



KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

FLASH CONSOLIDATED FINANCIAL RESULTS

January 31, 2017

For nine months ended December 31, 2016 and 2015 and one year ended March 31, 2016

(Consolidated)

Operating results

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016
Net sales	\ 1,043,052	\ 1,065,556	\$ 8,950,931
Operating income	22,875	66,838	196,301
Profit attributable to owners of parent	17,974	29,574	154,243
Earnings per share (Yen)	10.7	17.7	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Dec. 31, 2016	As of Mar. 31, 2016	As of Dec. 31, 2016
Total assets	\ 1,798,417	\ 1,620,458	\$ 15,433,081
Net assets	426,077	445,625	3,656,371
Number of shares issued and outstanding	1,670,551	1,670,576	
Equity Ratio	22.9%	26.6%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016
Operating activities	\ (147,276)	\ (190,735)	\$ (1,263,846)
Investing activities	(46,851)	(52,523)	(402,050)
Financing activities	206,284	235,658	1,770,222
Cash and cash equivalents at end of term	48,719	40,247	418,081

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2017	\ 1,520,000	\ 40,000	\ 21,000

- 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 116.53=\$1, the rate prevailing as of December 31, 2016, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2016

	Millions of yen		Thousands of
	As of Dec. 31, 2016	As of Mar. 31, 2016	U.S. dollars As of Dec. 31, 2016
Assets :			
Current assets :			
Cash on hand and in banks	\ 53,451	\ 42,157	\$ 458,688
Receivables, less allowance	511,800	396,750	4,392,002
Inventories	539,225	492,965	4,627,349
Other current assets	91,703	86,031	786,948
Total current assets	<u>1,196,179</u>	<u>1,017,903</u>	<u>10,264,987</u>
Investments and long-term loans less allowance	92,505	106,303	793,829
Net property, plant and equipment	450,687	436,558	3,867,563
Intangible and other assets	59,046	59,694	506,702
Total assets	<u>\ 1,798,417</u>	<u>\ 1,620,458</u>	<u>\$ 15,433,081</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	\ 325,607	\ 116,047	\$ 2,794,190
Payables	332,580	329,903	2,854,029
Advances from customers	162,605	170,454	1,395,391
Other current liabilities	131,000	151,307	1,124,175
Total current liabilities	<u>951,792</u>	<u>767,711</u>	<u>8,167,785</u>
Long-term liabilities :			
Long-term debt, less current portion	297,816	282,377	2,555,703
Others	122,732	124,745	1,053,222
Total long-term liabilities	<u>420,548</u>	<u>407,122</u>	<u>3,608,925</u>
Net assets :			
Common stock	104,484	104,484	896,627
Capital surplus	54,393	54,394	466,772
Retained earnings	279,218	279,627	2,396,104
Treasury stock	(94)	(86)	(806)
Net unrealized gains on securities	3,133	2,705	26,885
Gains (losses) on hedging items	(4,940)	693	(42,392)
Foreign currency translation adjustments	(7,197)	8,990	(61,760)
Remeasurements of defined benefit plans	(16,443)	(19,439)	(141,106)
Non-controlling interests	13,523	14,257	116,047
Total net assets	<u>426,077</u>	<u>445,625</u>	<u>3,656,371</u>
Total liabilities and net assets	<u>\ 1,798,417</u>	<u>\ 1,620,458</u>	<u>\$ 15,433,081</u>

Condensed Consolidated Statements of Income

For nine months ended December 31, 2016 and 2015

	Millions of yen		Change	Thousands of
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2015		U.S. dollars
				Nine months ended Dec. 31, 2016
Net sales	\ 1,043,052	\ 1,065,556	-0%	\$ 8,950,931
Cost of sales	877,767	861,785		7,532,541
Gross profit	165,285	203,771		1,418,390
Selling, general and administrative expenses	142,410	136,933		1,222,089
Operating income	22,875	66,838	-66%	196,301
Other income (expenses) :				
Interest and dividend income	863	797		7,405
Equity in income of unconsolidated subsidiaries and affiliates	4,821	2,124		41,371
Interest expense	(2,187)	(2,756)		(18,767)
Other, net	(1,162)	(19,354)		(9,971)
Income before income taxes and non-controlling interests	25,210	47,649		216,339
Income taxes	(6,078)	(16,767)		(52,159)
Profit (loss) attributable to non-controlling interests	(1,158)	(1,308)		(9,937)
Profit attributable to owners of parent	\ 17,974	\ 29,574	-39%	\$ 154,243

Segment information

Information by reportable segment

Millions of yen

	External sales	Intersegment sales		Operating expenses	Operating income (loss)
Ship & Offshore Structure	72,999	2,157	75,156	77,736	(2,580)
Rolling Stock	104,594	1,218	105,812	98,054	7,758
Aerospace	250,575	1,042	251,617	216,010	35,607

Net sales, orders and order backlog by reportable segment

For nine months ended December 31, 2016 and 2015 and as of December 31 and March 31, 2016

	Millions of yen			Thousands of U.S. dollars
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2015	% Change	<i>Nine months ended Dec. 31, 2016</i>
Net sales :				