

Consolidated Statements of Cash Flows

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2018, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
Cash flows from operating activities:				
Income before income taxes	¥ 32,999	¥ 38,873	¥ 74,832	\$ 310,520
Adjustments to reconcile net income before income taxes and non-controlling interests to net cash provided by (used for) operating activities:				
Depreciation and amortization	56,137	51,564	49,004	528,248
Increase (decrease) in liability for retirement benefits	13,324	3,537	(3,043)	125,378
Increase (decrease) in accrued bonuses	(387)	(4,852)	(935)	(3,641)
Increase (decrease) in allowance for doubtful receivables	1,093	4,872	(857)	10,285
Increase (decrease) in provision for product warranties	814	(385)	1,590	7,659
Increase (decrease) in provision for losses on construction contracts	11,029	10,185	2,228	103,782
Loss (gain) on sales of property, plant, and equipment	(2,606)	(3,077)	(3,155)	(24,522)
Equity in income of non-consolidated subsidiaries and affiliates	(4,492)	(5,537)	(2,876)	(42,269)
Interest and dividend income	(1,011)	(1,100)	(1,164)	(9,513)
Interest expense	2,794	2,859	3,637	26,291
Gain on transfer of business	–	–	(901)	–
Loss on overseas business	–	–	19,298	–
Losses from the termination of a shipbuilding contract for an offshore service vessel	12,833	–	–	120,758
Changes in assets and liabilities:				
Decrease (increase) in:				
Trade receivables	(35,516)	(64,605)	(7,657)	(334,205)
Inventories	(26,443)	7,453	(19,719)	(248,828)
Advance payments	6,103	7,838	(5,860)	57,429
Other current assets	(22,937)	(1,272)	(2,670)	(215,837)
Increase (decrease) in:				
Trade payables	21,569	20,743	(5,441)	202,964
Advances from customers	(10,092)	35,565	7,433	(94,965)
Other current liabilities	8,644	1,468	5,003	81,339
Other, net	(789)	(557)	(444)	(7,423)
Subtotal	63,066	103,572	108,303	593,450
Cash received for interest and dividends	4,166	5,870	6,745	39,202
Cash paid for interest	(2,795)	(2,827)	(3,817)	(26,300)
Cash paid for income taxes	(8,387)	(13,101)	(25,172)	(78,922)
Net cash provided by operating activities	¥ 56,050	¥ 93,514	¥ 86,059	\$ 527,430

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
Cash flows from investing activities:				
Acquisition of property, plant and equipment and intangible assets	¥(82,238)	¥(69,341)	¥(79,463)	\$ (773,859)
Proceeds from sales of property, plant and equipment and intangible assets	6,452	4,810	1,202	60,713
Acquisition of investments in securities	(512)	(1,208)	(173)	(4,817)
Proceeds from sales of investments in securities	342	1,841	702	3,218
Acquisition of investments in subsidiaries and affiliates	(3,408)	(625)	(1,601)	(32,069)
Proceeds from sales of investments in subsidiaries and affiliates	–	966	–	–
Proceeds from sale of business (Note 19)	–	–	5,390	–
Other	(1,226)	(1,322)	(242)	(11,537)
Net cash used for investing activities	(80,590)	(64,879)	(74,185)	(758,351)
Cash flows from financing activities:				
Increase (decrease) in short-term debt	16,363	(20,843)	4,132	153,975
Proceeds from long-term debt	64,363	31,734	19,648	605,656
Repayment of long-term debt	(42,694)	(16,946)	(25,651)	(401,751)
Proceeds from issuance of bonds	20,000	20,000	20,000	188,199
Redemption of bonds payable	(10,000)	(10,000)	(20,000)	(94,099)
Cash dividends paid	(8,375)	(18,351)	(20,022)	(78,808)
Cash dividends paid to non-controlling shareholders	(1,433)	(765)	(1,527)	(13,484)
Other	(454)	(679)	20	(4,273)
Net cash used for financing activities	37,770	(15,850)	(23,400)	355,415
Effect of exchange rate changes	410	543	1,639	3,858
Net increase (decrease) in cash and cash equivalents	13,640	13,328	(9,887)	128,352
Cash and cash equivalents at beginning of year	50,722	37,832	47,721	477,293
Decrease in cash and cash equivalents arising from exclusion of consolidated subsidiaries	–	(438)	–	–
Increase (decrease) in cash and cash equivalents due to changes in fiscal period of consolidated subsidiaries	–	–	(2)	–
Cash and cash equivalents at end of year	¥ 64,362	¥ 50,722	¥ 37,832	\$ 605,645
Supplemental information on cash flows:				
Cash and cash equivalents:				
Cash on hand and in banks in the balance sheets	¥ 70,632	¥ 55,388	¥ 42,157	\$ 664,646
Time deposits with maturities over three months	(6,270)	(4,666)	(4,325)	(59,001)
Total (Note 19)	¥ 64,362	¥ 50,722	¥ 37,832	\$ 605,645

The accompanying notes to the consolidated financial statements are an integral part of these statements.