


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

January 29, 2015

**(Consolidated)**
*For nine months ended December 31, 2014 and 2013 and one year ended March 31, 2014*
**Operating results**

	Millions of yen		Thousands of U.S. dollars
	<b>Nine months ended Dec. 31, 2014</b>	Nine months ended Dec. 31, 2013	<i>Nine months ended Dec. 31, 2014</i>
Net sales	¥ <b>1,016,447</b>	¥ 920,852	\$ 8,433,145
Operating income	<b>60,357</b>	46,079	500,763
Net income	<b>44,928</b>	23,292	372,753
Earnings per share (Yen)	<b>26.8</b>	13.9	

**Financial condition**

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	<b>As of Dec. 31, 2014</b>	As of March. 31, 2014	<i>As of Dec. 31, 2014</i>
Total assets	¥ <b>1,800,783</b>	¥ 1,554,430	\$ 14,940,537
Net assets	<b>424,272</b>	376,686	3,520,053
Number of shares issued and outstanding	<b>1,671,716</b>	1,671,750	
Equity Ratio	<b>22.6%</b>	23.3%	

**Cash flows**

	Millions of yen		Thousands of U.S. dollars
	<b>Nine months ended Dec. 31, 2014</b>	Nine months ended Dec. 31, 2013	<i>Nine months ended Dec. 31, 2014</i>
Operating activities	¥ <b>(110,348)</b>	¥ (82,941)	\$ (915,523)
Investing activities	<b>(52,480)</b>	(62,728)	(435,410)
Financing activities	<b>161,068</b>	141,841	1,336,331
Cash and cash equivalents at end of term	<b>41,468</b>	31,126	344,047

**Fiscal year forecast**

	Millions of yen		
	<u>Net sales</u>	<u>Operating income</u>	<u>Net income</u>
One year ending March 31, 2014	¥ 1,510,000	¥ 86,000	¥ 56,000

- 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 ¥120.53=\$1, the rate prevailing as of December 31, 2014, solely for the convenience of the readers.

## Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2014

	Millions of yen		Thousands of
	As of Dec. 31, 2014	As of Mar. 31, 2014	U.S. dollars As of Dec. 31, 2014
<b>Assets :</b>			
Current assets :			
Cash on hand and in banks	¥ 45,585	¥ 47,949	\$ 378,204
Receivables, less allowance	521,979	426,676	4,330,697
Inventories	540,926	458,033	4,487,895
Other current assets	100,084	73,096	830,367
Total current assets	<u>1,208,574</u>	<u>1,005,754</u>	<u>10,027,163</u>
Investments and long-term loans less allowance	107,609	94,257	892,799
Net property, plant and equipment	414,429	383,912	3,438,388
Intangible and other assets	70,171	70,507	582,187
Total assets	<u>¥ 1,800,783</u>	<u>¥ 1,554,430</u>	<u>\$ 14,940,537</u>
<b>Liabilities and net assets :</b>			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 365,635	¥ 191,162	\$ 3,033,560
Payables	316,076	306,031	2,622,384
Advances from customers	145,605	137,598	1,208,039
Other current liabilities	151,687	160,625	1,258,501
Total current liabilities	<u>979,003</u>	<u>795,416</u>	<u>8,122,484</u>
Long-term liabilities :			
Long-term debt, less current portion	267,242	253,483	2,217,223
Others	130,266	128,845	1,080,777
Total long-term liabilities	<u>397,508</u>	<u>382,328</u>	<u>3,298,000</u>
Net assets :			
Common stock	104,484	104,484	866,871
Capital surplus	54,393	54,393	451,281
Retained earnings	247,556	217,450	2,053,896
Treasury stock	(58)	(43)	(481)
Net unrealized gains on securities	3,503	2,653	29,063
Gains (losses) on hedging items	(4,249)	(3,803)	(35,252)
Foreign currency translation adjustments	19,941	6,416	165,444
Remeasurements of defined benefit plans	(17,137)	(18,509)	(142,180)
Minority interests	15,839	13,645	131,411
Total net assets	<u>424,272</u>	<u>376,686</u>	<u>3,520,053</u>
Total liabilities and net assets	<u>¥ 1,800,783</u>	<u>¥ 1,554,430</u>	<u>\$ 14,940,537</u>

## Condensed Consolidated Statements of Income

For nine months ended December 31, 2014 and 2013

	Millions of yen		<b>% Change</b>	Thousands of
	<b>Nine months ended Dec. 31, 2014</b>	Nine months ended Dec. 31, 2013		U.S. dollars
				<i>Nine months ended Dec. 31, 2014</i>
Net sales	¥ 1,016,447	¥ 920,852	+10%	\$ 8,433,145
Cost of sales	827,639	750,864		6,866,664
Gross profit	188,808	169,988		1,566,481
Selling, general and administrative expenses	128,451	123,909		1,065,718
Operating income	60,357	46,079	+31%	500,763
Other income (expenses) :				
Interest and dividend income	780	1,075		6,471
Equity in income of unconsolidated subsidiaries and affiliates	8,199	4,039		68,024
Interest expense	(2,872)	(3,011)		(23,828)
Other, net	(1,692)	(9,453)		(14,038)
Income before income taxes and minority interests	64,772	38,729		537,392
Income taxes	(17,798)	(13,658)		(147,664)
Minority interests in net income of consolidated subsidiaries	(2,046)	(1,779)		(16,975)
Net income	¥ 44,928	¥ 23,292	+93%	\$ 372,753

**Segment information**  
**Information by reportable segment**

Millions of yen					
Nine months ended					
Dec. 31, 2013					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 58,635	¥ 1,168	¥ 59,803	¥ 59,791	¥ 12
Rolling Stock	97,956	3,734	101,690	95,403	6,287
Aerospace	187,125	1,468	188,593	167,658	20,935
Gas Turbine & Machinery	125,368	12,113	137,481	130,589	6,892
Plant & Infrastructure	58,494	10,776	69,270	68,411	859
Motorcycle & Engine	213,030	500	213,530	209,492	4,038
Precision Machinery	84,906	8,717	93,623	86,433	7,190
Other	95,338	23,852	119,190	116,789	2,401
<b>Total</b>	<b>920,852</b>	<b>62,328</b>	<b>983,180</b>	<b>934,566</b>	<b>48,614</b>
Eliminations and corporate	-	(62,328)	(62,328)	(59,793)	(2,535)
<b>Consolidated total</b>	<b>¥ 920,852</b>	<b>¥ -</b>	<b>¥ 920,852</b>	<b>¥ 874,773</b>	<b>¥ 46,079</b>

Millions of yen					
Nine months ended					
Dec. 31, 2014					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 64,890	¥ 1,686	¥ 66,576	¥ 63,229	¥ 3,347
Rolling Stock	87,884	3,061	90,945	86,571	4,374
Aerospace	229,364	1,737	231,101	200,928	30,173
Gas Turbine & Machinery	149,734	9,861	159,595	152,482	7,113
Plant & Infrastructure	72,248	14,475	86,723	84,438	2,285
Motorcycle & Engine	212,925	523	213,448	209,314	4,134
Precision Machinery	95,314	10,183	105,497	97,546	7,951
Other	104,088	26,141	130,229	127,391	2,838
<b>Total</b>	<b>1,016,447</b>	<b>67,667</b>	<b>1,084,114</b>	<b>1,021,899</b>	<b>62,215</b>
Eliminations and corporate	-	(67,667)	(67,667)	(65,809)	(1,858)
<b>Consolidated total</b>	<b>¥ 1,016,447</b>	<b>¥ -</b>	<b>¥ 1,016,447</b>	<b>¥ 956,090</b>	<b>¥ 60,357</b>

Thousands of U.S. dollars					
Nine months ended					
Dec. 31, 2014					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 538,372	\$ 13,988	\$ 552,360	\$ 524,591	\$ 27,769
Rolling Stock	729,146	25,396	754,542	718,253	36,289
Aerospace	1,902,961	14,412	1,917,373	1,667,037	250,336
Gas Turbine & Machinery	1,242,296	81,813	1,324,109	1,265,096	59,013
Plant & Infrastructure	599,419	120,094	719,513	700,556	18,957
Motorcycle & Engine	1,766,572	4,340	1,770,912	1,736,613	34,299
Precision Machinery	790,790	84,485	875,275	809,309	65,966
Other	863,589	216,884	1,080,473	1,056,923	23,550
<b>Total</b>	<b>8,433,145</b>	<b>561,412</b>	<b>8,994,557</b>	<b>8,478,378</b>	<b>516,179</b>
Eliminations and corporate	-	(561,412)	(561,412)	(545,996)	(15,416)
<b>Consolidated total</b>	<b>\$ 8,433,145</b>	<b>\$ -</b>	<b>\$ 8,433,145</b>	<b>\$ 7,932,382</b>	<b>\$ 500,763</b>

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

For nine months ended December 31, 2014 and 2013 and as of December 31 and March 31, 2014

	Millions of yen			Thousands of U.S. dollars	
	Nine months ended		%	Nine months ended	
	Dec. 31, 2014	Dec. 31, 2013		Dec. 31, 2014	
<b>Net sales :</b>					
Ship & Offshore Structure	¥ 64,890 (6%)	¥ 58,635 (6%)	+11%	\$ 538,372	
Rolling Stock	87,884 (9%)	97,956 (11%)	-10%	729,146	
Aerospace	229,364 (23%)	187,125 (20%)	+23%	1,902,961	
Gas Turbine & Machinery	149,734 (15%)	125,368 (14%)	+19%	1,242,296	
Plant & Infrastructure	72,248 (7%)	58,494 (6%)	+24%	599,419	
Motorcycle & Engine	212,925 (21%)	213,030 (23%)	-%	1,766,572	
Precision Machinery	95,314 (9%)	84,906 (9%)	+12%	790,790	
Other	104,088 (10%)	95,338 (11%)	+9%	863,589	
Total	¥ 1,016,447 (100%)	¥ 920,852 (100%)	+10%	\$ 8,433,145	
<b>Orders :</b>					
Ship & Offshore Structure	¥ 140,773 (13%)	¥ 54,683 (6%)	+157%	\$ 1,167,949	
Rolling Stock	102,457 (9%)	108,259 (11%)	-5%	850,053	
Aerospace	194,939 (18%)	162,052 (17%)	+20%	1,617,348	
Gas Turbine & Machinery	144,318 (13%)	140,990 (15%)	+2%	1,197,361	
Plant & Infrastructure	81,465 (8%)	83,573 (9%)	-3%	675,889	
Motorcycle & Engine	212,925 (20%)	213,030 (22%)	-%	1,766,572	
Precision Machinery	96,519 (9%)	92,401 (10%)	+4%	800,788	
Other	106,057 (10%)	98,810 (10%)	+7%	879,926	
Total	¥ 1,079,453 (100%)	¥ 953,798 (100%)	+13%	\$ 8,955,886	

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Dec. 31, 2014	Mar. 31, 2014		Dec. 31, 2014	
<b>Order backlog :</b>					
Ship & Offshore Structure	¥ 251,730 (15%)	¥ 161,134 (11%)	+108%	\$ 2,088,525	
Rolling Stock	411,147 (25%)	364,654 (24%)	+4%	3,411,159	
Aerospace	421,862 (26%)	450,581 (30%)	+1%	3,500,058	
Gas Turbine & Machinery	313,075 (19%)	295,100 (20%)	+17%	2,597,486	
Plant & Infrastructure	182,082 (11%)	170,737 (11%)	-7%	1,510,677	
Motorcycle & Engine	- (- %)	- (- %)	-%	-	
Precision Machinery	27,027 (2%)	25,821 (2%)	-8%	224,234	
Other	34,201 (2%)	32,237 (2%)	+13%	283,757	
Total	¥ 1,641,124 (100%)	¥ 1,500,264 (100%)	+12%	\$ 13,615,896	

## Net Sales by geographic area

For nine months ended December 31, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars	
	Nine months ended		%	Nine months ended	
	Dec. 31, 2014	Dec. 31, 2013		Dec. 31, 2014	
Japan	¥ 430,930 (43%)	¥ 405,697 (44%)	+6%	\$ 3,575,292	
United States	246,440 (24%)	209,367 (23%)	+17%	2,044,636	
Europe	74,730 (7%)	62,130 (7%)	+20%	620,011	
Asia	171,983 (17%)	162,530 (17%)	+5%	1,426,889	
Other	92,364 (9%)	81,128 (9%)	+13%	766,317	
Total	¥ 1,016,447 (100%)	¥ 920,852 (100%)	+10%	\$ 8,433,145	