

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

For six months ended September 30, 2017 and 2016 and one year ended March 31, 2017

October 27, 2017

(Consolidated)

## Operating results

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Net sales	? 709,721	? 697,299	\$ 6,295,201
Operating income	16,115	8,491	142,939
Profit (loss) attributable to owners of parent	10,853	(242)	96,265
Earnings per share (Yen)	64.9	(1.4)	

## Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Sep. 30, 2017	As of Mar. 31, 2017	As of Sep. 30, 2017
Total assets	? 1,795,393	? 1,687,363	\$ 15,925,075
Net assets	456,251	451,327	4,046,930
Number of shares issued and outstanding	167,053	167,054	
Equity Ratio	24.6%	25.9%	

## Cash flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017
Operating activities	? (123,333)	? (117,247)	\$ (1,093,959)
Investing activities	(40,285)	(31,618)	(357,326)
Financing activities	155,631	143,936	1,380,441
Cash and cash equivalents at end of year	40,277	35,689	357,255

## Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2018	? 1,590,000	? 62,000	? 38,000

- 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 112.74=¥1, the rate prevailing as of September 29, 2017, solely for the convenience of the readers.

## Condensed Consolidated Balance Sheets

As of September 30 and March 31, 2017

	Millions of yen		Thousands of U.S. dollars	
	Sep. 30, 2017	Mar. 31, 2017	Sep. 30, 2017	
<b>Assets :</b>				
<b>Current assets :</b>				
Cash on hand and in banks	? 45,442	? 55,388	\$ 403,069	
Receivables, less allowance	506,636	460,976	4,493,844	
Inventories	518,548	484,862	4,599,503	
Other current assets	98,242	76,609	871,403	
Total current assets	1,168,868	1,077,835	10,367,819	
Investments and long-term loans less allowance	98,930	95,277	877,505	
Net property, plant and equipment	475,084	461,882	4,213,981	
Intangible and other assets	52,511	52,369	465,770	
Total assets	? 1,795,393	? 1,687,363	\$ 15,925,075	
<b>Liabilities and net assets :</b>				
<b>Current liabilities :</b>				
Short-term borrowings and current portion of long-term debt	? 217,195	? 121,648	\$ 1,926,512	
Payables	351,778	363,116	3,120,259	
Advances from customers	165,648	205,872	1,469,292	
Other current liabilities	144,994	152,806	1,286,092	
Total current liabilities	879,615	843,442	7,802,155	
<b>Long-term liabilities :</b>				
Long-term debt, less currepbrtion				



(Consolidated)

## Condensed Consolidated Statements of Cash Flows

For six months ended September 30, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars		
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2016				
Cash flows from operating activities:						
Income before income taxes and minority interests	?	15,116	?	476	\$	134,078
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:						
Depreciation and amortization		27,442		25,121		243,409
Increase in assets		(98,246)		(68,494)		(871,438)
Decrease in liabilities		(63,567)		(64,799)		(563,837)
Other		(4,078)		(9,551)		(36,171)
Net cash provided by operating activities	?	(123,333)	?	(117,247)	\$	(1,093,959)
Cash flows from investing activities:						
Acquisition of tangible and intangible assets		(38,595)		(33,752)		(342,336)
Acquisition of investments in securities		(222)		(610)		(1,969)
Other		(1,468)		2,744		(13,021)
Net cash used for investig activities	?	(40,285)	?	(31,618)	\$	(357,326)
Cash flows from financing activities:						
Increase in short-term borrowings		110,375		151,460		979,022
Proceeds from long-term debt		76,355		24,503		677,266
Repayment of long-term debt		(26,599)		(19,339)		(235,932)
Other		(4,500)		(12,688)		(39,915)
Net cash provided by financing activities	?	155,631	?	143,936	\$	1,380,441
Effect of exchange rate changes		(2,458)		3,223		(21,802)
Net decrease in cash and cash equivalents		(10,445)		(1,706)		(92,646)
Cash and cash equivalents at beginning of term		50,722		37,832		449,902
Increase in cash and cash equivalents						
due to changes in fiscal period of consolidated subsidiaries		-		-		-
Decrease in cash and cash equivalents resulting from						

## Segment information

Information by reportable segment

Millions of yen

		External sales		Intersegment sales			Operating expenses		Operating income (loss)	
Ship & Offshore Structure	?	51,622	?	1,579	?	53,201	?	69,629	?	(16,428)
Rolling Stock		62,346		13		62,359		63,030		(671)
Aerospace		168,917		922		169,839		149,726		20,113
Gas Turbine & Machinery		106,622		6,199		112,821		109,844		2,977
Plant & Infrastructure		78,567		3,628		82,195		80,495		1,700
Motorcycle & Engine		128,567		417		128,984		131,439		(

## Net sales, orders and order backlog by reportable segment

For six months ended September 30, 2017 and as of September 30 and March 31, 2017

	Millions of yen				% Change	Thousands of
	Six months ended Sep. 30, 2017		Six months ended Sep. 30, 2016			U.S. dollars
						Six months ended Sep. 30, 2017
Net sales :						
Ship & Offshore Structure	45,075	(6%)	51,622	(7%)	-13%	\$ 399,813
Rolling Stock	63,690	(9%)	62,346	(9%)	+2%	564,928
Aerospace	168,517	(24%)	168,917	(24%)	-0%	1,494,740
Gas Turbine & Machinery	116,215	(17%)	106,622	(15%)	+9%	1,030,823
Plant & Infrastructure	53,737	(8%)	78,567	(11%)	-32%	476,645
Motorcycle & Engine	136,980	(19%)	128,567	(19%)	+7%	1,215,007
Precision Machinery	86,967	(12%)	65,728	(10%)	+32%	771,394
Other	38,540	(5%)	34,930	(5%)	+10%	341,851
	95,717	(202%)				