Report of Earnings and Financial Statements for the Nine Months Ended December 31, 2017 (Consolidated)
(Prepared pursuant to Japanese GAAP)

January 31, 2018

Listed company's name:	**Kawasaki Heavy Industries, Ltd.**
Listed on:	1st sections of the TSE, and NSE
Stock code:	7012
URL:	http://www.khi.co.jp/
Representative:	Yoshinori Kanehana, President
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Scheduled dates:

Submission of quarterly securities filing:	February 8, 2018
Commencement of dividend payments:	-
Supplementary materials to quarterly earnings:	Available
Quarterly earnings presentation:	Conducted (for institutional investors, analysts and the press)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 – December 31, 2017)

(Amounts in millions of yen rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine Months Ended December 31, 2017	1,092,369	4.7	44,644	95.1	39,999	73.8	14,520	(19.2)
Nine Months Ended December 31, 2016	1,043,052	(2.1)	22,875	(65.7)	23,008	(65.1)	17,974	(39.2)

Note: Comprehensive income: Nine months ended December 31, 2017: 24,057 million yen -%
Nine months ended December 31, 2016: (227) million yen -%

	Earnings per share	Earnings per share – diluted
	yen	yen
Nine Months Ended December 31, 2017	86.92	-
Nine Months Ended December 31, 2016	107.59	-

Note: As the company carried out a share consolidation with a 10:1 ratio of common shares with an effective date of October 1, 2017, earnings per share has been calculated assuming this share consolidation was carried out at the beginning of the fiscal year ended March 31, 2017.

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
December 31, 2017	1,903,409	466,524	23.6
March 31, 2017	1,687,363	451,327	25.9

Note: Shareholders' equity: December 31, 2017: 451,100 million yen
March 31, 2017: 437,247 million yen

2. Dividends

Record date or term	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full year
	yen	yen	yen	yen	yen
Year ended March 31, 2017	-	4.00	-	2.00	6.00
Year ending March 31, 2018	-	3.00	-		
Year ending March 31, 2018 (forecast)			-	30.00	-

Note: 1. Revisions to the most recently announced dividend forecast: None

2. The company conducted a share consolidation with a 10:1 ratio of common shares, with an effective date of October 1, 2017. The expected dividend per share for the fiscal year ending March 31, 2018 factoring in the impact of the share consolidation is shown. The total annual dividend for the fiscal year ending March 31, 2018 is denoted with the "-" mark. Without the impact of the share consolidation factored in, the expected dividend per share for the fiscal year ending March 31, 2018 would be ¥3 per share, and the total annual dividend would be ¥6 per share.

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentage figures represent changes versus the year-ago period)

	Net sales		Operating income		Recurring profit		Net income attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	1,590,000	4.6	62,000	34.8	55,500	51.3	33,500	27.8	200.54

Note: Revisions to the most recently announced earnings forecast: Yes

Notes

1) Changes affecting the status of material subsidiaries (scope of consolidation): None

2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

*For further details, see "2. Consolidated Financial Statements (3) Notes on financial statements" on page 13 in the Accompanying Materials.

3) Changes in accounting policies, changes in accounting estimates, and correction of errors

(1) Changes in accounting policies in accord with revisions to accounting standards: None

(2) Changes in accounting policies other than (1): None

(3) Changes in accounting estimates: None

(4) Correction of errors: None

4) Number of shares issued and outstanding (common stock)

(1) Number of shares issued as of period-end (including treasury stock)

December 31, 2017:	167,080,532 shares
March 31, 2017:	167,080,532 shares

(2) Number of shares held in treasury as of period-end

December 31, 2017:	32,068 shares
March 31, 2017:	25,910 shares

(3) Average number of shares during respective periods

Nine months ended December 31, 2017:	167,052,397 shares
Nine months ended December 31, 2016:	167,056,532 shares

*As the company carried out a share consolidation with a 10:1 ratio of common shares with an effective date of October 1, 2017, the number of shares issued as of period-end, the number of shares held in treasury as of period-end, and the average number of shares during respective periods have been calculated assuming that this share consolidation was carried out at the beginning of the fiscal year ended March 31, 2017.

The quarterly report of earnings and financial statements is exempted from quarterly review procedures based on the Financial Instruments and Exchange act.

Appropriate Use of Financial Forecasts and Other Important Matters

Forward-Looking Statements

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of their preparation, and do not mean that the company promises to achieve these figures. Actual results may differ from those expressed or implied by forward-looking statements due to a range of factors. For assumptions underlying earnings forecasts and other information regarding the use of such forecasts, refer to "1. Qualitative Information and Financial Statements (3) Consolidated earnings outlook" on page 9 in the Accompanying Materials.

How to Obtain Supplementary Briefing Material on Quarterly Financial Results and Details of the Quarterly Financial Results Briefing

The company plans to conduct a briefing on conference call for institutional investors, analysts and the press on Wednesday January 31, 2018, and to post the briefing material on quarterly financial results to be used for the briefing on TDnet and the company's website simultaneously with the announcement of financial results.

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1. Qualitative Information and Financial Statements

(1) Consolidated operating results

In the first nine months of the fiscal year ending March 31, 2018, the global economy is relatively lacking in vigor overall due to the economic slowdown in emerging countries and resource-rich countries, along with other factors, despite the ongoing modest growth centered on the U.S., where the real economy remains strong, as well as China, where personal consumption and public investment are supporting the economy.

In addition, uncertainty about future prospects for the real economy persists, including influence to corporate activities due to Brexit, concerns about an expansion of protectionist policies, and other factors. Going forward, these risks with the potential to drag down the global economy must continue to be watched.

The Japanese economy has been recovering modestly, due to the impacts of the pickup in inbound demand, the improvement in corporate earnings, and other factors.

Going forward, the economy is expected to grow modestly overall, but there is a possibility that economic policies enacted by countries around the world, especially the U.S., and geopolitical risks on the Korean Peninsula and in other regions, could result in both rapid and significant fluctuations in foreign exchange rates. As a result, foreign exchange rates must continue to be watched carefully.

Amid such an operating environment, the Group's orders received in the first nine months of the fiscal year ending March 31, 2018, increased versus the same period of the previous fiscal year, mainly in the Aerospace, Precision Machinery and Plant & Infrastructure segments.

Net sales during the period increased, centered on the Precision Machinery as well as the Gas Turbine & Machinery segments. Both operating income and recurring profit increased, due to higher profit in the Precision Machinery segment, improvement in the Ship & Offshore Structure segment, and other factors. On the other hand, net income attributable to owners of parent fell as a result of losses in conjunction with extraordinary losses from the termination of a shipbuilding contract for an offshore service vessel, along with other factors.

As a result, consolidated orders received increased ¥116.7 billion versus the same period of the previous fiscal year to ¥1,002.0 billion, consolidated sales increased ¥49.3 billion year on year to ¥1,092.3 billion, operating income increased ¥21.7 billion to ¥44.6 billion, recurring profit rose ¥16.9 billion in comparison to the same period of the previous fiscal year to ¥39.9 billion, while net income attributable to owners of parent decreased ¥3.4 billion to ¥14.5 billion.

Consolidated operating performance in the first nine months of fiscal year is summarized by segment below.

Segment Information

Segment net sales, operating income, and orders received (billion yen)

	Nine months ended December 31						Orders received		
	2016 (A)		2017 (B)		Change (B – A)		Nine months ended December 31		
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	2016 (A)	2017 (B)	Change (B – A)
Ship & Offshore Structure	74.9	(13.8)	69.9	(4.3)	(5.0)	9.4	28.7	(2.4)	(31.2)
Rolling Stock	94.9	1.6	99.8	2.3	4.8	0.7	84.7	79.7	(4.9)
Aerospace	238.1	22.7	246.6	17.3	8.5	(5.3)	148.8	251.2	102.4
Gas Turbine & Machinery	165.2	5.9	185.7	11.9	20.5	5.9	192.3	168.0	(24.2)
Plant & Infrastructure	114.2	2.3	80.0	(0.0)	(34.2)	(2.4)	60.4	86.4	26.0
Motorcycle & Engine	198.7	(2.0)	214.9	3.2	16.2	5.2	198.7	214.9	16.2
Precision Machinery	103.5	6.8	136.3	14.7	32.7	7.9	115.7	144.7	29.0
Other	53.2	2.3	58.7	2.3	5.5	(0.0)	55.7	59.2	3.4
Adjustments	-	(3.1)	-	(2.9)	-	0.2	-	-	-
Total	1,043.0	22.8	1,092.3	44.6	49.3	21.7	885.3	1,002.0	116.7

Notes: 1. Net sales include only sales to external customers.
2. The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

Ship & Offshore Structure

Consolidated orders received were minus ¥2.4 billion, a ¥31.2 billion year on year decline versus the same period of the previous fiscal year when orders for submarines were received, due to the termination of a shipbuilding contract for an offshore service vessel, despite receiving orders for LPG carriers and Kawasaki JETFOIL during the period.

Consolidated net sales fell ¥5.0 billion year on year to ¥69.9 billion, due to a decline in the volume of vessel repair.

Consolidated operating loss was ¥4.3 billion, a ¥9.4 billion improvement from the same period of the previous fiscal year, when additional allowance for doubtful receivables was posted and there was an increase in provision for losses on construction contracts.

Rolling Stock

Consolidated orders received fell ¥4.9 billion versus the same period of the previous fiscal year, when rolling stock for a domestic subway and other orders were received, to ¥79.7 billion, despite an order received for rolling stock for a high-speed railway (MRT) in Bangladesh.

Consolidated net sales increased ¥4.8 billion year on year to ¥99.8 billion, due to the increase in the domestic market, despite a decline in Asia, including Singapore and other countries.

Consolidated operating income increased ¥0.7 billion year on year to an operating income of ¥2.3 billion, due to the increase in sales.

Aerospace

Consolidated orders received increased ¥102.4 billion year on year to ¥251.2 billion, due to the increase in orders received from the Ministry of Defense, and other factors.

Consolidated net sales increased ¥8.5 billion year on year to ¥246.6 billion, due to the increase in sales to the Ministry of Defense and other factors, despite the decline in sales of component parts for commercial aircraft.

Consolidated operating income fell ¥5.3 billion year on year to ¥17.3 billion, due to the decline in profitability of component parts for commercial aircraft, and other factors.

Gas Turbine & Machinery

Consolidated orders received declined ¥24.2 billion year on year to ¥168.0 billion, due to the decline in gas engine power plants for the domestic market, and other factors.

Consolidated net sales increased ¥20.5 billion year on year to ¥185.7 billion, due to the increase in component parts of aircraft engines, and other factors.

Consolidated operating income increased ¥5.9 billion year on year to ¥11.9 billion, due to the increase in sales.

Plant & Infrastructure

Consolidated orders received increased ¥26.0 billion year on year to ¥86.4 billion, due to the increase in waste treatment facility constructions and operations, and other factors.

Consolidated net sales fell ¥34.2 billion year on year to ¥80.0 billion, due to the decline in construction work volume on a chemical plant for an overseas market, and other factors.

Consolidated operating income fell ¥2.4 billion year on year to an operating loss of ¥0.0 billion, due to the decrease in sales.

Motorcycle & Engine

Consolidated net sales increased ¥16.2 billion year on year to ¥214.9 billion, due to the increase in motorcycles for developed countries and general-purpose engines, despite the decline in motorcycles for emerging markets.

Consolidated operating income increased ¥5.2 billion year on year to ¥3.2 billion, due to the increase in sales.

Precision Machinery

Consolidated orders received increased ¥29.0 billion year on year to ¥144.7 billion, due to the increase in hydraulic components for construction machinery.

Consolidated net sales increased ¥32.7 billion year on year to ¥136.3 billion, due to an increase in sales of hydraulic components for construction machinery and various industrial robots, as well as other factors.

Consolidated operating income increased ¥7.9 billion year on year to ¥14.7 billion, due to the increase in sales.

Other Operations

Consolidated net sales increased ¥5.5 billion year on year to ¥58.7 billion.

Consolidated operating income was ¥2.3 billion, on par with the same period of the previous fiscal year.

(2) Consolidated financial position

On December 31, 2017, consolidated assets totaled ¥1,903.4billion, an increase of ¥216.0 billion from March 31, 2017, due to an increase in trade receivables in conjunction with the posting of sales, and an increase in inventories in association with progress on construction projects. Liabilities totaled ¥1,436.8 billion, a ¥200.8 billion increase versus March 31, 2017, due to the increase in short-term debt and other interest-bearing debts along with other factors, despite the decline in advances from customers. Interest-bearing debts increased ¥277.5 billion to ¥678.2 billion. Net assets increased ¥15.1 billion to ¥466.5 billion, due to the posting of net income attributable to owners of parent, dividend payments, and other factors.

(3) Consolidated earnings outlook

The company leaves its consolidated net sales and operating income for the fiscal year ending March 31, 2018, unchanged from the values previously announced (on December 26, 2017).

The company expects net income attributable to owners of parent decreasing 1.5 billion from the value previously announced to 33.5 billion, due to the effect from the U.S. tax-reform.

The company expects consolidated orders received increasing ¥20.0 billion from the value previously announced (on October 27, 2017) to ¥1,640.0 billion, ROIC of 4.9% and ROE of 7.3% due to the increase of orders in Rolling Stock segment and Aerospace segment, despite the decrease of orders in Ship & Offshore Structure.

The company's earnings forecasts assume exchange rates of ¥110 to the U.S. dollar and ¥130 to the euro.

Note regarding consolidated earnings outlook

The above earnings outlook is based on information available at the time of preparation, and includes risks and uncertainties. We therefore discourage making investment decisions depending solely on this outlook. Please note that actual earnings may differ materially from this outlook, due to a variety of important factors stemming from changes in the external environment and/or the company’s internal environment. Important factors that impact actual operating performance include, but are not limited to, the economic situation surrounding the company’s scope of business, foreign exchange rates, in particular the yen/dollar exchange rate, tax codes and other regulatory system-related issues.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

	Million yen	
	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash on hand and in banks	55,388	50,406
Trade receivables	444,633	558,550
Merchandise and finished products	49,850	73,066
Work in process	323,433	365,492
Raw materials and supplies	111,577	120,204
Other	95,544	111,331
Allowance for doubtful receivables	(2,593)	(8,656)
Total current assets	1,077,835	1,270,395
Fixed assets		
Net property, plant and equipment	461,881	478,950
Intangible assets	15,284	15,473
Investments and other assets		
Other	147,090	141,225
Allowance for doubtful receivables	(14,727)	(2,635)
Total investments and other assets	132,362	138,589
Total fixed assets	609,527	633,013
Total assets	1,687,363	1,903,409
Liabilities		
Current liabilities		
Trade payables	240,572	224,827
Electronically recorded obligations - operating	101,449	120,318
Short-term debt	111,456	181,309
Income taxes payable	4,295	6,771
Accrued bonuses	20,288	10,216
Provision for product warranties	12,175	11,836
Provision for losses on construction contracts	18,103	4,680
Advances from customers	205,871	164,165
Other	129,228	267,605
Total current liabilities	843,441	991,732
Long-term liabilities		
Bonds payable	130,000	130,000
Long-term debt	147,492	194,895
Net defined benefit liability	81,563	85,936
Other	33,538	34,322
Total long-term liabilities	392,594	445,153
Total liabilities	1,236,035	1,436,885

Net assets		
Shareholders' equity		
Common stock	104,484	104,484
Capital surplus	54,393	54,573
Retained earnings	287,448	293,616
Treasury stock	(96)	(120)
Total shareholders' equity	446,230	452,553
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	3,232	4,280
Deferred gains (losses) on hedges	(1,182)	(1,044)
Foreign currency translation adjustment	(341)	2,785
Remeasurements of defined benefit plans	(10,692)	(7,474)
Total accumulated other comprehensive income	(8,983)	(1,453)
Non-controlling interests	14,080	15,423
Total net assets	451,327	466,524
Total net assets and liabilities	1,687,363	1,903,409

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

	Million yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	1,043,052	1,092,369
Cost of sales	877,767	904,289
Gross profit	165,285	188,079
Selling, general and administrative expenses		
Salaries and benefits	37,659	38,661
R&D expenses	30,860	31,069
Other	73,889	73,704
Total selling, general and administrative expenses	142,409	143,435
Operating income	22,875	44,644
Non-operating income		
Interest income	632	523
Dividend income	231	259
Equity in income of non-consolidated subsidiaries and affiliates	4,820	3,097
Other	3,958	2,400
Total non-operating income	9,643	6,280
Non-operating expenses		
Interest expense	2,187	2,014
Foreign exchange losses	1,803	17
Payments for contract adjustment for commercial aircraft jet engines	-	(*1) 2,505
Other	5,519	6,388
Total non-operating expenses	9,510	10,925
Recurring profit	23,008	39,999
Extraordinary income		
Gain on sale of fixed assets	(*2) 2,202	-
Total extraordinary income	2,202	-
Extraordinary loss		
Losses from the termination of a shipbuilding contract for an offshore service vessel	-	(*3) 12,833
Total extraordinary loss	-	12,833
Income before income taxes	25,210	27,166
Income taxes	6,078	10,850
Net income	19,132	16,315
Net income attributable to non-controlling interests	1,158	1,794
Net income attributable to owners of parent	17,974	14,520

Consolidated statements of comprehensive income

	Million yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net income	19,132	16,315
Other comprehensive income		
Net unrealized gains on securities	449	1,117
Deferred gains (losses) on hedges	(5,601)	135
Foreign currency translation adjustment	(4,093)	2,422
Remeasurements of defined benefit plans	3,008	3,225
Share of other comprehensive income of associates accounted for using equity method	(13,123)	841
Total other comprehensive income	(19,360)	7,742
Comprehensive Income attributable to:	(227)	24,057
Owners of parent	(422)	22,050
Non-controlling interests	195	2,007

(3) Notes on financial statements

Notes on the going-concern assumption

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable

Accounting procedures specific to preparation of quarterly consolidated financial statements

(Calculation of tax expense)

The company calculates tax expense by rationally estimating its effective tax rate after application of tax effect accounting to pretax net income for the fiscal year which includes the third quarter under review, and multiplying quarterly pretax net income by said estimated effective tax rate. If unable to use the estimated effective tax rate, the company calculates tax expense by multiplying the statutory effective tax rate by quarterly pretax net income adjusted to reflect material differences other than temporary differences.

Income taxes are reported inclusive of income tax adjustments.

Related to consolidated statements of income

(*1) Payments for contract adjustment for commercial aircraft jet engines

Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

The company faces one- time expenses in connection with contracts with customers relating to engine programs in which the company is participating. These expenses arose from the new requirement to allocate a portion of the engines planned to be delivered to customers for use as spare engines for operational supports. Accordingly, the company recorded these program expenses as non-operating expenses.

(*2) Gain on sale of fixed assets

Nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)

Gain on sale of fixed assets occurred in relation to the sale of the land and building of the company's Tokyo office.

(*3) Losses from the termination of a shipbuilding contract for an offshore service vessel

Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

These are losses in conjunction with the termination of a shipbuilding contract for an offshore service vessel (losses recognized on valuation of inventories and trade receivables, etc.)

(Additional information)

Concerning the posting of losses in conjunction with the termination of a shipbuilding contract for an offshore service vessel.

With the intention of entering the offshore development industry, which is a promising market over the medium to long term, in November 2013 the company entered into a shipbuilding agreement for an offshore service vessel (hereinafter, "vessel") with a subsidiary* of Island Offshore Shipholding LP (hereinafter, "Island Offshore"). This was the first vessel of its type to be constructed by the company, and certain problems during the engineering stage arose along with an increase in materials costs and other issues.

Meanwhile, the stagnation in crude oil prices has led to a very difficult business environment for offshore service providers in general ever since the order for this vessel was received, and Island Offshore has been negotiating financial restructuring with its banking partners since November 2016.

Given the above circumstances, the company has proceeded cautiously, including temporarily suspending the construction of the vessel, while paying close attention to the progress of the financial restructuring of Island Offshore. During this time, the company has been holding discussions with Island Offshore regarding the handling of the vessel. Based on the shared understanding that the environment surrounding the offshore service business remains challenging, and that uncertainty about the future will not be eliminated, the company and Island Offshore agreed to terminate the shipbuilding agreement, and the company has therefore decided to carry out the necessary accounting treatment.

*Island Navigator I KS (100% subsidiary company of Island Offshore Shipholding LP)

Segment information

1 . Nine Months Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(1) Sales and income (loss) by reportable segment

Million yen

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	74,978	1,916	76,894	(13,817)
Rolling Stock	94,964	16	94,980	1,655
Aerospace	238,100	1,294	239,394	22,701
Gas Turbine & Machinery	165,251	9,381	174,633	5,959
Plant & Infrastructure	114,273	5,072	119,346	2,335
Motorcycle & Engine	198,702	480	199,183	(2,038)
Precision Machinery	103,566	10,486	114,052	6,864
Other	53,215	27,497	80,712	2,371
Reportable segment total	1,043,052	56,146	1,099,199	26,032
Adjustments*1	-	(56,146)	(56,146)	(3,157)
Consolidated total	1,043,052	-	1,043,052	22,875

Notes: 1. Breakdown of adjustments:

Million yen

Income	Amount
Intersegment transactions	22
Corporate expenses*	(3,179)
Total	(3,157)

*Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

Not applicable

2. Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

(1) Sales and income (loss) by reportable segment

Million yen

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	69,977	2,173	72,151	(4,374)
Rolling Stock	99,829	99	99,929	2,383
Aerospace	246,689	1,081	247,770	17,339
Gas Turbine & Machinery	185,753	7,886	193,639	11,944
Plant & Infrastructure	80,058	7,466	87,524	(98)
Motorcycle & Engine	214,960	463	215,423	3,210
Precision Machinery	136,349	10,802	147,152	14,793
Other	58,750	29,062	87,812	2,364
Reportable segment total	1,092,369	59,035	1,151,404	47,561
Adjustments*1	-	(59,035)	(59,035)	(2,916)
Consolidated total	1,092,369	-	1,092,369	44,644

Notes: 1. Breakdown of adjustments:

Million yen

Income	Amount
Intersegment transactions	(43)
Corporate expenses*	(2,872)
Total	(2,916)

* Corporate expenses mainly comprise general and administrative expenses not attributed to reportable segments.

2. Segment income adjustments are based on operating income reported on the consolidated statements of income for the corresponding period.

(2) Impairment loss on fixed assets and goodwill by reportable segment

Not applicable

3. Supplementary information

(1) Consolidated cash flow statements (condensed)

	Million yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flow from operating activities	(147,276)	(206,775)
Cash flow from investing activities	(46,851)	(66,461)
Cash flow from financing activities	206,284	269,564
Cash and cash equivalents at end of period	48,719	44,148

(2) Orders and sales (consolidated)

Orders received

Reportable segment	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Year ended March 31, 2017	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	28,793	3.2	(2,447)	(0.2)	36,979	2.7
Rolling Stock	84,729	9.5	79,796	7.9	158,597	11.7
Aerospace	148,828	16.8	251,272	25.0	237,016	17.5
Gas Turbine & Machinery	192,337	21.7	168,040	16.7	260,354	19.3
Plant & Infrastructure	60,401	6.8	86,436	8.6	95,012	7.0
Motorcycle & Engine	198,702	22.4	214,960	21.4	313,030	23.2
Precision Machinery	115,742	13.0	144,747	14.4	166,832	12.3
Other	55,768	6.2	59,200	5.9	80,948	6.0
Total	885,302	100.0	1,002,007	100.0	1,348,773	100.0

Note: The Motorcycle & Engine segment's orders received are equal to its net sales as production is based mainly on estimated demand.

Net sales

Reportable segment	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Year ended March 31, 2017	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	74,978	7.1	69,977	6.4	103,204	6.7
Rolling Stock	94,964	9.1	99,829	9.1	137,159	9.0
Aerospace	238,100	22.8	246,689	22.5	329,915	21.7
Gas Turbine & Machinery	165,251	15.8	185,753	17.0	241,953	15.9
Plant & Infrastructure	114,273	10.9	80,058	7.3	160,877	10.5
Motorcycle & Engine	198,702	19.0	214,960	19.6	313,030	20.6
Precision Machinery	103,566	9.9	136,349	12.4	155,278	10.2
Other	53,215	5.1	58,750	5.3	77,410	5.0
Total	1,043,052	100.0	1,092,369	100.0	1,518,830	100.0

Order backlog

Reportable segment	Year ended March 31, 2017		Nine months ended December 31, 2017		Nine months ended December 31, 2016	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	191,604	10.8	118,500	7.1	211,689	11.7
Rolling Stock	392,224	22.2	375,074	22.6	370,666	20.6
Aerospace	508,759	28.8	493,811	29.8	513,261	28.5
Gas Turbine & Machinery	394,977	22.4	378,914	22.8	417,471	23.2
Plant & Infrastructure	214,926	12.1	221,839	13.4	227,005	12.6
Motorcycle & Engine	-	-	-	-	-	-
Precision Machinery	37,912	2.1	46,313	2.7	38,534	2.1
Other	21,401	1.2	21,057	1.2	20,416	1.1
Total	1,761,806	100.0	1,655,511	100.0	1,799,045	100.0

(3) Net sales by geographic area (consolidated)

Nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)

Million yen

Japan	437,252	41.9%
United States	255,144	24.4%
Europe	127,796	12.2%
Asia	151,377	14.5%
Other areas	71,480	6.8%
Total	1,043,052	100.0%

Nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

Million yen

Japan	459,298	42.0%
United States	273,061	24.9%
Europe	115,370	10.5%
Asia	161,347	14.7%
Other areas	83,290	7.6%
Total	1,092,369	100.0%

(4) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2018

1) Consolidated earnings outlook

Billion yen

	Outlook for the year ending March 31, 2018 (fiscal 2017)			Year ended March 31, 2017 (Fiscal 2016) (actual)
	Revised forecast (A)	Forecast issued December 26, 2017 (B)	Change (A – B)	
Net sales	1,590.0	1,590.0	-	1,518.8
Operating income	62.0	62.0	-	45.9
Recurring profit	55.5	55.5	-	36.6
Net income attributable to owners of parent	33.5	35.0	(1.5)	26.2

	Outlook for the year ending March 31, 2018 (fiscal 2017)			Year ended March 31, 2017 (Fiscal 2016) (actual)
	Revised forecast (A)	Forecast issued October 27, 2017 (B)	Change (A – B)	
Orders received	1,640.0	1,620.0	20.0	1,348.7
Before-tax ROIC (%)	4.9%	6.4%	(1.5%)	5.0%

Notes: 1. Outlook's assumed foreign exchange rates: ¥110 = 1 U.S. dollar, ¥130= 1 euro

2. Before-tax ROIC = (income before income taxes + interest expense) / invested capital.

2) Outlook by reportable segment

(a) Net sales and operating income (loss)

Billion yen

Reportable segment	Outlook for the year ending March 31, 2018 (fiscal 2017)						Year ended March 31, 2017 (Fiscal 2016) (actual)	
	Revised forecast (A)		Forecast issued October 27, 2017 (B)		Change (A – B)			
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Ship & Offshore Structure	100.0	(5.0)	100.0	(5.0)	-	-	103.2	(21.4)
Rolling Stock	145.0	3.0	150.0	4.5	(5.0)	(1.5)	137.1	3.4
Aerospace	335.0	18.5	335.0	18.5	-	-	329.9	25.0
Gas Turbine & Machinery	275.0	13.0	265.0	11.0	10.0	2.0	241.9	15.2
Plant & Infrastructure	120.0	2.5	125.0	3.0	(5.0)	(0.5)	160.8	2.6
Motorcycle & Engine	335.0	14.0	335.0	14.0	-	-	313.0	11.7
Precision Machinery	195.0	20.0	195.0	20.0	-	-	155.2	13.1
Other	85.0	4.0	85.0	4.0	-	-	77.4	3.1
Adjustments		(8.0)		(8.0)		-		(7.0)
Total	1,590.0	62.0	1,590.0	62.0	-	-	1,518.8	45.9

(b) Orders received

Billion yen

Reportable segment	Outlook for the year ending March 31, 2018 (fiscal 2017)			Year ended March 31, 2017 (Fiscal 2016) (actual)
	Revised outlook (A)	Forecast issued October 27, 2017 (B)	Change (A – B)	
Ship & Offshore Structure	30.0	65.0	(35.0)	36.9
Rolling Stock	230.0	190.0	40.0	158.5
Aerospace	370.0	355.0	15.0	237.0
Gas Turbine & Machinery	275.0	275.0	-	260.3
Plant & Infrastructure	110.0	110.0	-	95.0
Motorcycle & Engine	335.0	335.0	-	313.0
Precision Machinery	205.0	205.0	-	166.8
Other	85.0	85.0	-	80.9
Total	1,640.0	1,620.0	20.0	1,348.7

(c) Before-tax ROIC

(%)

Reportable segment	Outlook for the year ending March 31, 2018 (fiscal 2017)			Year ended March 31, 2017 (Fiscal 2016) (actual)
	Revised outlook (A)	Forecast issued October 27, 2017 (B)	Change (A – B)	
Ship & Offshore Structure	(20.8)	(5.0)	(15.8)	(23.4)
Rolling Stock	3.3	5.2	(1.9)	3.0
Aerospace	9.1	9.1	-	15.1
Gas Turbine & Machinery	3.9	4.6	(0.7)	7.1
Plant & Infrastructure	5.3	5.4	(0.1)	8.9
Motorcycle & Engine	10.9	10.9	-	7.3
Precision Machinery	19.6	19.6	-	13.4
Total	4.9	6.4	(1.5)	5.0