

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

October 29, 2015

For six months ended September 30, 2015 and 2014 and one year ended March 31, 2015

(Consolidated)

Operating results

	Millions of yen					Thousands of U.S. dollars			
	Six months ended Sep. 30, 2015		Six months ended Sep. 30, 2014		Six months ended Sep. 30, 2015				
Net sales	<u> </u>	708,194	\	633,422	\$	5,903,092			
Operating income		42,305		23,189		352,629			
Profit attributable to owners of parent		26,878		18,185		224,039			
Earnings per share (Yen)		16.0		10.8					

Financial condition

	Millions of yen / Thousand shares					Thousands of U.S. dollars			
	As of Sep. 30, 2015		As of March. 31,2015			As of Sep. 30, 2015			
Total assets	\	1,727,750	\	1,662,283	\$	14,401,517			
Net assets		462,049		447,957		3,851,371			
Number of shares issued and outstanding		1,670,594		1,670,613					
Equity Ratio		25.8%		25.9%					

Cash flows

	Millions of yen					Thousands of U.S. dollars			
	_	onths ended o. 30, 2015	Six months ended Sep. 30, 2014		Six months ended Sep. 30, 2015				
Operating activities Investing activities Financing activities Cash and cash equivalents at end of term	\	(100,893) (40,722) 135,523 41,706	\	(60,807) (29,707) 78,398 33,664	\$	(840,985) (339,434) 1,129,640 347,636			

Fiscal vear forecast

scal year forecast		Millions of yen							
		Net sales	C	perating income		Profit attributable to owners of parent	_		
One year ending March 31, 2016	\	1,610,000	\	96,000	\	69,000			

(Consolidated)

- 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 119.97=\$1, the rate prevailing as of September 30, 2015, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of September 30 and March 31, 2015

						Thousands of		
		Million	s of ye			U.S. dollars		
		As of		As of		As of		
	s	ep. 30, 2015	N	Mar. 31, 2015		Sep. 30, 2015		
Assets:								
Current assets :								
Cash on hand and in banks	\	45,873	\	51,645	\$	382,370		
Receivables, less allowance		439,907		436,831		3,666,808		
Inventories		547,955		498,652		4,567,433		
Other current assets		93,529		85,934		779,604		
Total current assets		1,127,264		1,073,062		9,396,215		
Investments and long-term loans less allowance	' <u>-</u>	111,267		110,410		927,458		
Net property, plant and equipment		431,497		420,554		3,596,707		
Intangible and other assets		57,722		58,257		481,137		
Total assets	1	1,727,750	\	1,662,283	\$	14,401,517		
Liabilities and net assets :								
Current liabilities :								
Short-term borrowings								
and current portion of long-term debt	\	281,081	\	142,614	\$	2,342,927		
Payables		298,672		347,032	r	2,489,556		
Advances from customers		167,047		171,607		1,392,406		
Other current liabilities		127,607		163,371		1,063,658		
Total current liabilities		874,407		824,624		7,288,547		
Long-term liabilities :				· · · · · · · · · · · · · · · · · · ·		, ,		
Long-term debt, less current portion		279,406		271,761		2,328,966		
Others		111,888		117,941		932,633		
Total long-term liabilities		391,294		389,702		3,261,599		
Net assets :		<u> </u>		· · · · · · · · · · · · · · · · · · ·		, , ,		
Common stock		104,484		104,484		870,917		
Capital surplus		54,393		54,393		453,388		
Retained earnings		268,815		253,606		2,240,686		
Treasury stock		(78)		(67)		(650)		
Net unrealized gains on securities		2,905		3,704		24 <u>,</u> 214		
Gains (losses) on hedging items		(856)		(1,985)		(7,135)		
Foreign currency translation adjustments		22,799		25,179		190,039		
Remeasurements of defined benefit plans		(6,639)		(7,318)		(55,338)		
Non-controlling interests		16,226		15,961		135,250		
Total net assets		462,049		447,957		3,851,371		
Total liabilities and net assets	1	1,727,750	\	1,662,283	\$	14,401,517		
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(Consolidated)

Condensed Consolidated Statements of Income

For six months ended September 30, 2015 and 2014

Millions of yen

Thousands of U.S. dollars

Condensed Consolidated Statements of Cash Flows

For six months ended September. 30, 2015 and 2014

					Thousands of
	Millions of yen			U.S. dollars	
		onths ended	Six months ended Sep. 30, 2014		
	Sep	. 30, 2015			
Cash flows from operating activities:					
Income before income taxes and minority interests	1	40,292	\	25,963	\$ 335,850
Adjustments to reconcile net income before income taxes and minority					
interests to net cash provided by operating activities:					
Depreciation and amortization		24,087		21,530	200,775
Decrease in assets		(65,682)		(53,978)	(547,486)
Decrease in liabilities		(69,690)		(27,827)	(580,895)
Other		(29,900)		(26,495)	(249,229)
Net cash provided by operating activities	1	(100,893)	\	(60,807)	\$ (840,985)
Cash flows from investing activities:					
Acquisition of tangible and intangible assets		(40,251)		(28,757)	(335,509)
Acquisition of investments in securities		(38)		(49)	(316)
Other		(433)		(901)	(3,609)
Net cash used for investing activities	١	(40,722)	\	(29,707)	\$ (339,434)
Cash flows from financing activities:					
Decrease in short-term borrowings		143,079		105,340	1,192,623
Proceeds from long-term debt		28,500		57,019	237,559
Repayment of long-term debt		(23,856)		(73,379)	(198,850)
Other		(12,200)		(10,582)	(101,692)
Net cash provided by financing activities	١	135,523	\	78,398	\$ 1,129,640
Effect of exchange rate changes		78		227	