


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS
April 25, 2014
(Consolidated)
For the year ended March 31, 2014 and 2013
Operating results

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net sales	¥ 1,385,482	¥ 1,288,881	\$ 13,461,737
Operating income	72,351	42,062	702,982
Net income	38,601	30,864	375,058
Earnings per share (Yen)	23.0	18.4	

Financial condition

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of 2014	As of 2013	As of 2014
Total assets	¥ 1,554,430	¥ 1,466,290	\$ 15,103,284
Net assets	376,686	349,881	3,659,988
Number of shares issued and outstanding	1,671,750	1,671,792	
Equity Ratio	23.3%	23.0%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Operating activities	¥ 151,721	¥ 28,101	\$ 1,474,164
Investing activities	(77,559)	(81,160)	(753,585)
Financing activities	(62,505)	57,671	(607,316)
Cash and cash equivalents at end of term	45,431	36,971	441,420

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2015	¥ 1,490,000	¥ 73,000	¥ 41,000

- 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 ¥102.92=\$1, the rate prevailing as of March 31, 2014, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of March 31, 2014 and 2013

	Millions of yen		Thousands of
	As of 2014	As of 2013	U.S. dollars As of 2014
Assets :			
Current assets :			
Cash on hand and in banks	¥ 47,949	¥ 38,525	\$ 465,886
Receivables, less allowance	426,676	446,328	4,145,705
Inventories	458,033	460,105	4,450,379
Other current assets	73,096	71,856	710,222
Total current assets	<u>1,005,754</u>	<u>1,016,814</u>	<u>9,772,192</u>
Investments and long-term loans less allowance	94,257	83,304	915,828
Net property, plant and equipment	383,912	305,793	3,730,198
Intangible and other assets	70,507	60,379	685,066
Total assets	<u>¥ 1,554,430</u>	<u>¥ 1,466,290</u>	<u>\$ 15,103,284</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	¥ 191,162	¥ 229,857	\$ 1,857,384
Payables	306,031	281,063	2,973,484
Advances from customers	137,598	108,214	1,336,941
Other current liabilities	160,625	163,406	1,560,679
Total current liabilities	<u>795,416</u>	<u>782,540</u>	<u>7,728,488</u>
Long-term liabilities :			
Long-term debt, less current portion	253,483	254,796	2,462,913
Others	128,845	79,073	1,251,895
Total long-term liabilities	<u>382,328</u>	<u>333,869</u>	<u>3,714,808</u>
Net assets :			
Common stock	104,484	104,484	1,015,196
Capital surplus	54,393	54,394	528,497
Retained earnings	217,450	198,528	2,112,806
Treasury stock	(43)	(27)	(417)
Net unrealized gains on securities	2,653	4,524	25,777
Gains (losses) on hedging items	(3,803)	(5,998)	(36,951)
Foreign currency translation adjustments	6,416	(17,665)	62,340
Remeasurements of defined benefit plans	(18,509)	-	(179,838)
Minority interests	13,645	11,641	132,578
Total net assets	<u>376,686</u>	<u>349,881</u>	<u>3,659,988</u>
Total liabilities and net assets	<u>¥ 1,554,430</u>	<u>¥ 1,466,290</u>	<u>\$ 15,103,284</u>

Condensed Consolidated Statements of Income

For the year ended March 31, 2014 and 2013

	Millions of yen		Change	Thousands of
	2014	2013		U.S. dollars
				2014
Net sales	¥ 1,385,482	¥ 1,288,881	+8%	\$ 13,461,737
Cost of sales	1,140,293	1,085,469		11,079,411
Gross profit	245,189	203,412		2,382,326
Selling, general and administrative expenses	172,838	161,350		1,679,344
Operating income	72,351	42,062	+72%	702,982
Other income (expenses) :				
Interest and dividend income	1,317	1,641		12,796
Equity in income of unconsolidated subsidiaries and affiliates	7,016	8,530		68,169
Interest expense	(3,991)	(4,151)		(38,777)
Other, net	(15,383)	(1,930)		(149,465)
Income before income taxes and minority interests	61,310	46,152		595,705
Income taxes	(20,312)	(13,141)		(197,357)
Minority interests in net income of consolidated subsidiaries	(2,397)	(2,147)		(23,290)
Net income	¥ 38,601	¥ 30,864	+25%	\$ 375,058

Condensed Consolidated Statements of Cash Flows

For the year ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash flows from operating activities:			
Income(loss) before income taxes and minority interests	¥ 61,310	¥ 46,152	\$ 595,705
Adjustments to reconcile net income(loss) before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	37,838	48,385	367,644
Decrease (Increase) in assets	17,345	8,325	168,528
Increase (Decrease) in liabilities	53,751	(31,463)	522,260
Other	(18,523)	(43,298)	(179,973)
Net cash provided by operating activities	¥ 151,721	¥ 28,101	\$ 1,474,164
Cash flows from investing activities:			
Acquisition of tangible and intangible assets	(80,174)	(70,416)	(778,993)
Acquisition of investments in securities	(610)	(572)	(5,927)
Other	3,225	(10,172)	31,335
Net cash used for investing activities	¥ (77,559)	¥ (81,160)	\$ (753,585)
Cash flows from financing activities:			
Increase (Decrease) in short-term borrowings	(64,139)	42,129	(623,192)
Proceeds from long-term debt	80,430	64,327	781,480
Repayment of long-term debt	(68,749)	(38,837)	(667,985)
Other	(10,047)	(9,948)	(97,619)
Net cash provided by financing activities	¥ (62,505)	¥ 57,671	\$ (607,316)
Effect of exchange rate changes	(4,001)	(886)	(38,876)
Net decrease in cash and cash equivalents	7,656	3,726	74,387
Cash and cash equivalents at beginning of term	36,971	33,245	359,221
Decrease in cash and cash equivalents due to changes in fiscal period of consolidated subsidiaries	804	-	7,812
Cash and cash equivalents at end of term	¥ 45,431	¥ 36,971	\$ 441,420

Segment information

(a) Information by reportable segment

For the year ended March 31, 2013

Millions of yen										
2013										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 90,343	¥ 1,999	¥ 92,342	¥ 88,180	¥ 4,162	¥ 112,612	¥ 1,364	¥ -	¥ 35,434	¥ 1,781
Rolling Stock	129,973	2,888	132,861	130,646	2,215	163,528	3,536	-	99	2,808
Aerospace	239,172	2,289	241,461	226,634	14,827	311,659	10,769	-	-	17,171
Gas Turbine & Machinery	207,008	19,404	226,412	219,379	7,033	251,808	6,100	-	1,086	9,324
Plant & Infrastructure	115,813	15,115	130,928	121,156	9,772	115,470	1,861	-	11,768	4,376
Motorcycle & Engine	251,858	757	252,615	250,218	2,397	271,548	10,480	-	994	14,866
Precision Machinery	130,455	14,027	144,482	136,030	8,452	114,699	7,713	-	-	12,320
Other	124,259	32,873	157,132	155,859	1,273	144,211	2,427	363	2,521	2,149
Total	1,288,881	89,352	1,378,233	1,328,102	50,131	1,485,535	44,250	363	51,902	64,795
Eliminations and corporate	-	(89,352)	(89,352)	(81,283)	(8,069)	(19,245)	4,135	-	-	13,829
Consolidated total	¥ 1,288,881	¥ -	¥ 1,288,881	¥ 1,246,819	¥ 42,062	¥ 1,466,290	¥ 48,385	¥ 363	¥ 51,902	¥ 78,624

Thousands of U.S. dollars										
2013										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 961,197	\$ 21,268	\$ 982,465	\$ 938,185	\$ 44,280	\$ 1,198,127	\$ 14,512	\$ -	\$ 376,998	\$ 18,949
Rolling Stock	1,382,839	30,727	1,413,566	1,389,999	23,567	1,739,845	37,621	-	1,053	29,875
Aerospace	2,544,654	24,354	2,569,008	2,411,256	157,752	3,315,874	114,576	-	-	182,689
Gas Turbine & Machinery	2,202,447	206,447	2,408,894	2,334,067	74,827	2,679,093	64,900	-	11,554	99,202
Plant & Infrastructure	1,232,184	160,815	1,392,999	1,289,031	103,968	1,228,535	19,800	-	125,204	46,558
Motorcycle & Engine	2,679,625	8,054	2,687,679	2,662,177	25,502	2,889,116	111,501	-	10,576	158,166
Precision Machinery	1,387,967	149,239	1,537,206	1,447,281	89,925	1,220,332	82,062	-	-	131,078
Other	1,322,045	349,750	1,671,795	1,658,251	13,544	1,534,323	25,822	3,862	26,822	22,864
Total	13,712,958	950,654	14,663,612	14,130,247	533,365	15,805,245	470,794	3,862	552,207	689,381
Eliminations and corporate	-	(950,654)	(950,654)	(864,804)	(85,850)	(204,756)	43,994	-	-	147,133
Consolidated total	\$ 13,712,958	\$ -	\$ 13,712,958	\$ 13,265,443	\$ 447,515	\$ 15,600,489	\$ 514,788	\$ 3,862	\$ 552,207	\$ 836,514

(b) Net Sales by geographic area

For the year ended March 31, 2013

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Japan	¥ 616,220	\$ 6,556,229
United States	272,531	2,899,574
Europe	97,540	1,037,770
Asia	202,704	2,156,655
Other	99,886	1,062,730
Total	¥ 1,288,881	\$ 13,712,958

Segment information

(a) Information by reportable segment

For the year ended March 31, 2014

Millions of yen

2014

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 80,863	¥ 1,777	¥ 82,640	¥ 84,646	¥ (2,006)	¥ 129,543	¥ 756	¥ -	¥ 49,090	¥ 1,533
Rolling Stock	147,951	5,821	153,772	146,200	7,572	159,363	2,630	-	125	5,491
Aerospace	280,737	2,537	283,274	257,020	26,254	348,608	9,937	-	-	25,700
Gas Turbine & Machinery	189,241	16,923	206,164	195,678	10,486	279,356	3,155	-	1,424	8,301
Plant & Infrastructure	103,898	15,639	119,537	113,225	6,312	109,878	1,297	476	15,234	2,425
Motorcycle & Engine	322,248	794	323,042	306,942	16,100	252,933	10,242	-	1,099	17,250
Precision Machinery	123,276	13,568	136,844	126,429	10,415	124,990	4,436	-	6	7,734
Other	137,268	33,016	170,284	165,802	4,482	120,532	2,079	-	2,719	4,237
Total	1,385,482	90,075	1,475,557	1,395,942	79,615	1,525,203	34,532	476	69,697	72,671
Eliminations and corporate	-	(90,075)	(90,075)	(82,811)	(7,264)	29,227	3,306	-	-	15,055
Consolidated total	¥ 1,385,482	¥ -	¥ 1,385,482	¥ 1,313,131	¥ 72,351	¥ 1,554,430	¥ 37,838	¥ 476	¥ 69,697	¥ 87,726

Thousands of U.S. dollars

2014

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 785,688	\$ 17,266	\$ 802,954	\$ 822,445	\$ (19,491)	\$ 1,258,677	\$ 7,345	\$ -	\$ 476,972	\$ 14,895
Rolling Stock	1,437,534	56,558	1,494,092	1,420,521	73,571	1,548,416	25,554	-	1,214	53,352
Aerospace	2,727,721	24,650	2,752,371	2,497,279	255,092	3,387,175	96,551	-	-	249,708
Gas Turbine & Machinery	1,838,719	164,429	2,003,148	1,901,263	101,885	2,714,302	30,655	-	13,836	80,655
Plant & Infrastructure	1,009,502	151,953	1,161,455	1,100,126	61,329	1,067,606	12,602	4,624	148,018	23,562
Motorcycle & Engine	3,131,053	7,715	3,138,768	2,982,336	156,432	2,457,569	99,514	-	10,678	167,606
Precision Machinery	1,197,785	131,830	1,329,615	1,228,420	101,195	1,214,438	43,101	-	58	75,146
Other	1,333,735	320,793	1,654,528	1,610,980	43,548	1,171,123	20,200	-	26,419	41,168
Total	13,461,737	875,194	14,336,931	13,563,370	773,561	14,819,306	335,522	4,624	677,195	706,092
Eliminations and corporate	-	(875,194)	(875,194)	(804,615)	(70,579)	283,978	32,122	-	-	146,278
Consolidated total	\$ 13,461,737	\$ -	\$ 13,461,737	\$ 12,758,755	\$ 702,982	\$ 15,103,284	\$ 367,644	\$ 4,624	\$ 677,195	\$ 852,370

(b) Net Sales by geographic area

For the year ended March 31, 2014

	Millions of yen	Thousands of U.S. dollars
	2014	2014
Japan	¥ 605,328	\$ 5,881,539
United States	326,337	3,170,783
Europe	101,381	985,047
Asia	240,221	2,334,055
Other	112,215	1,090,313
Total	¥ 1,385,482	\$ 13,461,737

Net sales, orders and order backlog by reportable segment

For the year ended March 31, 2014 and 2013

	Millions of yen				Change %	Thousands of U.S. dollars
	2014		2013			2014
Net sales :						
Ship & Offshore Structure	¥ 80,863	(6%)	¥ 90,343	(7%)	-10%	\$ 785,688
Rolling Stock	147,951	(11%)	129,973	(10%)	+14%	1,437,534
Aerospace	280,737	(20%)	239,172	(19%)	+17%	2,727,721
Gas Turbine & Machinery	189,241	(14%)	207,008	(16%)	-9%	1,838,719
Plant & Infrastructure	103,898	(7%)	115,813	(9%)	-10%	1,009,502
Motorcycle & Engine	322,248	(23%)	251,858	(19%)	+28%	3,131,053
Precision Machinery	123,276	(9%)	130,455	(10%)	-6%	1,197,785
Other	137,268	(10%)	124,259	(10%)	+10%	1,333,735
Total	¥ 1,385,482	(100%)	¥ 1,288,881	(100%)	+7%	\$ 13,461,737

Orders :						
Ship & Offshore Structure	¥ 117,872	(8%)	¥ 105,733	(8%)	+11%	\$ 1,145,278
Rolling Stock	133,049	(9%)	124,441	(9%)	+7%	1,292,742
Aerospace	286,383	(20%)	283,485	(21%)	+1%	2,782,579
Gas Turbine & Machinery	222,013	(15%)	255,553	(19%)	-13%	2,157,141
Plant & Infrastructure	103,912	(7%)	113,600	(8%)	-9%	1,009,639
Motorcycle & Engine	322,248	(22%)	251,858	(18%)	+28%	3,131,053
Precision Machinery	127,297	(9%)	109,725	(8%)	+16%	1,236,854
Other	142,688	(10%)	125,193	(9%)	+14%	1,386,397
Total	¥ 1,455,462	(100%)	¥ 1,369,588	(100%)	+6%	\$ 14,141,683

	Millions of yen				Change %	Thousands of U.S. dollars
	As of Mar. 31, 2014		As of Mar. 31, 2013			As of Mar. 31, 2014
Order backlog :						
Ship & Offshore Structure	¥ 161,134	(11%)	¥ 120,112	(9%)	+34%	\$ 1,565,624
Rolling Stock	364,654	(24%)	359,980	(26%)	+1%	3,543,082
Aerospace	450,581	(30%)	432,729	(32%)	+4%	4,377,973
Gas Turbine & Machinery	295,100	(20%)	237,410	(17%)	+24%	2,867,276
Plant & Infrastructure	170,737	(11%)	171,486	(12%)	-0%	1,658,929
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	25,821	(2%)	21,571	(2%)	+20%	250,884
Other	32,237	(2%)	26,798	(2%)	+20%	313,224
Total	¥ 1,500,264	(100%)	¥ 1,370,086	(100%)	+10%	\$ 14,576,992