

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

FLASH CONSOLIDATED FINANCIAL RESULTS

For three months ended June 30, 2017 and 2016 and one year ended March 31, 2017

(Consolidated)

Operating results

	Millions of yen		Thousands of U.S. dollars			
Net sales	\	335,329	\	339,859	\$	2,994,008
Operating income		4,908		15,958		43,821
Profit attributable to owners of parent		3,278		4,797		29,267

- 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 112.00=\$1, the rate prevailing as of June 30, 2017, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets*As of June 30 and March 31, 2017*

	Millions of yen		Thousands of U.S. dollars
	Jun. 30, 2017	Mar. 31, 2017	Jun. 30, 2017
Assets :			
Current assets :			
Cash on hand and in banks	\ 48,261	\ 55,388	\$ 430,901
Receivables, less allowance	466,237	460,976	4,162,830
Inventories	504,391	484,862	4,503,491
Other current assets	100,271	76,609	895,278
Total current assets	1,119,160	1,077,835	9,992,500
Investments and long-term loans less allowance	96,346	95,277	860,233
Net property, plant and equipment	464,479	461,882	4,147,133
Intangible and other assets	51,987	52,369	464,169
Total assets	\ 1,731,972	\ 1,687,363	\$ 15,464,035
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	\ 230,788	\ 121,648	\$ 2,060,607
Payables	325,551	363,116	2,906,706
Advances from customers	192,377	205,872	1,717,651
Other current liabilities	139,645	152,806	1,246,831
Total current liabilities	888,361	843,442	7,931,795
Long-term liabilities :			
Long-term debt, less current portion	279,081	279,043	2,491,794
Others	113,781	113,551	1,015,902
Total long-term liabilities	392,862	392,594	3,507,696
Net assets :			
Common stock	104,484	104,484	932,892
Capital surplus	54,393	54,393	485,651
Retained earnings	287,384	287,449	2,565,930
Treasury stock			

(Consolidated)

Condensed Consolidated Statements of Income

For three months ended June 30, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars	
Net sales	\	335,329	\	339,859	Change -1% \$ 2,994,008
Cost of sales		284,154		280,201	\$ 2,537,089
Gross profit		51,175		59,658	456,919
Selling, general and administrative expenses		46,267		43,700	413,098
Operating income		4,908		15,958	-69% 43,821
Other income (expenses) :					
Interest and dividend income		352		262	3,142
Equity in income of unconsolidated					

Segment information
Information by reportable segment

Millions of yen					
Three months ended					
Jun. 30, 2016					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure \	31,155	468	31,623	31,009	614
Rolling Stock	28,801	9	28,810	28,099	711
Aerospace	80,054	600	80,654	71,081	9,573
Gas Turbine & Machinery	49,107	3,142	52,249	49,003	3,246
Plant & Infrastructure	31,771	2,042	33,813	33,202	611
Motorcycle & Engine	69,288	199	69,487	69,156	331
Precision Machinery	32,945	3,039	35,984	33,849	2,135
Other	16,738	7,877	24,615	23,910	705
Total	339,859	17,376	357,235	339,309	17,926
Eliminations and corporate	-	(17,376)	(17,376)	(15,408)	(1,968)
Consolidated total \	339,859	-	339,859	323,901	15,958

Millions of yen					
Three months ended					
Jun. 30, 2017					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure \	19,711	710	20,421	23,282	(2,861)
Rolling Stock	29,171	48	29,219	30,163	(944)
Aerospace	73,353	314	73,667	69,875	3,792
Gas Turbine & Machinery	60,547	2,563	63,110	58,764	4,346
Plant & Infrastructure	25,524	2,204	27,728	28,401	(673)
Motorcycle & Engine	67,769	138	67,907	71,234	(3,327)
Precision Machinery	41,823	3,377	45,200	40,624	4,576
Other	17,431	9,841	27,272	26,610	662
Total	335,329	19,195	354,524	348,953	5,571
Eliminations and corporate	-	(19,195)	(19,195)	(18,532)	(663)
Consolidated total \	335,329	-	335,329	330,421	4,908

Thousands of U.S. dollars					
Three months ended					
Jun. 30, 2017					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure \$	175,991	6,339	182,330	207,875	(25,545)
Rolling Stock	260,455	428	260,883	269,312	(8,429)
Aerospace	654,937	2,803	657,740	623,884	33,856
Gas Turbine & Machinery	540,598	22,884	563,482	524,679	38,803
Plant & Infrastructure	227,892	19,678	247,570	253,580	(6,010)
Motorcycle & Engine	605,080	1,232	606,312	636,018	(29,706)
Precision Machinery	373,419	30,152	403,571	362,714	40,857
Other	155,636	87,867	243,503	237,589	5,914
Total	2,994,008	171,383	3,165,391	3,115,651	49,740
Eliminations and corporate	-	(171,383)	(171,383)	(165,464)	(5,919)
Consolidated total \$	2,994,008	-	2,994,008	2,950,187	43,821

Net sales, orders and order backlog by reportable segment

For three months ended June 30, 2017 and 2016 and as of June 30 and March 31, 2017

	Millions of yen				Thousands of U.S. dollars	
	Three months ended Jun. 30, 2017		Three months ended Jun. 30, 2016		% Change	Three months ended Jun. 30, 2017
Net sales :						
Ship Offshore Structure \	19,711	(6%)	31,155	(9%)	-37%	\$ 175,991
Rolling Stock	29,171	(9%)	28,801	(9%)	+1%	260,455
Aerospace	73,353	(22%)				