The Items Published on the Internet Website Concerning the Notice of the 192nd Ordinary General Meeting of Shareholders

Kawasaki Heavy Industries, Ltd.

Consolidated Statement of Changes in Net Assets

(April 1, 2014 - March 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	104,484	54,393	217,449	(43)	376,284
Changes of items during the period					
Cash dividends			(15,045)		(15,045)
Net income for the year			51,639		51,639
Treasury stock purchased				(684)	(684)
Treasury stock disposed		0		0	0
Retirement of treasury stock		(0)	(659)	660	–
Effect of changes in accounting periods of consolidated subsidiaries			221		221
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	0	36,156	(23)	36,132
Balance at the end of the period	104,484	54,393	253,605	(67)	412,416

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gains on securities net of tax	Gains (losses) on hedging items	Foreign currency translation adjustments	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	2,652	(3,803)	6,416	(18,509)	(13,243)	13,645	376,686
Changes of items during the period							
Cash dividends							(15,045)
Net income for the year							51,639
Treasury stock purchased							(684)
Treasury stock disposed							0
Retirement of treasury stock							–
Effect of changes in accounting periods of consolidated subsidiaries							221
Net changes of items other than shareholders' equity	1,051	1,818	18,762	11,190	32,822	2,316	35,139
Total changes of items during the period	1,051	1,818	18,762	11,190	32,822	2,316	71,271
Balance at the end of the period	3,704	(1,985)	25,179	(7,318)	19,579	15,961	447,957

Notes to the Consolidated Financial Statements

(Notes to the basis for preparation of consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries and names of principal subsidiaries — 97 in total

(Domestic) Kawasaki Trading Co., Ltd., NIPPI Corporation, KCM Corporation, Kawasaki Machine Systems, Ltd., Kawasaki Thermal Engineering Co., Ltd., KCMJ Corporation, EarthTechnica Co., Ltd., Kawasaki Motors Corporation Japan

(Overseas) Kawasaki Motors Corp., U.S.A., Kawasaki Motors Manufacturing Corp., U.S.A., Kawasaki Motors Enterprise (Thailand) Co., Ltd., Kawasaki Motors Europe N.V., Kawasaki Rail Car, Inc., P.T. Kawasaki Motor Indonesia, Kawasaki Motors (Phils.) Corporation, Flutek, Ltd.

Two newly established subsidiaries were included in the scope of consolidation.

One consolidated subsidiary was eliminated due to liquidation and was excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates and names of principal companies which are subject to the equity method — 17 in total

Affiliates — 17, Nantong COSCO KHI Ship Engineering Co., Ltd.

One affiliate was excluded from application of the equity method due to sale of shares.

(2) Names of principal companies of non-consolidated subsidiaries and affiliates not subject to the equity method

Affiliates — Commercial Airplane Co., Ltd., Asahi Aluminium Co., Ltd.

These affiliates are excluded from application of the equity method because they do not have any material impact on the consolidated financial statements with respect to net income and retained earnings.

3. Significant accounting policies

(1) Standards and methods for evaluation of assets

(i) Marketable securities

Bonds held to maturity

Principally stated by the amortized cost method

Other marketable securities

- Securities with market quotations

  Stated at market based on the market price on the settlement date of the accounting period (with all valuation differences charged to net assets and the cost of sale computed mainly by the moving average method).

- Securities without market quotations

  Stated at cost principally using the moving average method

  No trading securities are held by the Company.

(ii) Inventories

Stated at cost principally using the specific identification method, the moving-average method, and the first-in first-out method (a method for lowering the book value due to deterioration of profitability)

(iii) Net credit and net liability incurred by derivative transactions

Stated at market

(2) Depreciation methods for fixed assets

(i) Property, plant and equipment

- Other than leased assets

  The straight line method is principally used for depreciation.

- Leased assets

  The leased assets involved in finance lease transactions that do not involve transfer of ownership are subject to the straight-line method, whereby the leasing period is deemed to be the duration of useful life and the residual value as zero.

  With respect to finance lease transactions not involving the transfer of ownership undertaken prior to the first year of implementation of the revision of the lease accounting standards, the Company continues to apply accounting treatment similar to that for ordinary operating leasing transactions.

(ii) Intangible assets

- Other than leased assets

  The straight line method is used. The Company's own software (used by the Company) is subject to amortization based on the period of internal use (generally five years).

- Leased assets

  The leased assets involved in finance lease transactions that do not involve transfer of ownership are subject to the straight-line method, whereby the leasing period is deemed to be the duration of useful life and the residual value as zero.

  With respect to finance lease transactions not involving transfer of ownership undertaken prior to the first year of the implementation of the revision of the lease accounting standards, the Company continues to apply an accounting treatment similar to that for ordinary operating leasing transactions.

(3) Standards for translation of assets and liabilities denominated in foreign currencies into yen

The Company applies the revised accounting standards for transactions denominated in foreign currencies (*Opinion Concerning the Revision of Accounting Standards for Transactions Denominated in Foreign Currencies* issued by Business Accounting Council on October 22, 1999).

(4) Methods of accounting for provisions

(i) Allowance for doubtful receivables

In order to provide losses due to doubtful receivables, an amount mainly based on the historical write-off rate is recorded for ordinary receivables, and the necessary amount based on the estimated recoverability of individual cases is recorded for specified receivables such as doubtful receivables.

(ii) Accrued bonuses

A provision is recorded based on estimated bonuses to employees.

(iii) Provision for product warranties

A provision is recorded for expenditures for warranties concerning construction contracts based on past experience or on estimations of individual cases.

(iv) Provision for losses on construction contracts

A provision for an estimated amount of losses is recorded for the next fiscal year and thereafter concerning construction works which are anticipated to incur significant losses and which allow reasonable estimation of the loss incurred at the end of fiscal year under review among those construction works that have not been delivered as of the end of the fiscal year.

(v) Provision for environmental measures

The Company provided an estimated amount to cover expenditures such as the disposal of PCB (poly chlorinated biphenyl) waste required under the "Law Concerning Special Measures for Promotion of Appropriate Disposal of PCB Waste."

(5) Method of accounting for retirement benefits

A provision is recorded for the amount deemed to have been incurred as of fiscal year-end under review based on the estimated retiree benefits and plan assets as of this fiscal year-end (including the retirement benefit trust) in order to cover employee retirement benefits.

Actuarial differences are expensed effective from the next consolidated fiscal year mainly by the straight line method over a period of 10 years, and prior service costs are expensed effective from this fiscal year chiefly by the straight line method for a period of 10 years.

Unrecognized actuarial differences and unrecognized prior service cost are recorded for accumulated other comprehensive income's cumulative adjustment for retirement benefits in the net assets section of the consolidated balance sheet after adjusting for a tax effect.

With regard to the method for attributing expected retirement benefits to this consolidated accounting period under review in calculating projected benefit obligations, the benefit formula basis is applicable.

(6) Hedge accounting policy

The Company employs deferred hedge accounting.

(7) Standards for revenue recognition

The standard applied for posting revenue for construction contracts is in accordance with the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan(ASBJ), Statement No. 15, December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). However, with respect to posting of revenue for long-term or major construction works (principally those with a construction period longer than 1 year, and a contract amount of ¥3.0 billion or more) for which construction started prior to March 31, 2009, we apply the percentage-of-completion method (the estimate for the rate of construction progress is mainly according to the cost accounting method), and with respect to other construction we apply the completed-contract method.

With regard to contracts for which the amount of revenue from delivery is not determined and/or cost of sales is not finalized, both sales and cost of sales are estimated.

(8) Consumption tax and local consumption tax are subject to accounting treatment using the tax excluded method.

(9) The Company adopts a consolidated tax payment system.

(10) Amortization method and amortization period of goodwill

Goodwill is amortized over the relevant period by the straight line method based on an estimate of the effective duration. However, all goodwill that is monetarily insignificant is amortized at once in the fiscal year of incurrence.

(Additional Information)

(Effects of the change of corporate tax rate, etc.)

In accordance with the promulgation of the "Law for Partial Amendment of the Income Tax Law, Etc." (2015, Law No. 9) and the "Law for Partial Amendment of the Local Tax Law, Etc." (2015, Law No. 2) on March 31, 2015, the income tax rates are to be reduced from the consolidated fiscal years beginning on or after April 1, 2015.

The statutory tax rate, which is used to calculate deferred tax assets and liabilities, has been reduced from the previous 35.4% to 32.9% and 32.1% for the temporary differences expected to be cleared in the consolidated fiscal years beginning on April 1, 2015 and April 1, 2016, respectively.

This tax rate change decreased net deferred tax assets (the amount obtained after deducting the amount of deferred tax liabilities) by ¥4,666 million, increased income taxes-deferred by ¥4,598 million, increased net unrealized gain on other securities by ¥138 million, decreased deferred gains or losses on hedges by ¥71 million, and decreased accumulated adjustment for retirement benefits by ¥135 million.

(Notes to Consolidated Balance Sheet)

1. The amounts presented are rounded down to the nearest unit.
2. Accumulated depreciation of property, plant and equipment ¥751,504 million
3. Assets pledged as collateral

Buildings and structures	¥78 million
Investments in securities	¥14 million
Other	¥3,976 million

Shares of ENSEADA INDUSTRIA NAVAL S.A., an affiliate accounted for using the equity method, are offered in security for loans from financial institutions. Relevant liabilities as of the end of the fiscal year include long-term debt of ¥45,500 million.

Besides those mentioned above, shares of affiliates in the amount of ¥30 million, which are eliminated in consolidated financial statements, are offered in security (revolving pledge).

Liabilities relating to collateral

Short-term debt	¥10 million
Long-term debt	¥86 million
Other	¥5 million

4. Guarantee obligations for bank loans of subsidiaries and affiliates, etc. and employees ¥21,779 million
5. With respect to some work in process, a trust beneficiary right has been established with the expected trade receivables as a trust asset. Work in process related to the said trust asset amounts to ¥5,350 million.

(Notes to Consolidated Statement of Income)

1. The amounts presented are rounded down to the nearest unit.

(Notes to Consolidated Statement of Changes in Net Assets)

1. The amounts presented are rounded down to the nearest unit.

2. Total number of shares outstanding as of end of the fiscal year under review

Common stock 1,670,805,320 shares

3. Dividends

Resolution	Total dividend (million yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders on June 26, 2014	10,030	6	March 31, 2014	June 27, 2014
Directors Meeting on September 30, 2014	5,015	3	September 30, 2014	December 2, 2014

Scheduled date of resolution	Total dividend (million yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders on June 25, 2015	11,694	7	March 31, 2015	June 26, 2015

(Notes to financial instruments)

1. Matters regarding financial instruments

KHI Group raises necessary funds, in light of its business plans; for long-term working capital and capital expenditure funds the Group predominantly raises funds through bank loans and issuance of corporate bonds, for short-term working capital it raises funds through bank loans and issuance of short-term bonds (electronic commercial paper), and so forth. Temporary surplus funds are invested in highly secure financial assets. We use derivatives to avoid risks described hereunder and do not engage in speculative transactions.

Operating receivables, namely, trade receivables are exposed to counterparty credit risk. The currency exchange risk of the debts and credits in foreign currencies which arise from global business operations is hedged by using foreign exchange forward contracts and currency swaps, and so forth in principle against the net amount of the debts and credits in the foreign currency. Investments in securities are mainly shares of corporations which we have business dealings with, and of these investments, those shares that are listed are exposed to the risk of market price fluctuations.

Most trade payables, which are operating liabilities, have maturities of less than one year. Some of those are denominated in foreign currencies due to the import of materials, and so forth, and although they are exposed to the risk of currency fluctuation, most are within the limit of the balance of accounts receivable in the same foreign currency. Debts payable composed of loans, corporate bonds, and lease obligations related to finance lease transactions are raised for the purpose of securing working capital and capital expenditure funds, and the longest maturity from the date of balance sheet is about ten years. Some of those instruments have floating interest and are denominated in foreign currencies and are therefore exposed to the risk of interest rate and currency exchange fluctuations, however we hedge those risks as required by using derivatives transactions (interest rate swaps and currency swaps).

Derivative transactions are transactions which include exchange forward contracts and currency options and currency swaps transactions for the purpose of hedging exchange fluctuation risks of the debts and credits in foreign currencies, and interest rates swap transactions and so forth for the purpose of hedging interest fluctuation risks of debts payable.

2. Matters concerning fair market value, etc. of financial instruments

The prices recorded in the consolidated balance sheet, fair market value and the difference between those as of the end of this consolidated fiscal year are as follows.

(Unit: million yen)

	Price recorded in the consolidated balance sheet(*)	Fair market value(*)	Difference
(1) Cash on hand and in banks	51,645	51,645	-
(2) Trade receivables	421,890	421,817	(73)
(3) Long-term investment securities	8,806	8,806	(0)
(4) Trade payables	[253,907]	[253,907]	-
(5) Electronically recorded	[85,453]	[85,453]	-

obligations-operating			
(6) Short-term debt	[122,338]	[122,338]	-
(7) Current bonds payable	[20,000]	[20,000]	-
(8) Bonds payable	[110,000]	[112,657]	(2,657)
(9) Long-term debt	[159,749]	[159,654]	95
(10) Derivative transactions	[2,575]	[2,575]	-

(*) Figures which are posted as liabilities are shown in [ ].

(Note 1) Matters concerning the method for calculating the fair market value of financial instruments and marketable securities and derivatives transactions

(1) Cash on hand and in banks

These instruments can be settled within short term and fair market value is roughly equal to book value, therefore the fair market value is stated at book value.

(2) Trade receivables

Trade receivables are grouped into a specified period, and are stated at present value calculated by the discount rate, which takes into account the respective period and credit risk.

(3) Long-term investment securities

The fair market value for these securities is stated at the price listed on the exchange.

(4) Trade payables, (5) Electronically recorded obligations-operating, (6) Short-term borrowings, (7) Current bonds payable

These instruments can be settled within short term and fair market value is roughly equal to book value, therefore the fair market value is stated at book value.

(8) Bonds payable

The fair market value of these instruments is stated at market price.

(9) Long-term debt

The fair market value of long-term debt is determined by discounting the total of principal and interest by the interest rate on similar new debt.

(10) Derivatives transactions

The fair market value of derivatives is stated at the forward exchange rate or the price offered by the trading financial institution.

(Note 2) Shares of affiliates, investments in affiliates and unlisted stocks, and investments in silent partnerships (amount recorded in the consolidated balance sheet was ¥86,909 million) are not included in the table above, as it is deemed to be extremely difficult to ascertain fair market value because those instruments have no market prices, and it is not possible to estimate their future cash flows.

(Notes to per share information)

1. Net assets per share ¥ 258.58
2. Net income per share ¥ 30.89

(Other)

(Damage caused to NIPPI Corporation by snowfall)

The heavy snowfall on February 15, 2014 caused a hanger roof in Atsugi Works of NIPPI Corporation, which is KHI's consolidated subsidiary, to collapse, causing damage to aircrafts of the Japan Maritime Self Defense Force that was undergoing regular maintenance. The Company and NIPPI Corporation are currently having discussions with the Japanese Ministry of Defense regarding the way to handle this case. Some discussion results could have a material impact on the KHI Group’s financial performance.

(Business divestiture)

On November 28, 2014, the Company concluded an agreement with Hitachi Construction Machinery Co., Ltd. (Tokyo) (hereinafter, “HCM”) on the assignment to HCM of all of the shares of KCM Corporation (Hyogo Prefecture) (hereinafter, “KCM”), which is KHI's consolidated subsidiary.

Summary of the business divestiture

(i) Name of the assignee

Hitachi Construction Machinery Co., Ltd.

(ii) Business description of the separated business

Manufacture and sale of construction machinery

(iii) Principal reasons for carrying out the business divestiture

Since October 2008, the Company and HCM have had a business alliance covering wheel-loader operations, including joint research and development of new models of wheel loaders to meet the Tier 4 exhaust emission regulations. KCM was established in January 2009 and acquired the Company’s wheel-loader operations by assignment in April of the same year.

With HCM's capital investment in June 2010, it further accelerated joint development on new models of wheel loaders and on an efficient production system. The Company agreed to HCM's proposal, having judged that it would be effective to pursue synergies within the business field of the HCM group for the further development of KCM under a policy of investing management resources in a focused manner, in order to enhance enterprise value amid intensified global competition in the construction machine industry. Currently under discussion is the transfer of the businesses of KCMJ Corporation, which engages in sales and servicing operations for KCM products within Japan, to Hitachi Construction Machinery Japan Co., Ltd. at around the same time as the execution date of the assignment of shares of KCM.

(iv) Date of the business divestiture (scheduled)

October 1, 2015

(v) Overview of the transaction including legal form

Assignment of shares for which the consideration received is only cash assets.

Non-consolidated Statement of Changes in Net Assets

(April 1, 2014 - March 31, 2015)

(Unit: million yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
				Other retained earnings				
	Common stock	Legal capital surplus	Other capital surplus	Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Retained earnings brought forward	Treasury stock	Total shareholders' equity
Balance at beginning of the period	104,484	52,210	0	646	7,453	108,090	(43)	272,842
Changes of items during the period								
Cash dividends						(15,045)		(15,045)
Net income for the year						36,465		36,465
Treasury stock purchased							(684)	(684)
Treasury stock disposed			0				0	0
Retirement of treasury stock			(0)			(659)	660	-
Reserve for special depreciation				15		(15)		-
Reversal of provision for special depreciation				(292)		292		-
Reserve for advanced depreciation of fixed assets					442	(442)		-
Reversal of provision for advanced depreciation of fixed assets					(266)	266		-
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	(0)	(277)	176	20,861	(23)	20,736
Balance at end of the period	104,484	52,210	-	369	7,629	128,951	(67)	293,578

	Valuation and translation adjustments			
	Net unrealized gains on securities net of tax	Gains (losses) on hedging items	Total valuation and translation adjustments	Total net assets
Balance at beginning of the period	2,004	(1,653)	351	273,193
Changes of items during the period				
Cash dividends				(15,045)
Net income for the year				36,465
Treasury stock purchased				(684)
Treasury stock disposed				0
Retirement of treasury stock				-
Reserve for special depreciation				-
Reversal of provision for special depreciation				-
Reserve for advanced depreciation of fixed assets				-
Reversal of provision for advanced depreciation of fixed assets				-
Net changes of items other than shareholders' equity	681	(558)	122	122
Total changes of items during the period	681	(558)	122	20,858
Balance at end of the period	2,686	(2,212)	473	294,052

Notes to the Non-consolidated Financial Statements

(Notes to significant accounting policies)

1. Marketable securities are evaluated by the following methods. Trading securities and held-to-maturity bonds are not held by the Company.
   (1) Investment securities of subsidiaries and affiliates
   Stated at cost using the moving-average method
   (2) Other marketable securities
   - Securities with market quotations
     Stated at market based on the market price on the settlement date of the fiscal year.
     Evaluation differences are all charged to net assets, and the amount obtained by subtracting the amount of tax effect from the total amount of the evaluation difference is represented in the section of net assets as "Net unrealized gains on securities."
     The cost of sales is calculated chiefly by the moving average method.
   - Securities without market quotations
     Stated at cost using the moving average method

2. Inventories are stated at cost using the specific identification method and the moving-average method (a method for lowering the book value due to deterioration of profitability)

3. Derivatives are stated at market

4. Property, plant and equipment are subject to depreciation conducted by the following methods:
   (1) Other than leased assets
   The straight line method is used.
   (2) Leased assets
   The leased assets involved in finance lease transactions that do not involve transfer of ownership are subject to the straight-line method, whereby the leasing period is deemed to be the duration of useful life and the residual value as zero.
   With respect to finance lease transactions not involving the transfer of ownership undertaken prior to the first year of implementation of the revision of the lease accounting standards, the Company continues to apply accounting treatment similar to that for ordinary operating leasing transactions.

5. Intangible assets are subject to amortization conducted by the following methods:
   (1) Other than leased assets
   The straight line method is used. The Company's own software (used by the Company) is subject to amortization based on the period of internal use (five years).
   (2) Leased assets
   The leased assets involved in finance lease transactions that do not involve transfer of ownership are subject to the straight-line method, whereby the leasing period is deemed to be the duration of useful life and the residual value as zero.
   With respect to finance lease transactions not involving transfer of ownership undertaken prior to the first year of the implementation of the revision of the lease accounting standards, the Company continues to apply an accounting treatment similar to that for ordinary operating leasing transactions.

6. The Company applies the revised accounting standards for transactions denominated in foreign currencies (*Opinion Concerning the Revision of Accounting Standards for Transactions Denominated in Foreign Currencies* issued by the Business Accounting Deliberation Council on October 22, 1999) as standards for translation of assets and liabilities denominated in foreign currencies into yen.

7. Standards of accounting for provisions
   (1) Allowance for doubtful receivables
   In order to provide losses due to doubtful receivables, an amount based on the historical write-off rate is recorded for ordinary receivables, and the necessary amount based on the estimated recoverability of individual cases is recorded for specified receivables such as doubtful receivables.
   (2) Accrued bonuses
   The Company has recorded a provision based on the estimated amount of payments in order to cover the bonus payouts to employees in accordance with the Company's Rules for Bonus Payment.
   (3) Provision for product warranties
   A provision is recorded for expenditures for warranties concerning construction contracts based on past experience or on estimations of individual cases.
   (4) Provision for losses on construction contracts
   A provision for an estimated amount of losses is recorded for the next fiscal year and thereafter concerning construction works which are anticipated to incur significant losses and which allow reasonable estimation of the loss incurred at the end of this fiscal year among those construction works that have not been delivered as of the end of the fiscal year.
   (5) Employees' retirement and severance benefits
   A provision is recorded for the amount deemed to have been incurred as of this fiscal year-end based on the estimated retiree benefits and plan assets as of this fiscal year-end (including the pension trust) to cover employee retirement benefits. With regard to the method for attributing expected retirement benefits to this accounting period under review in calculating projected benefit obligations, the benefit formula basis is applied. Actuarial differences are expensed by the straight-line method over a period of ten years commencing from the current fiscal year, and past service costs are expensed by the straight-line method over a period of ten years commencing from the current fiscal year. Accounting procedures of unrecognized actuarial differences and unrecognized prior service cost on retirement benefits are different from those in the consolidated financial statements.
   (6) Provision for environmental measures
   The Company provided an estimated amount to cover expenditures such as the disposal of PCB waste required under the "Law Concerning Special Measures for Promotion of Appropriate Disposal of PCB (poly chlorinated biphenyl) Waste."

8. Hedge accounting policy
   The Company employs deferred hedge accounting.

9. Standards for revenue recognition
   The standard applied for posting revenue for construction contracts is in accordance with the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). However, with respect to posting of revenue for long-term or major construction works (those with a construction period longer than 1 year, and a contract amount of ¥3.0 billion or more) for which construction started prior to March 31, 2009 we apply the percentage-of-completion method (the estimate for the rate of construction progress is mainly according to the cost accounting method), and with respect to other construction we apply the completed-contract method. With regard to contracts for which the amount of revenue from delivery is not determined and/or cost of sales is not finalized, both sales and cost of sales are estimated.

10. Consumption tax and local consumption tax are subject to the accounting treatment using the tax excluded method.

11. We adopt a consolidated tax payment system.

(Change in Presentation)

1. "Recurring profit," which in the previous fiscal year was included in "Other non-operating expenses" in the accounting item "Non-operating expenses" (743 million yen in the previous fiscal year), increased in terms of monetary importance and thus it has been presented separately for the fiscal year under review.

(Notes to Non-Consolidated Balance Sheet)

1. The amounts presented are rounded down to the nearest unit.
2. Accumulated depreciation of property, plant and equipment ¥555,988 million
3. Monetary receivables from and payables to affiliates

Short-term monetary assets	¥162,455 million
Long-term monetary assets	¥11,062 million
Short-term monetary liabilities	¥86,935 million

4. Asset pledged as collateral and liability relating to collateral

(1) Assets pledged as collateral

Investments in securities	¥14 million
Shares of affiliates	¥3,990 million
Buildings	¥78 million
Total	¥4,083 million

Shares of ENSEADA INDUSTRIA NAVAL S.A., an affiliate accounted for using the equity method, are offered in security for loans from financial institutions. Relevant liabilities as of the end of the fiscal year include long-term debt of ¥45,500 million.

(2) Liability relating to collateral

Long-term debt (due for repayment within one year)	¥10 million
Long-term debt	¥86 million

5. Guarantee liability for bank loans of subsidiaries and affiliates, etc. and employees ¥26,757 million
6. With respect to some work in process, a trust beneficiary right has been established with the expected trade receivables as a trust asset. Work in process related to the said trust asset amounts to ¥5,350 million.

(Notes to Non-consolidated Statement of Income)

1. The amounts presented are rounded down to the nearest unit.
2. Transactions with affiliates

Net sales	¥ 446,635 million
Purchases	¥ 201,188 million
Transactions other than operating transactions	¥ 29,803 million

(Notes to Non-consolidated Statement of Changes in Net Assets)

1. The amounts presented are rounded down to the nearest unit.
2. Number of treasury stock at the end of fiscal year under review Common stock 191,653 shares

(Notes to Tax Effect Accounting)

Among other factors, the main contributing factor to deferred tax assets is the disallowance of various provisions such as the employees' retirement and severance benefits and the losses on construction contracts, and the main contributing factor to the deferred tax liabilities incurred is net unrealized gain on securities.

(Additional Information)

(Effects of the change of corporate tax rate, etc.)

In accordance with the promulgation of the "Law for Partial Amendment of the Income Tax Law, Etc." (2015, Law No. 9) and the "Law for Partial Amendment of the Local Tax Law, Etc." (2015, Law No. 2) on March 31, 2015, the income tax rates are to be reduced from the consolidated fiscal years beginning on or after April 1, 2015.

The statutory tax rate, which is used to calculate deferred tax assets and liabilities, has been reduced from previous 35.4% to 32.9% and 32.1% for the temporary differences expected to be cleared in the fiscal years beginning on April 1, 2015 and April 1, 2016, respectively.

This tax rate change decreased net deferred tax assets (the amount obtained after deducting the amount of deferred tax liabilities) by ¥4,421 million, increased income taxes-deferred by ¥4,469 million, increased net unrealized gain on other securities by ¥127 million, and decreased deferred gains or losses on hedges by ¥80 million.

(Notes to Leased Fixed Assets)

Other than the fixed assets recorded on the balance sheet, certain manufacturing facilities are used under finance lease contracts not involving the transfer of the ownership of the leased property.

(Notes for transactions with interested parties)

Unit: million yen

Attributes	Company name	Percentage of voting rights held	Relationship with interested party	Content of transaction	Amount of transaction	Item	Balance at fiscal year-end
Affiliate	Commercial Airplane Co., Ltd.	40% directly held	Sale of the company's products Directors concurrently serving	Sale of the company's products	144,310	Accounts receivable	18,039

(Note 1) With respect to sale of products, the price is determined based on the same conditions as those of parties that are not related to the Company.

(Note 2) Consumption tax is not included in the amount of transaction, but is included in the balance at fiscal year-end.

(Notes to per Share Information)

1. Net assets per share ¥176.01
2. Net income per share ¥21.81