


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

For three months ended June 30, 2016 and 2015 and one year ended March 31, 2016

July 29, 2016
(Consolidated)
Operating results

	Millions of yen		Thousands of U.S. dollars
	Three months ended Jun. 30, 2016	Three months ended Jun. 30, 2015	Three months ended Jun. 30, 2016
Net sales	¥ 339,859	¥ 340,042	\$ 3,300,883
Operating income	15,958	14,819	154,992
Profit attributable to owners of parent	4,797	7,492	46,590
Earnings per share (Yen)	2.8	4.4	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Jun. 30, 2016	As of March. 31, 2016	As of Jun. 30, 2016
Total assets	¥ 1,647,630	¥ 1,620,458	\$ 16,002,622
Net assets	424,680	445,625	4,124,708
Number of shares issued and outstanding	1,670,573	1,670,576	
Equity Ratio	24.9%	26.6%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Three months ended Jun. 30, 2016	Three months ended Jun. 30, 2015	Three months ended Jun. 30, 2016
Operating activities	¥ (70,326)	¥ (67,444)	\$ (683,041)
Investing activities	(13,032)	(20,850)	(126,573)
Financing activities	78,439	84,381	761,839
Cash and cash equivalents at end of term	35,165	42,865	341,540

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 ¥102.96=\$1, the rate prevailing as of June 30, 2016, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of June 30 and March 31, 2016

	Millions of yen		Thousands of
	As of Jun. 30, 2016	As of Mar. 31, 2016	U.S. dollars As of Jun. 30, 2016
Assets :			
Current assets :			
Cash on hand and in banks	¥ 39,131	¥ 42,157	\$ 380,060
Receivables, less allowance	414,575	396,750	4,026,564
Inventories	498,879	492,965	4,845,367
Other current assets	100,743	86,031	978,467
Total current assets	<u>1,053,328</u>	<u>1,017,903</u>	<u>10,230,458</u>
Investments and long-term loans less allowance	101,666	106,303	987,433
Net property, plant and equipment	433,500	436,558	4,210,373
Intangible and other assets	59,136	59,694	574,358
Total assets	<u>¥ 1,647,630</u>	<u>¥ 1,620,458</u>	<u>\$ 16,002,622</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 213,441	¥ 116,047	\$ 2,073,047
Payables	308,223	329,903	2,993,618
Advances from customers	169,568	170,454	1,646,931
Other current liabilities	138,570	151,307	1,345,863
Total current liabilities	<u>829,802</u>	<u>767,711</u>	<u>8,059,459</u>
Long-term liabilities :			
Long-term debt, less current portion	271,220	282,377	2,634,227
Others	121,928	124,745	1,184,228
Total long-term liabilities	<u>393,148</u>	<u>407,122</u>	<u>3,818,455</u>
Net assets :			
Common stock	104,484	104,484	1,014,801
Capital surplus	54,394	54,394	528,302
Retained earnings	272,723	279,627	2,648,824
Treasury stock	(87)	(86)	(844)
Net unrealized gains on securities	1,994	2,705	19,367
Gains (losses) on hedging items	1,104	693	10,722
Foreign currency translation adjustments	(4,770)	8,990	(46,328)
Remeasurements of defined benefit plans	(18,526)	(19,439)	(179,933)
Non-controlling interests	13,364	14,257	129,797
Total net assets	<u>424,680</u>	<u>445,625</u>	<u>4,124,708</u>
Total liabilities and net assets	<u>¥ 1,647,630</u>	<u>¥ 1,620,458</u>	<u>\$ 16,002,622</u>

Condensed Consolidated Statements of Income

For three months ended June 30, 2016 and 2015

	Millions of yen		% Change	Thousands of U.S. dollars
	Three months ended Jun. 30, 2016	Three months ended Jun. 30, 2015		Three months ended Jun. 30, 2016
Net sales	¥ 339,859	¥ 340,042	-0%	\$ 3,300,883
Cost of sales	280,201	281,226		2,721,455
Gross profit	59,658	58,816		579,428
Selling, general and administrative expenses	43,700	43,997		424,436
Operating income	15,958	14,819	+8%	154,992
Other income (expenses) :				
Interest and dividend income	262	295		2,544
Equity in income of unconsolidated subsidiaries and affiliates	930	250		9,032
Interest expense	(722)	(883)		(7,012)
Other, net	(8,488)	877		(82,439)
Income before income taxes and non-controlling interests	7,940	15,358		77,117
Income taxes	(2,855)	(7,568)		(27,730)
Profit attributable to non-controlling interests	(288)	(298)		(2,797)
Profit attributable to owners of parent	¥ 4,797	¥ 7,492	-36%	\$ 46,590

Segment information
Information by reportable segment

Millions of yen					
Three months ended					
Jun. 30, 2015					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 23,484	¥ 684	¥ 24,168	¥ 24,759	¥ (591)
Rolling Stock	32,155	127	32,282	30,782	1,500
Aerospace	76,038	344	76,382	67,905	8,477
Gas Turbine & Machinery	51,970	3,310	55,280	51,661	3,619
Plant & Infrastructure	23,499	2,574	26,073	26,193	(120)
Motorcycle & Engine	72,115	168	72,283	73,308	(1,025)
Precision Machinery	29,985	3,270	33,255	31,386	1,869
Other	30,796	8,442	39,238	38,373	865
Total	340,042	18,919	358,961	344,367	14,594
Eliminations and corporate	-	(18,919)	(18,919)	(19,144)	225
Consolidated total	¥ 340,042	¥ -	¥ 340,042	¥ 325,223	¥ 14,819

Millions of yen					
Three months ended					
Jun. 30, 2016					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 31,155	¥ 468	¥ 31,623	¥ 31,009	¥ 614
Rolling Stock	28,801	9	28,810	28,099	711
Aerospace	80,054	600	80,654	71,081	9,573
Gas Turbine & Machinery	49,107	3,142	52,249	49,003	3,246
Plant & Infrastructure	31,771	2,042	33,813	33,202	611
Motorcycle & Engine	69,288	199	69,487	69,156	331
Precision Machinery	32,945	3,039	35,984	33,849	2,135
Other	16,738	7,877	24,615	23,910	705
Total	339,859	17,376	357,235	339,309	17,926
Eliminations and corporate	-	(17,376)	(17,376)	(15,408)	(1,968)
Consolidated total	¥ 339,859	¥ -	¥ 339,859	¥ 323,901	¥ 15,958

Thousands of U.S. dollars					
Three months ended					
Jun. 30, 2016					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 302,594	\$ 4,546	\$ 307,140	\$ 301,176	\$ 5,964
Rolling Stock	279,729	87	279,816	272,911	6,905
Aerospace	777,525	5,828	783,353	690,374	92,979
Gas Turbine & Machinery	476,952	30,517	507,469	475,942	31,527
Plant & Infrastructure	308,576	19,832	328,408	322,474	5,934
Motorcycle & Engine	672,961	1,932	674,893	671,678	3,215
Precision Machinery	319,979	29,517	349,496	328,759	20,737
Other	162,567	76,505	239,072	232,227	6,845
Total	3,300,883	168,764	3,469,647	3,295,541	174,106
Eliminations and corporate	-	(168,764)	(168,764)	(149,650)	(19,114)
Consolidated total	\$ 3,300,883	\$ -	\$ 3,300,883	\$ 3,145,891	\$ 154,992

Net sales, orders and order backlog by reportable segment

For three months ended June 30, 2016 and 2015 and as of June 30 and March 31, 2016

	Millions of yen			% Change	Thousands of	
	Three months ended		Three months ended		U.S. dollars	
	Jun. 30, 2016		Jun. 30, 2015		Three months ended Jun. 30, 2016	
Net sales :						
Ship & Offshore Structure	¥ 31,155	(9%)	¥ 23,484	(7%)	+33%	\$ 302,593
Rolling Stock	28,801	(9%)	32,155	(10%)	-10%	279,729
Aerospace	80,054	(24%)	76,038	(22%)	+5%	777,525
Gas Turbine & Machinery	49,107	(14%)	51,970	(15%)	-6%	476,952
Plant & Infrastructure	31,771	(9%)	23,499	(7%)	+35%	308,576
Motorcycle & Engine	69,288	(20%)	72,115	(21%)	-4%	672,960
Precision Machinery	32,945	(10%)	29,985	(9%)	+10%	319,978
Other	16,738	(5%)	30,796	(9%)	-46%	162,570
Total	¥ 339,859	(100%)	¥ 340,042	(100%)	-0%	\$ 3,300,883
Orders :						
Ship & Offshore Structure	¥ 2,298	(1%)	¥ 17,259	(5%)	-87%	\$ 22,319
Rolling Stock	23,283	(9%)	46,976	(14%)	-50%	226,136
Aerospace	41,690	(16%)	52,673	(15%)	-21%	404,914
Gas Turbine & Machinery	50,652	(19%)	35,225	(10%)	+44%	491,958
Plant & Infrastructure	18,044	(7%)	55,394	(16%)	-67%	175,252
Motorcycle & Engine	69,288	(27%)	72,115	(21%)	-4%	672,960
Precision Machinery	33,121	(13%)	31,130	(9%)	+6%	321,688
Other	20,228	(8%)	32,951	(10%)	-39%	196,466
Total	¥ 258,604	(100%)	¥ 343,723	(100%)	-25%	\$ 2,511,693

	Millions of yen			% Change	Thousands of	
	As of		As of		U.S. dollars	
	Jun. 30, 2016		Mar. 31, 2016		As of Jun. 30, 2016	
Order backlog :						
Ship & Offshore Structure	¥ 220,413	(12%)	¥ 259,921	(13%)	-15%	\$ 2,140,763
Rolling Stock	351,393	(19%)	375,729	(20%)	-6%	3,412,907
Aerospace	560,512	(31%)	608,352	(32%)	-8%	5,443,978
Gas Turbine & Machinery	366,046	(20%)	381,787	(20%)	-4%	3,555,225
Plant & Infrastructure	264,604	(15%)	255,944	(13%)	+3%	2,569,968
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	26,534	(2%)	26,358	(1%)	+1%	257,711
Other	21,355	(1%)	17,866	(1%)	+20%	207,414
Total	¥ 1,810,857	(100%)	¥ 1,925,957	(100%)	-6%	\$ 17,587,966

Net Sales by geographic area

For three months ended June 30, 2016 and 2015

	Millions of yen			% Change	Thousands of	
	Three months ended		Three months ended		U.S. dollars	
	Jun. 30, 2016		Jun. 30, 2015		Three months ended Jun. 30, 2016	
Japan	¥ 131,728	(39%)	¥ 130,340	(39%)	+1%	\$ 1,279,409
United States	90,364	(26%)	92,293	(27%)	-2%	877,661
Europe	43,083	(13%)	34,597	(10%)	+25%	418,444
Asia	48,383	(14%)	51,648	(15%)	-6%	469,920
Other	26,301	(8%)	31,164	(9%)	-16%	255,449
Total	¥ 339,859	(100%)	¥ 340,042	(100%)	-0%	\$ 3,300,883