

Three months ended
Jun. 30, 2014 Three months ended
Jun. 30, 2013

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

For three months ended June 30, 2014 and 2013 and one year ended March 31, 2014

(Consolidated)
Millions of yen / Thousand shares

Operating results

	Millions of yen		Thousands of U.S. dollars	
Net sales	?	304,154	?	282,509
Operating income		10,904		16,752
Net income		5,416		4,496
Earnings per share (Yen)		3.2		2.6
			\$	3,002,507
				107,640
				53,464

Financial condition

	As of Jun. 30, 2014		As of Jun. 30, 2013		As of Jun. 30, 2014	
Total assets	?	1,570,651	?	1,554,430	\$	15,504,945
Net assets		370,760		376,686		3,660,019
Number of shares issued and outstanding		1,671,745		1,671,750		
Equity Ratio		22.7%		23.3%		

Cash flows

	Millions of yen		Millions of U.S. dollars	
	Three months ended Jun. 30, 2014	Three months ended Jun. 30, 2013	Three months ended Jun. 30, 2014	Three months ended Jun. 30, 2013

Millions of yen

- 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 $\text{¥} 101.30 = \$1$, the rate prevailing as of June 30, 2014, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of June 30 and March 31, 2014

	Millions of yen		Thousands of U.S. dollars	
	Jun. 30, 2014	Mar. 31, 2014	Jun. 30, 2014	
Assets :				
Current assets :				
Cash on hand and in banks	? 43,312	? 47,949	\$ 427,562	
Receivables, less allowance	403,498	426,676	3,983,198	
Inventories	478,121	458,033	4,719,852	
Other current assets	92,079	73,096	908,973	
Total current assets	1,017,010	1,005,754	10,039,585	
Investments and long-term loans less allowance	94,727	94,257	935,114	
Net property, plant and equipment	388,567	383,912	3,835,804	
Intangible and other assets	70,347	70,507	694,442	
Total assets	? 1,570,651	? 1,554,430	\$ 15,504,945	
Liabilities and net assets :				
Current liabilities :				
Short-term borrowings				
and current portion of long-term debt	? 249,307	? 191,162	\$ 2,461,076	
Payables	273,866	306,031	2,703,514	
Advances from customers	156,516	137,598	1,545,074	
Other current liabilities	140,087	160,625	1,382,892	
Total current liabilities	819,776	795,416	8,092,556	
Long-term liabilities :				
Long-term debt, less current portion	252,445	253,483	2,492,054	
Others	127,670	128,845	1,260,316	
Total long-term liabilities	380,115	382,328	3,752,370	
Net assets :				
Common stock	104,484	104,484	1,031,431	
Capital surplus	54,393	54,393	536,949	
Retained earnings	212,824	217,450	2,100,927	
Treasury stock	(45)	(43)	(444)	
Net unrealized gains on securities	2,755	2,653	27,196	
Gains (losses) on hedging items	(629)	(3,803)	(6,209)	

Condensed Consolidated Statements of Income

For three months ended June 30, 2014 and 2013

	Millions of yen		# Change	Thousands of
	Three months ended Jun.30, 2014	Three months ended Jun.30, 2013		U.S. dollars
				Three months ended Jun.30, 2014
Net sales	? 304,154	? 282,509	+8%	\$ 3,002,507
Cost of sales	253,170	226,810		2,499,210
Gross profit	50,984	55,699		503,297
Selling, general and administrative expenses	40,080	38,947		395,657
Operating income	10,904	16,752	-35%	107,640
Other income (expenses) :				
Interest and dividend income	246	469		2,428
Equity in income of unconsolidated subsidiaries and affiliates	2,465	1,523		24,333
Interest expense	(990)	(1,030)		(9,772)
Other, net	(5,931)	(8,314)		(58,549)
Income before income taxes and minority interests	6,694	9,400		66,080
Income taxes	(619)	(4,588)		(6,110)
Minority interests in net income of consolidated subsidiaries	(659)	(316)		(6,506)
Net income	? 5,416	? 4,496	+21%	\$ 53,464

Segment information
Information by reportable segment

	Millions of yen				
	Three months ended Jun.30,2013				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship \$ Offshore Structure ?	21,073	? 565	? 21,638	? 18,257	? 3,381
Rolling Stock	30,562	192	30,754	28,844	1,910
Aerospace	55,624	462	56,086	48,535	7,551
Gas Turbine & Machinery	36,452	3,898	40,350	39,506	844
Plant & Infrastructure	16,712	3,225	19,937	20,543	(606)
Motorcycle & Engine	67,493	144	67,637	65,155	2,482
Precision Machinery	25,124	2,456	27,580	26,018	1,562
Other	29,469	8,305	37,774	37,426	348
Total	282,509	19,247	301,756	284,284	17,472
Eliminations and corporate	-	(19,247)	(19,247)	(18,527)	(720)
Consolidated total	? 282,509	? -	? 282,509	? 265,757	? 16,752

	Millions of yen				
	Three months ended Jun.30,2014				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure ?	18,350	? 381	? 18,731	? 19,147	? (416)
Rolling Stock	30,464	144	30,608	30,596	12
Aerospace	65,403	653	66,056	59,782	6,274
Gas Turbine & Machinery	42,799	2,034	44,833	42,777	2,056
Plant & Infrastructure	21,053	3,430	24,483	24,908	(425)
Motorcycle & Engine	64,892	163	65,055	64,792	263
Precision Machinery	30,634	3,159	33,793	30,943	2,850
Other	30,559	6,220	36,779	36,188	591
Total	304,154	16,184	320,338	309,133	11,205
Eliminations and corporate	-	(16,184)	(16,184)	(15,883)	(301)
Consolidated total	? 304,154	? -	? 304,154	? 293,250	? 10,904

	Thousands of U.S. dollars				
	Three months ended Jun.30,2014				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure \$	181,145	\$ 3,761	\$ 184,906	\$ 189,013	\$ (4,107)
Rolling Stock	300,730	1,421	302,151	302,034	117
Aerospace	645,636	6,446	652,082	590,148	61,934
Gas Turbine & Machinery	422,497	20,079	442,576	422,280	20,296
Plant & Infrastructure	207,828	33,860	241,688	245,883	(4,195)
Motorcycle & Engine	640,593	1,609	642,202	639,605	2,597
Precision Machinery	302,409	31,185	333,594	305,459	28,135
Other	301,669	61,402	363,071	357,236	5,835
Total	3,002,507	159,763	3,162,270	3,051,658	110,612
Eliminations and corporate	-	(159,763)	(159,763)	(156,791)	(2,972)
Consolidated total	\$ 3,002,507	\$ -	\$ 3,002,507	\$ 2,894,867	\$ 107,640

Net sales, orders and order backlog by industry segment

For three months ended June 30, 2014 and 2013 and as of June 30 and March 31, 2014

	Millions of yen			Thousands of U.S. dollars	
	Three months ended Jun. 30, 2014		Three months ended Jun. 30, 2013	% Change	Three months ended Jun. 30, 2014
Net sales :					
Ship H Offshore Structure	18,350	(6%)	21,073	(7%)	\$ 181,145
Rolling Stock	30,464	(10%)	30,562	(11%)	300,730
Aerospace	65,403	(22%)	55,624	(20%)	645,637
Gas Turbine & Machinery	42,799	(14%)	36,452	(13%)	422,498
Plant & Infrastructure	21,053	(7%)	16,712	(6%)	207,828
Motorcycle & Engine	64,892	(21%)	67,493	(24%)	640,592
Precision Machinery	30,634	(10%)	25,124	(9%)	302,409
Other	30,559	(10%)	29,469	(21%)	35,275
			427,058	(11%)	427,058
			Plant & Infrastructure		35,275
			Motorcycle & Engine		64,892
			Precision Machinery		31,700
			Other		34,740
			Total		333,863

	Millions of yen			Thousands of U.S. dollars	
	Three months ended Jun. 30, 2014		Three months ended Jun. 30, 2013	% Change	Three months ended Jun. 30, 2014
Japan	120,208	(39%)	118,426	(42%)	