

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

For six months ended September 30, 2013 and 2012 and one year ended March 31, 2013

(Consolidated)

Operating results

Millions of yen 7.7 7.4

Financial condition

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 Ca Thousands of U.S. dollar]TJ /TT8 1 Tf 10-40.2231 -4203D .0029 7c .0006

- 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	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

	External sales	Intersegment 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					

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 Sep. 30, 2013		Six months ended Sep. 30, 2012		% Change	Six months ended 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
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