


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

For three months ended June 30, 2017 and 2016 and one year ended March 31, 2017

**July 31, 2017**  
**(Consolidated)**
**Operating results**

	Millions of yen		Thousands of U.S. dollars
	Three months ended Jun. 30, 2017	Three months ended Jun. 30, 2016	Three months ended Jun. 30, 2017
Net sales	¥ 335,329	¥ 339,859	\$ 2,994,008
Operating income	4,908	15,958	43,821
Profit attributable to owners of parent	3,278	4,797	29,267
Earnings per share (Yen)	1.9	2.8	

**Financial position**

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Jun. 30, 2017	As of March. 31, 2017	As of Jun. 30, 2017
Total assets	¥ 1,731,972	¥ 1,687,363	\$ 15,464,035
Net assets	450,749	451,327	4,024,544
Number of shares issued and outstanding	1,670,542	1,670,546	
Equity Ratio	25.2%	25.9%	

**Cash flows**

	Millions of yen		Thousands of U.S. dollars
	Three months ended Jun. 30, 2017	Three months ended Jun. 30, 2016	Three months ended Jun. 30, 2017
Operating activities	¥ (86,681)	¥ (70,326)	\$ (773,937)
Investing activities	(27,599)	(13,032)	(246,419)
Financing activities	105,647	78,439	943,276
Cash and cash equivalents at end of term	42,872	35,165	382,785

**Fiscal year forecast**

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2018	¥ 1,555,000	¥ 58,000	¥ 36,000

- 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 ¥112.00=\$1, the rate prevailing as of June 30, 2017, solely for the convenience of the readers.

## Condensed Consolidated Balance Sheets

As of June 30 and March 31, 2017

	Millions of yen		Thousands of
	As of Jun. 30, 2017	As of Mar. 31, 2017	U.S. dollars As of Jun. 30, 2017
<b>Assets :</b>			
Current assets :			
Cash on hand and in banks	¥ 48,261	¥ 55,388	\$ 430,901
Receivables, less allowance	466,237	460,976	4,162,830
Inventories	504,391	484,862	4,503,491
Other current assets	100,271	76,609	895,278
Total current assets	<u>1,119,160</u>	<u>1,077,835</u>	<u>9,992,500</u>
Investments and long-term loans less allowance	96,346	95,277	860,233
Net property, plant and equipment	464,479	461,882	4,147,133
Intangible and other assets	51,987	52,369	464,169
Total assets	<u>¥ 1,731,972</u>	<u>¥ 1,687,363</u>	<u>\$ 15,464,035</u>
<b>Liabilities and net assets :</b>			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 230,788	¥ 121,648	\$ 2,060,607
Payables	325,551	363,116	2,906,706
Advances from customers	192,377	205,872	1,717,651
Other current liabilities	139,645	152,806	1,246,831
Total current liabilities	<u>888,361</u>	<u>843,442</u>	<u>7,931,795</u>
Long-term liabilities :			
Long-term debt, less current portion	279,081	279,043	2,491,794
Others	113,781	113,551	1,015,902
Total long-term liabilities	<u>392,862</u>	<u>392,594</u>	<u>3,507,696</u>
Net assets :			
Common stock	104,484	104,484	932,892
Capital surplus	54,393	54,393	485,651
Retained earnings	287,384	287,449	2,565,930
Treasury stock	(97)	(96)	(866)
Net unrealized gains on securities	3,494	3,232	31,196
Gains (losses) on hedging items	(951)	(1,182)	(8,491)
Foreign currency translation adjustments	(2,337)	(341)	(20,866)
Remeasurements of defined benefit plans	(9,832)	(10,692)	(87,785)
Non-controlling interests	14,211	14,080	126,883
Total net assets	<u>450,749</u>	<u>451,327</u>	<u>4,024,544</u>
Total liabilities and net assets	<u>¥ 1,731,972</u>	<u>¥ 1,687,363</u>	<u>\$ 15,464,035</u>

**Condensed Consolidated Statements of Income**

For three months ended June 30, 2017 and 2016

	Millions of yen		<b>% Change</b>	Thousands of U.S. dollars
	<b>Three months ended Jun. 30, 2017</b>	Three months ended Jun. 30, 2016		<b>Three months ended Jun. 30, 2017</b>
Net sales	¥ <b>335,329</b>	¥ 339,859	<b>-1%</b>	\$ 2,994,008
Cost of sales	<b>284,154</b>	280,201		2,537,089
Gross profit	<b>51,175</b>	59,658		456,919
Selling, general and administrative expenses	<b>46,267</b>	43,700		413,098
Operating income	<b>4,908</b>	15,958	<b>-69%</b>	43,821
Other income (expenses) :				
Interest and dividend income	<b>352</b>	262		3,142
Equity in income of unconsolidated subsidiaries and affiliates	<b>1,335</b>	930		11,919
Interest expense	<b>(667)</b>	(722)		(5,955)
Other, net	<b>(495)</b>	(8,488)		(4,419)
Income before income taxes and non-controlling interests	<b>5,433</b>	7,940		48,508
Income taxes	<b>(1,750)</b>	(2,855)		(15,625)
Profit attributable to non-controlling interests	<b>(405)</b>	(288)		(3,616)
Profit attributable to owners of parent	¥ <b>3,278</b>	¥ 4,797	<b>-32%</b>	\$ 29,267

**Segment information**  
**Information by reportable segment**

	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

	Millions of yen				
	Three months ended				
	Jun. 30, 2017				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 19,711	¥ 710	¥ 20,421	¥ 23,282	¥ (2,861)
Rolling Stock	29,171	48	29,219	30,163	(944)
Aerospace	73,353	314	73,667	69,875	3,792
Gas Turbine & Machinery	60,547	2,563	63,110	58,764	4,346
Plant & Infrastructure	25,524	2,204	27,728	28,401	(673)
Motorcycle & Engine	67,769	138	67,907	71,234	(3,327)
Precision Machinery	41,823	3,377	45,200	40,624	4,576
Other	17,431	9,841	27,272	26,610	662
Total	335,329	19,195	354,524	348,953	5,571
Eliminations and corporate	-	(19,195)	(19,195)	(18,532)	(663)
Consolidated total	¥ 335,329	¥ -	¥ 335,329	¥ 330,421	¥ 4,908

	Thousands of U.S. dollars				
	Three months ended				
	Jun. 30, 2017				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 175,991	\$ 6,339	\$ 182,330	\$ 207,875	\$ (25,545)
Rolling Stock	260,455	428	260,883	269,312	(8,429)
Aerospace	654,937	2,803	657,740	623,884	33,856
Gas Turbine & Machinery	540,598	22,884	563,482	524,679	38,803
Plant & Infrastructure	227,892	19,678	247,570	253,580	(6,010)
Motorcycle & Engine	605,080	1,232	606,312	636,018	(29,706)
Precision Machinery	373,419	30,152	403,571	362,714	40,857
Other	155,636	87,867	243,503	237,589	5,914
Total	2,994,008	171,383	3,165,391	3,115,651	49,740
Eliminations and corporate	-	(171,383)	(171,383)	(165,464)	(5,919)
Consolidated total	\$ 2,994,008	\$ -	\$ 2,994,008	\$ 2,950,187	\$ 43,821

## Net sales, orders and order backlog by reportable segment

For three months ended June 30, 2017 and 2016 and as of June 30 and March 31, 2017

	Millions of yen				% Change	Thousands of
	Three months ended		Three months ended			U.S. dollars
	Jun. 30, 2017		Jun. 30, 2016			Three months ended Jun. 30, 2017
<b>Net sales :</b>						
Ship & Offshore Structure	¥ 19,711	(6%)	¥ 31,155	(9%)	-37%	\$ 175,991
Rolling Stock	29,171	(9%)	28,801	(9%)	+1%	260,455
Aerospace	73,353	(22%)	80,054	(24%)	-8%	654,937
Gas Turbine & Machinery	60,547	(18%)	49,107	(14%)	+23%	540,598
Plant & Infrastructure	25,524	(8%)	31,771	(9%)	-20%	227,892
Motorcycle & Engine	67,769	(20%)	69,288	(20%)	-2%	605,080
Precision Machinery	41,823	(12%)	32,945	(10%)	+27%	373,419
Other	17,431	(5%)	16,738	(5%)	+4%	155,636
Total	¥ 335,329	(100%)	¥ 339,859	(100%)	-1%	\$ 2,994,008
<b>Orders :</b>						
Ship & Offshore Structure	¥ 13,311	(5%)	¥ 2,298	(1%)	+479%	\$ 118,848
Rolling Stock	11,129	(4%)	23,283	(9%)	-52%	99,366
Aerospace	47,076	(17%)	41,690	(16%)	+13%	420,321
Gas Turbine & Machinery	58,339	(21%)	50,652	(19%)	+15%	520,883
Plant & Infrastructure	15,174	(6%)	18,044	(7%)	-16%	135,482
Motorcycle & Engine	67,769	(25%)	69,288	(27%)	-2%	605,080
Precision Machinery	42,839	(16%)	33,121	(13%)	+29%	382,491
Other	16,908	(6%)	20,228	(8%)	-16%	150,966
Total	¥ 272,545	(100%)	¥ 258,604	(100%)	+5%	\$ 2,433,437

	Millions of yen				% Change	Thousands of
	As of		As of			U.S. dollars
	Jun. 30, 2017		Mar. 31, 2017			As of Jun. 30, 2017
<b>Order backlog :</b>						
Ship & Offshore Structure	¥ 184,544	(11%)	¥ 191,604	(11%)	-16%	\$ 1,647,714
Rolling Stock	374,235	(22%)	392,224	(22%)	+7%	3,341,383
Aerospace	481,349	(29%)	508,759	(29%)	-14%	4,297,758
Gas Turbine & Machinery	392,273	(23%)	394,977	(23%)	+7%	3,502,437
Plant & Infrastructure	204,819	(12%)	214,926	(12%)	-23%	1,828,741
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	38,934	(2%)	37,912	(2%)	+47%	347,625
Other	20,881	(1%)	21,404	(1%)	-2%	186,440
Total	¥ 1,697,035	(100%)	¥ 1,761,806	(100%)	-6%	\$ 15,152,098

## Net Sales by geographic area

For three months ended June 30, 2017 and 2016

	Millions of yen				% Change	Thousands of
	Three months ended		Three months ended			U.S. dollars
	Jun. 30, 2017		Jun. 30, 2016			Three months ended Jun. 30, 2017
Japan	¥ 139,116	(42%)	¥ 131,728	(39%)	+5%	\$ 1,242,107
United States	79,703	(24%)	90,364	(26%)	-11%	711,634
Europe	41,454	(12%)	43,083	(13%)	-3%	370,125
Asia	47,526	(14%)	48,383	(14%)	-1%	424,339
Other	27,530	(8%)	26,301	(8%)	+4%	245,803
Total	¥ 335,329	(100%)	¥ 339,859	(100%)	-1%	\$ 2,994,008