>(29,707)</u>
Cash flow from financing activities		
Net increase (decrease) in short-term debt	86,616	105,340
Proceeds from long-term debt	7,000	37,019
Repayment of long-term debt	(23,652)	(73,379)
Proceeds from issuance of bonds	20,000	20,000
Acquisition of treasury stock	(7)	(9)
Cash dividends paid	(8,344)	(10,006)
Cash dividends paid to minority shareholders	(436)	(487)
Other	(192)	(79)
Net cash used for financing activities	<u>80,983</u>	<u>78,398</u>
Effect of exchange rate changes	(699)	227
Net increase (decrease) in cash and cash equivalents	<u>(7,229)</u>	<u>(11,889)</u>
Cash and cash equivalents at beginning of period	36,971	45,431
Increase (decrease) in cash and cash equivalents due to changes in fiscal period of consolidated subsidiaries	804	122
Cash and cash equivalents at end of period	<u>30,546</u>	<u>33,664</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, 2013 (April 1, 2013 – September 30, 2013)

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

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	39,550	921	40,471	1,543
Rolling Stock	59,990	1,455	61,445	3,752
Aerospace	122,354	1,035	123,389	10,279
Gas Turbine & Machinery	77,368	8,457	85,826	3,509
Plant & Infrastructure	39,241	8,083	47,325	1,705
Motorcycle & Engine	139,705	313	140,018	2,592
Precision Machinery	55,636	5,615	61,252	4,244
Other	61,229	16,472	77,701	1,382
Reportable segment total	595,077	42,354	637,431	29,009
Adjustments*1	-	(42,354)	(42,354)	(2,169)
Consolidated total	595,077	-	595,077	26,840

Notes: 1. Breakdown of adjustments:

Income	Amount
Intersegment transactions	(125)
Corporate expenses*	(2,044)
Total	(2,169)

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

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

	Millions of yen			
	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:

Millions of yen	
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 quarterly 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

Segment	Six months ended September 30, 2013		Six months ended September 30, 2014		Year ended March 31, 2014	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	30,732	5.1	77,192	10.9	117,872	8.0
Rolling Stock	75,073	12.6	91,598	12.9	133,049	9.1
Aerospace	96,168	16.2	114,489	16.2	286,383	19.6
Gas Turbine & Machinery	84,157	14.1	85,964	12.1	222,013	15.2
Plant & Infrastructure	46,185	7.7	66,954	9.4	103,912	7.1
Motorcycle & Engine	139,705	23.5	137,728	19.4	322,248	22.1
Precision Machinery	61,724	10.4	64,801	9.1	127,297	8.7
Other	59,056	9.9	67,848	9.6	142,684	9.8
Total	592,804	100.0	706,576	100.0	1,455,462	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

Segment	Six months ended September 30, 2013		Six months ended September 30, 2014		Year ended March 31, 2014	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	39,550	6.6	34,876	5.5	80,863	5.8
Rolling Stock	59,990	10.0	56,915	8.9	147,951	10.6
Aerospace	122,354	20.5	144,842	22.8	280,737	20.2
Gas Turbine & Machinery	77,368	13.0	83,896	13.2	189,241	13.6
Plant & Infrastructure	39,241	6.5	47,245	7.4	103,898	7.4
Motorcycle & Engine	139,705	23.4	137,728	21.7	322,248	23.2
Precision Machinery	55,636	9.3	63,774	10.0	123,276	8.8
Other	61,229	10.2	64,143	10.1	137,264	9.9
Total	595,077	100.0	633,422	100.0	1,385,482	100.0

Order backlog

Segment	Year ended March 31, 2014		Six months ended September 30, 2014		Six months ended September 30, 2013	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	161,134	10.7	209,135	13.0	113,830	8.1
Rolling Stock	364,654	24.3	409,981	25.5	383,117	27.5
Aerospace	450,581	30.0	425,571	26.5	413,478	29.7
Gas Turbine & Machinery	295,100	19.6	305,877	19.0	248,670	17.9
Plant & Infrastructure	170,737	11.3	191,287	11.9	176,711	12.7
Motorcycle & Engine	-	-	-	-	-	-
Precision Machinery	25,821	1.7	26,848	1.6	27,887	2.0
Other	32,234	2.1	35,934	2.2	24,626	1.7
Total	1,500,264	100.0	1,604,637	100.0	1,388,323	100.0

(2) Net sales by geographic area (consolidated)

Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)

Millions of yen

Japan	263,067	44.2%
United States	131,578	22.1%
Europe	40,393	6.7%
Asia	106,470	17.8%
Other areas	53,567	9.0%
Total	595,077	100.0%

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

Millions of 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%

(3) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2015

1) Consolidated earnings outlook

Billions of yen

	Outlook for the year ending March 31, 2015 (fiscal 2014)			Fiscal 2013 (ended March 31, 2014) (actual)
	Revised forecast (A)	Forecast issued July 30, 2014 (B)	Change (A – B)	
Net sales	1,510.0	1,490.0	20.0	1,385.4
Operating income	77.0	73.0	4.0	72.3
Recurring profit	72.0	66.0	6.0	60.6
Net income	48.0	42.5	5.5	38.6
Orders received	1,640.0	1,590.0	50.0	1,455.4
Before-tax ROIC (%)	9.3%	8.6%	0.7%	8.1%

Notes: 1. Outlook's assumed foreign exchange rates: ¥105 = US\$1, ¥135= 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

Segment	Outlook for the year ending March 31, 2015 (fiscal 2014)						Fiscal 2013 (ended March 31, 2014) (actual)	
	Revised forecast (A)		Forecast issued July 30, 2014 (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	95.0	2.0	85.0	0.0	10.0	2.0	80.8	(2.0)
Rolling Stock	135.0	6.0	135.0	6.0	-	-	147.9	7.5
Aerospace	330.0	30.0	320.0	27.0	10.0	3.0	280.7	26.2
Gas Turbine & Machinery	230.0	10.0	230.0	9.0	-	1.0	189.2	10.4
Plant & Infrastructure	120.0	6.0	120.0	6.0	-	-	103.8	6.3
Motorcycle & Engine	320.0	13.0	320.0	16.0	-	(3.0)	322.2	16.1
Precision Machinery	140.0	12.0	140.0	12.0	-	-	123.2	10.4
Other	140.0	5.0	140.0	4.0	-	1.0	137.2	4.4
Adjustments		(7.0)		(7.0)		-		(7.2)
Total	1,510.0	77.0	1,490.0	73.0	20.0	4.0	1,385.4	72.3

(b) Orders received

Billions of yen

Segment	Outlook for the year ending March 31, 2015 (fiscal 2014)			Fiscal 2013 (ended March 31, 2014) (actual)
	Revised outlook (A)	Forecast issued July 30, 2014 (B)	Change (A – B)	
Ship & Offshore Structure	150.0	150.0	-	117.8
Rolling Stock	150.0	180.0	(30.0)	133.0
Aerospace	310.0	300.0	10.0	286.3
Gas Turbine & Machinery	240.0	230.0	10.0	222.0
Plant & Infrastructure	190.0	130.0	60.0	103.9
Motorcycle & Engine	320.0	320.0	-	322.2
Precision Machinery	140.0	140.0	-	127.2
Other	140.0	140.0	-	142.6
Total	1,640.0	1,590.0	50.0	1,455.4

(c) Before-tax ROIC

(%)

	Outlook for the year ending March 31, 2015 (fiscal 2014)			Fiscal 2013 (ended March 31, 2014) (actual)
	Revised outlook (A)	Forecast issued July 30, 2014 (B)	Change (A – B)	
Ship & Offshore Structure	5.4	0.2	5.2	3.4
Rolling Stock	7.9	7.9	-	10.2
Aerospace	20.8	17.7	3.1	19.6
Gas Turbine & Machinery	5.2	5.1	0.1	4.6
Plant & Infrastructure	13.5	13.5	-	14.9
Motorcycle & Engine	7.0	9.2	(2.2)	1.4
Precision Machinery	17.9	16.8	1.1	17.5
Total	9.3	8.6	0.7	8.1