


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS
October 29, 2013
(Consolidated)
For six months ended September 30, 2013 and 2012 and one year ended March 31, 2013
Operating results

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2013
Net sales	¥ 595,077	¥ 574,999	\$ 6,087,744
Operating income	26,840	10,391	274,578
Net income	13,001	12,429	133,002
Earnings per share (Yen)	7.7	7.4	

Financial condition

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Sep. 30, 2013	As of March. 31, 2013	As of Sep. 30, 2013
Total assets	¥ 1,557,468	¥ 1,466,290	\$ 15,933,176
Net assets	339,134	349,881	3,469,401
Number of shares issued and outstanding	1,671,773	1,671,792	
Equity Ratio	20.9%	23.0%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2013
Operating activities	¥ (45,605)	¥ (19,487)	\$ (466,547)
Investing activities	(41,907)	(46,172)	(428,716)
Financing activities	80,983	59,287	828,470
Cash and cash equivalents at end of term	30,546	27,886	312,491

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2014	¥ 1,380,000	¥ 60,000	¥ 34,000

- 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 ¥97.75=\$1, the rate prevailing as of September 30, 2013, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of September 30 and March 31, 2013

	Millions of yen		Thousands of
	As of Sep. 30, 2013	As of Mar. 31, 2013	U.S. dollars As of Sep. 30, 2013
Assets :			
Current assets :			
Cash on hand and in banks	¥ 32,103	¥ 38,525	\$ 328,420
Receivables, less allowance	421,312	446,328	4,310,097
Inventories	494,767	460,105	5,061,555
Other current assets	81,677	71,856	835,570
Total current assets	<u>1,029,859</u>	<u>1,016,814</u>	<u>10,535,642</u>
Investments and long-term loans less allowance	97,765	83,304	1,000,153
Net property, plant and equipment	357,552	305,793	3,657,821
Intangible and other assets	72,292	60,379	739,560
Total assets	<u>¥ 1,557,468</u>	<u>¥ 1,466,290</u>	<u>\$ 15,933,176</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 370,978	¥ 229,857	\$ 3,795,171
Payables	244,885	281,063	2,505,218
Advances from customers	121,991	108,214	1,247,990
Other current liabilities	134,648	163,406	1,377,473
Total current liabilities	<u>872,502</u>	<u>782,540</u>	<u>8,925,852</u>
Long-term liabilities :			
Long-term debt, less current portion	212,138	254,796	2,170,210
Others	133,694	79,073	1,367,713
Total long-term liabilities	<u>345,832</u>	<u>333,869</u>	<u>3,537,923</u>
Net assets :			
Common stock	104,484	104,484	1,068,890
Capital surplus	54,393	54,394	556,450
Retained earnings	191,909	198,528	1,963,263
Treasury stock	(34)	(27)	(348)
Net unrealized gains on securities	5,768	4,524	59,007
Gains (losses) on hedging items	(6,846)	(5,998)	(70,036)
Foreign currency translation adjustments	(3,169)	(17,665)	(32,419)
Remeasurements of defined benefit plans	(20,066)	-	(205,278)
Minority interests	12,695	11,641	129,872
Total net assets	<u>339,134</u>	<u>349,881</u>	<u>3,469,401</u>
Total liabilities and net assets	<u>¥ 1,557,468</u>	<u>¥ 1,466,290</u>	<u>\$ 15,933,176</u>

Condensed Consolidated Statements of Income

For six months ended September 30, 2013 and 2012

	Millions of yen		% Change	Thousands of
	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2012		U.S. dollars
				Six months ended Sep. 30, 2013
Net sales	¥ 595,077	¥ 574,999	+3%	\$ 6,087,744
Cost of sales	486,913	488,593		4,981,207
Gross profit	108,164	86,406		1,106,537
Selling, general and administrative expenses	81,324	76,015		831,959
Operating income	26,840	10,391	+158%	274,578
Other income (expenses) :				
Interest and dividend income	751	1,121		7,682
Equity in income of unconsolidated subsidiaries and affiliates	5,016	5,920		51,314
Interest expense	(2,018)	(2,073)		(20,644)
Other, net	(7,801)	4,806		(79,805)
Income before income taxes and minority interests	22,788	20,165		233,125
Income taxes	(8,778)	(6,629)		(89,801)
Minority interests in net income of consolidated subsidiaries	(1,009)	(1,107)		(10,322)
Net income	¥ 13,001	¥ 12,429	+5%	\$ 133,002

(Consolidated)

Condensed Consolidated Statements of Cash Flows

For six months ended September 30, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 22,788	¥ 20,165	\$ 233,125
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	17,931	21,921	183,437
Decrease in assets	(27,895)	(7,494)	(285,371)
Decrease in liabilities	(36,748)	(31,531)	(375,938)
Other	(21,681)	(22,548)	(221,800)
Net cash provided by operating activities	¥ (45,605)	¥ (19,487)	\$ (466,547)
Cash flows from investing activities:			
Acquisition of tangible and intangible assets	(41,576)	(32,298)	(425,330)
Acquisition of investments in securities	(36)	(489)	(368)
Other	(295)	(13,385)	(3,018)
Net cash used for investing activities	¥ (41,907)	¥ (46,172)	\$ (428,716)
Cash flows from financing activities:			
Decrease in short-term borrowings	86,616	51,342	886,097
Proceeds from long-term debt	27,000	44,327	276,214
Repayment of long-term debt	(23,652)	(27,425)	(241,964)
Other	(8,981)	(8,957)	(91,877)
Net cash provided by financing activities	¥ 80,983	¥ 59,287	\$ 828,470
Effect of exchange rate changes	(700)	1,013	(7,160)
Net decrease in cash and cash equivalents	(7,229)	(5,359)	(73,953)
Cash and cash equivalents at beginning of term	36,971	33,245	378,219
Increase in cash and cash equivalents			
due to changes in fiscal period of consolidated subsidiaries	804	-	8,225
Cash and cash equivalents at end of term	¥ 30,546	¥ 27,886	\$ 312,491

Segment information
Information by reportable segment

Millions of yen					
Six months ended					
Sep. 30, 2012					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 45,808	¥ 1,162	¥ 46,970	¥ 45,951	¥ 1,019
Rolling Stock	51,483	449	51,932	55,032	(3,100)
Aerospace	109,156	1,154	110,310	105,911	4,399
Gas Turbine & Machinery	93,217	8,253	101,470	98,201	3,269
Plant & Infrastructure	46,405	6,964	53,369	50,219	3,150
Motorcycle & Engine	103,927	350	104,277	106,565	(2,288)
Precision Machinery	67,060	5,965	73,025	68,054	4,971
Other	57,943	15,942	73,885	73,189	696
Total	574,999	40,239	615,238	603,122	12,116
Eliminations and corporate	-	(40,239)	(40,239)	(38,514)	(1,725)
Consolidated total	¥ 574,999	¥ -	¥ 574,999	¥ 564,608	¥ 10,391

Millions of yen					
Six months ended					
Sep. 30, 2013					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 39,550	¥ 921	¥ 40,471	¥ 38,928	¥ 1,543
Rolling Stock	59,990	1,455	61,445	57,693	3,752
Aerospace	122,354	1,035	123,389	113,110	10,279
Gas Turbine & Machinery	77,368	8,458	85,826	82,317	3,509
Plant & Infrastructure	39,241	8,084	47,325	45,620	1,705
Motorcycle & Engine	139,705	313	140,018	137,426	2,592
Precision Machinery	55,636	5,616	61,252	57,008	4,244
Other	61,233	16,472	77,705	76,320	1,385
Total	595,077	42,354	637,431	608,422	29,009
Eliminations and corporate	-	(42,354)	(42,354)	(40,185)	(2,169)
Consolidated total	¥ 595,077	¥ -	¥ 595,077	¥ 568,237	¥ 26,840

Thousands of U.S. dollars					
Six months ended					
Sep. 30, 2013					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 404,604	\$ 9,422	\$ 414,026	\$ 398,240	\$ 15,786
Rolling Stock	613,708	14,885	628,593	590,210	38,383
Aerospace	1,251,703	10,588	1,262,291	1,157,135	105,156
Gas Turbine & Machinery	791,489	86,527	878,016	842,118	35,898
Plant & Infrastructure	401,442	82,701	484,143	466,701	17,442
Motorcycle & Engine	1,429,207	3,202	1,432,409	1,405,892	26,517
Precision Machinery	569,166	57,453	626,619	583,202	43,417
Other	626,425	168,511	794,936	780,767	14,169
Total	6,087,744	433,289	6,521,033	6,224,265	296,768
Eliminations and corporate	-	(433,289)	(433,289)	(411,099)	(22,190)
Consolidated total	\$ 6,087,744	\$ -	\$ 6,087,744	\$ 5,813,166	\$ 274,578

Net sales, orders and order backlog by industry segment

For six months ended September 30, 2013 and 2012 and as of September 30 and March 31, 2013

	Millions of yen			Thousands of U.S. dollars	
	Six months ended		%	Six months ended	
	Sep. 30, 2013	Sep. 30, 2012		Sep. 30, 2013	
Net sales :					
Ship & Offshore Structure	¥ 39,550 (7%)	¥ 45,808 (8%)	-14%	\$ 404,604	
Rolling Stock	59,990 (10%)	51,483 (9%)	+17%	613,708	
Aerospace	122,354 (21%)	109,156 (19%)	+12%	1,251,703	
Gas Turbine & Machinery	77,368 (13%)	93,217 (16%)	-17%	791,489	
Plant & Infrastructure	39,241 (7%)	46,405 (8%)	-15%	401,442	
Motorcycle & Engine	139,705 (23%)	103,927 (18%)	+34%	1,429,207	
Precision Machinery	55,636 (9%)	67,060 (12%)	-17%	569,166	
Other	61,233 (10%)	57,943 (10%)	+6%	626,425	
Total	¥ 595,077 (100%)	¥ 574,999 (100%)	+3%	\$ 6,087,744	
Orders :					
Ship & Offshore Structure	¥ 30,732 (5%)	¥ 37,877 (7%)	-19%	\$ 314,394	
Rolling Stock	75,073 (13%)	66,932 (13%)	+12%	768,010	
Aerospace	96,168 (16%)	91,010 (17%)	+6%	983,816	
Gas Turbine & Machinery	84,157 (14%)	65,470 (12%)	+29%	860,941	
Plant & Infrastructure	46,185 (8%)	51,384 (10%)	-10%	472,481	
Motorcycle & Engine	139,705 (24%)	103,927 (20%)	+34%	1,429,207	
Precision Machinery	61,724 (10%)	55,618 (10%)	+11%	631,448	
Other	59,060 (10%)	58,190 (11%)	+1%	604,194	
Total	¥ 592,804 (100%)	¥ 530,408 (100%)	+12%	\$ 6,064,491	

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Sep. 30, 2013	Mar. 31, 2013		Sep. 30, 2013	
Order backlog :					
Ship & Offshore Structure	¥ 113,830 (8%)	¥ 120,112 (9%)	-5%	\$ 1,164,501	
Rolling Stock	383,117 (27%)	359,980 (26%)	+6%	3,919,356	
Aerospace	413,478 (30%)	432,729 (32%)	-4%	4,229,954	
Gas Turbine & Machinery	248,670 (18%)	237,410 (17%)	+5%	2,543,939	
Plant & Infrastructure	176,711 (13%)	171,486 (12%)	+3%	1,807,785	
Motorcycle & Engine	- (- %)	- (- %)	-%	-	
Precision Machinery	27,887 (2%)	21,571 (2%)	+29%	285,289	
Other	24,630 (2%)	26,798 (2%)	-8%	251,969	
Total	¥ 1,388,323 (100%)	¥ 1,370,086 (100%)	+1%	\$ 14,202,793	

Net Sales by geographic area

For six months ended September 30, 2013 and 2012

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Sep. 30, 2013	Sep. 30, 2012		Sep. 30, 2013	
Japan	¥ 263,067 (44%)	¥ 287,599 (50%)	-9%	\$ 2,691,223	
United States	131,578 (22%)	113,606 (20%)	+16%	1,346,066	
Europe	40,393 (7%)	40,234 (7%)	+0%	413,228	
Asia	106,470 (18%)	86,825 (15%)	+23%	1,089,207	
Other	53,569 (9%)	46,735 (8%)	+15%	548,020	
Total	¥ 595,077 (100%)	¥ 574,999 (100%)	+3%	\$ 6,087,744	