

**Report of Earnings and Financial Statements for the  
Three Months Ended June 30, 2014 (Consolidated)**  
(Prepared pursuant to Japanese GAAP)

July 30, 2014

Listed company's name: **Kawasaki Heavy Industries, Ltd.**  
 Listed on: 1st sections of the TSE, and NSE  
 Stock code: 7012  
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Scheduled dates:

Submission of quarterly securities filing: August 7, 2014

Commencement of dividend payments: -

Supplementary materials to quarterly earnings: Available

Quarterly earnings presentation: Conducted (for institutional investors and analysts)

**1. Consolidated Financial Results for the Three Months ended June 30, 2014**  
(April 1 – June 30, 2014)

(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	
	million yen	%	million yen	%	million yen	%	million yen	%
Three Months Ended June 30, 2014	304,154	7.6	10,904	(34.9)	6,694	(28.7)	5,416	20.4
Three Months Ended June 30, 2013	282,509	(0.3)	16,752	148.4	9,400	(19.8)	4,496	(25.4)

Note: Comprehensive income June 30, 2014: 4,610million yen (72.1%)  
 June 30, 2013: 16,570million yen 86.4%

	Earnings per share	Earnings per share – diluted
	yen	yen
Three Months Ended June 30, 2014	3.23	-
Three Months Ended June 30, 2013	2.68	-

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
June 30, 2014	1,570,651	370,760	22.7
March 31, 2014	1,554,430	376,686	23.3

Note: Shareholders' equity: June 30, 2014: 357,329 million yen  
 March 31, 2014: 363,041 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 financial year	Full year
	yen	yen	yen	yen	yen
Year ended March 31, 2013	-	0.00	-	6.00	6.00
Year ending March 31, 2014	-				
Year ending March 31, 2015 (forecast)		3.00	-	4.00	7.00

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

## 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2015

(April 1, 2014 – March 31, 2015)

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

	Net sales		Operating income		Recurring profit		Net income		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For six months ending September 30, 2014	650,000	9.2	22,000	(18.0)	17,000	(25.4)	12,500	(3.8)	7.47
Full year	1,490,000	7.5	73,000	0.8	66,000	8.9	42,500	10.0	25.42

Note: Revision 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 “Accounting procedures specific to preparation of quarterly consolidated financial statements” on page 10 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)
    - June 30, 2014: 1,671,892,659 shares
    - March 31, 2014: 1,671,892,659 shares
  - (2) Number of shares held in treasury as of period-end
    - June 30, 2014: 146,851 shares
    - March 31, 2014: 141,710 shares
  - (3) Average number of shares during respective periods
    - Three months ended June 30, 2014: 1,671,747,545 shares
    - Three months ended June 30, 2013: 1,671,787,906 shares

### **Quarterly review status**

This report is exempt from the quarterly review of accounts conducted in accord with Japan's Financial Instruments and Exchange Act. As of this report's publication, the quarterly review of the quarterly financial results had not been completed.

#### **\* 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 "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 for institutional investors and analysts by conference call on Wednesday July 30, 2014, 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 quarter of the fiscal year ending March 31, 2015, the global economy recovered modestly on the whole, as emerging market economies were supported by sound recoveries, centered on developed economies, including the turnaround in the US economy and the pickup in the European economy. Going forward, the global economy is expected to continue on a moderate growth track, despite the ongoing concerns about downward economic risk due to factors such as the impact of the tapering of monetary easing in the US, the future of China's economy, as well as geopolitical risks.

The Japanese economy continued on a recovery track supported by various fiscal and monetary policies, despite some weakness in personal consumption due to the recoil drop in spending in the wake of the surge in demand in advance of the consumption tax hike. While a close eye needs to be kept on various economic risks going forward, the economy is expected to maintain a modest recovery trend, underpinned by a pickup in personal consumption with the clear improvement in the employment and income environment, firm domestic demand, as well as growth in overseas economies.

Amid such an economic environment, the Group achieved an overall increase in orders received in the first quarter, driven by segments including Rolling Stock and Plant & Infrastructure, despite a decrease in orders in several segments including Ship & Offshore Structure. First quarter sales also increased on the whole, as higher sales in segments such as Aerospace and Gas Turbine & Machinery offset the decline in sales in segments including Ship & Offshore Structure and Motorcycle & Engine. Operating income decreased overall, as increases in segments such as Precision Machinery and Gas Turbine & Machinery were negated by declines in performance or profit declines in several segments, including Ship & Offshore Structure, Motorcycle & Engine, and Rolling Stock.

The Group's first quarter consolidated orders received increased ¥50.7 billion year on year to ¥333.8 billion. Consolidated net sales totaled ¥304.1 billion, a ¥21.6 billion year-on-year increase, but consolidated operating income decreased ¥5.8 billion year on year to ¥10.9 billion, as the impact of the reversal of reserves for losses on construction contracts was considerable in the same quarter of the previous fiscal year. Despite the contraction in the foreign exchange losses, consolidated recurring profit declined ¥2.7 billion year on year to ¥6.6 billion, largely the result of the decline in consolidated operating income. Consolidated net income increased ¥0.9 billion year on year to ¥5.4 billion, attributable to the decline in tax expense.

First-quarter consolidated operating performance is summarized by segment below.

### Segment Information

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

	Three months ended June 30						Orders received		
	2014 (A)		2013 (B)		Change (A – B)		Three months ended June 30		
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	2014 (A)	2013 (B)	Change (A – B)
Ship & Offshore Structure	18.3	(0.4)	21.0	3.3	(2.7)	(3.7)	14.5	27.1	(12.5)
Rolling Stock	30.4	0.0	30.5	1.9	(0.0)	(1.8)	67.4	35.0	32.3
Aerospace	65.4	6.2	55.6	7.5	9.7	(1.2)	41.9	41.5	0.4
Gas Turbine & Machinery	42.7	2.0	36.4	0.8	6.3	1.2	43.2	35.6	7.5
Plant & Infrastructure	21.0	(0.4)	16.7	(0.6)	4.3	0.1	35.2	16.6	18.6
Motorcycle & Engine	64.8	0.2	67.4	2.4	(2.6)	(2.2)	64.8	67.4	(2.6)
Precision Machinery	30.6	2.8	25.1	1.5	5.5	1.2	31.7	29.8	1.8
Other	30.5	0.5	29.4	0.3	1.0	0.2	34.7	29.6	5.0
Adjustments	-	(0.3)	-	(0.7)	-	0.4	-	-	-
Total	304.1	10.9	282.5	16.7	21.6	(5.8)	333.8	283.1	50.7

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 declined ¥12.5 billion year on year to ¥14.5 billion, as despite booking an order for an LPG carrier, the segment had booked orders for two LNG carriers in the year-earlier period, resulting in a year-on-year decline.

Consolidated net sales decreased ¥2.7 billion year on year to ¥18.3 billion, as growth in the amount of construction of LNG carriers was overshadowed by a decline in the amount of construction of other vessels, most notably bulk carriers.

As a result of the decline in sales, the segment posted a consolidated operating loss of ¥0.4 billion, a ¥3.7 billion deterioration year on year, largely due to the fact that a reversal of reserves for losses on construction contracts had been posted in the same quarter of the previous fiscal year.

### **Rolling Stock**

Consolidated orders received grew ¥32.3 billion to ¥67.4 billion, largely as a result of an order from the Singapore Land Transport Authority for subway train cars for new lines.

Consolidated net sales were roughly flat year on year at ¥30.4 billion, due to a continued high level of sales to overseas customers and other factors.

Consolidated operating income decreased ¥1.8 billion year on year to ¥0.0 billion, attributable to a decline in profit margin and other factors.

### **Aerospace**

Consolidated orders received grew ¥0.4 billion year on year to ¥41.9 billion, as despite the decline in orders from Japan's Ministry of Defense, there was an increase in orders for component parts for the Boeing 787.

Consolidated net sales increased ¥9.7 billion year on year to ¥65.4 billion, largely as a result of growth in Boeing 787 component parts sales coupled with sales to Japan's Ministry of Defense on par with the year-earlier period .

Despite the increase in sales, consolidated operating income declined ¥1.2 billion year on year to ¥6.2 billion as a result of the reversal of reserves for losses on construction contracts posted in the year-earlier period.

### **Gas Turbine & Machinery**

Consolidated orders received increased ¥7.5 billion year on year to ¥43.2 billion, attributable to growth in orders for aircraft engine components and other products.

Consolidated net sales grew ¥6.3 billion year on year to ¥42.7 billion, due to an increase in sales of aircraft engine components, hydropower systems, and other products.

Consolidated operating income rose ¥1.2 billion year on year to ¥2.0 billion in response to the increase in sales, among other factors.

### **Plant & Infrastructure**

Consolidated orders received totaled ¥35.2 billion, an ¥18.6 billion increase year on year, due to an increase in orders for earth-moving machinery and environmental infrastructure projects.

Consolidated net sales grew ¥4.3 billion year on year to ¥21.0 billion, mainly attributable to the increase in sales of LNG storage tanks and environmental infrastructure contracts.

Despite the increase in sales, a consolidated operating loss of ¥0.4 billion was posted, similar to the consolidated operating loss in the year-earlier period.

### **Motorcycle & Engine**

Consolidated net sales decreased ¥2.6 billion year on year to ¥64.8 billion, as the decline in motorcycle sales in the US and Thailand negated the increase in motorcycle sales to Indonesia and countries in Europe.

Consolidated operating income totaled ¥0.2 billion, a ¥2.2 billion year-on-year decline, largely attributable to the drop in sales.

### **Precision Machinery**

Consolidated orders received grew ¥1.8 billion year on year to ¥31.7 billion. The increase was the result of a growth in orders of hydraulic components for the construction machinery market in Japan, among other factors.

Consolidated net sales grew ¥5.5 billion year on year to ¥30.6 billion, largely due to the increase in sales of hydraulic components for the construction machinery market in Japan, as well as the increase in sales of industrial robots for the automotive industry.

Consolidated operating income was up ¥1.2 billion year on year to ¥2.8 billion, largely in response to the growth in sales.

### **Other Operations**

Consolidated net sales increased ¥1.0 billion yen year on year to ¥30.5 billion. Consolidated operating income increased ¥0.2 billion year on year to ¥0.5 billion.

## **(2) Consolidated financial position**

At June 30, 2014, consolidated assets totaled ¥1,570.6 billion, a ¥16.2 billion increase from March 31, 2014. The increase was chiefly attributable to inventory growth stemming from progress toward completion of construction jobs and capital expenditure that added to property, plant and equipment, which offset the decline in trade receivables. Consolidated liabilities at June 30, 2014, were ¥1,199.8 billion, a ¥22.1 billion increase from March 31, 2014. The rise was largely attributable to the increase in commercial paper and other interest-bearing debt, which offset the decline in trade payables. Interest-bearing debt ended the first quarter at ¥501.7 billion, a ¥57.1 billion increase from March 31, 2014. Consolidated net assets at June 30, 2014, totaled ¥370.7 billion, a ¥5.9 billion decline from March 31, 2014, largely attributable to dividend payments.



### **(3) Consolidated earnings outlook**

The Company has raised its consolidated recurring profit forecast for the first half of the fiscal year ending March 31, 2015, to ¥17.0 billion, a ¥3.0 billion increase from the initial forecast announced on April 25, 2014. This upward revision is based on the fact that investment gains on equity method are expected to improve due to the larger-than-expected concentration of relatively high-profit projects in the first half of the fiscal year. On the net income, the Company raised its initial first-half forecast by ¥4.0 billion to ¥12.5 billion, reflecting the improvement in recurring profit and the revision of tax effects.

The Company has left its full-year recurring profit forecast unchanged from its initial forecast, given the limited change in full-year gains or losses on equity method. Meanwhile, the full-year net income forecast was raised by ¥1.5 billion to ¥42.5 billion, in light of the revision of tax effects.

The Company's earnings forecasts assume exchange rates of ¥100 to the US dollar and ¥135 to the euro.

## **2. Summary Information (Notes)**

### **(1) Changes affecting the status of material subsidiaries (scope of consolidation)**

Not applicable

### **(2) Accounting procedures specific to preparation of quarterly consolidated financial statements**

The Company calculates tax expense by rationally estimating its effective tax rate after application of deferred-tax accounting to pretax net income for the fiscal year, which includes the first 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.

### 3. Consolidated Financial Statements

#### (1) Consolidated balance sheets

		Millions of yen	
		As of March 31, 2014	As of June 30, 2014
<b>Assets</b>			
Current assets			
Cash on hand and in banks		47,949	43,312
Trade receivables		415,664	388,318
Merchandise and finished products		56,673	59,580
Work in process		302,511	319,735
Raw materials and supplies		98,848	98,806
Other current assets		87,211	110,191
Allowance for doubtful receivables		(3,104)	(2,934)
	Total current assets	1,005,754	1,017,010
Fixed assets			
Net property, plant and equipment		383,912	388,567
Intangible assets		17,262	17,094
Investments and other assets			
Other		148,210	148,743
Allowance for doubtful receivables		(710)	(764)
	Total investments and other assets	147,500	147,978
	Total fixed assets	548,675	553,640
<b>Total assets</b>		1,554,430	1,570,651
<b>Liabilities</b>			
Current liabilities			
Trade payables		306,030	273,866
Short-term debt		190,757	161,917
Income taxes payable		10,100	3,277
Accrued bonuses		22,118	25,167
Provision for losses on construction contracts		13,560	11,166
Other provisions		10,535	10,194
Advances from customers		137,598	156,516
Other		104,714	177,671
	Total current liabilities	795,415	819,776
Long-term liabilities			
Bonds payable		110,000	100,000
Long-term debt		141,343	150,349
Other provisions		4,064	3,616
Employees' retirement and severance benefits		97,048	95,979
Other		29,871	30,168
	Total long-term liabilities	382,328	380,114
<b>Total liabilities</b>		1,177,744	1,199,891

**Net assets**

Shareholders' equity		
Common stock	104,484	104,484
Capital surplus	54,393	54,393
Retained earnings	217,449	212,824
Treasury stock	(43)	(45)
Total shareholders' equity	<u>376,284</u>	<u>371,657</u>
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	2,652	2,755
Deferred gains (losses) on hedges	(3,803)	(629)
Foreign currency translation adjustment	6,416	1,463
Remeasurements of defined benefit plans	(18,509)	(17,915)
Total accumulated other comprehensive income	<u>(13,243)</u>	<u>(14,327)</u>
Minority interests	<u>13,645</u>	<u>13,430</u>
<b>Total net assets</b>	<u>376,686</u>	<u>370,760</u>
<b>Total net assets and liabilities</b>	<u>1,554,430</u>	<u>1,570,651</u>

## (2) Consolidated statements of income and comprehensive income

### Consolidated statements of income

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	282,509	304,154
Cost of sales	226,809	253,169
Gross profit	55,699	50,984
Selling, general and administrative expenses		
Salaries and benefits	10,840	11,340
R&D expenses	8,076	8,014
Provision for doubtful accounts	281	-
Other	19,750	20,725
Total selling, general and administrative expenses	38,947	40,080
Operating income (loss)	16,752	10,904
Non-operating income		
Interest income	252	116
Dividend income	216	130
Equity in income of non-consolidated subsidiaries and affiliates	1,523	2,465
Other	627	1,012
Total non-operating income	2,619	3,724
Non-operating expenses		
Interest expense	1,030	990
Foreign exchange losses	7,993	5,873
Other	947	1,069
Total non-operating expenses	9,971	7,933
Recurring profit (loss)	9,400	6,694
Income (loss) before income taxes and minority interests	9,400	6,694
Income taxes	4,588	619
Income before minority interests	4,812	6,075
Minority interests in net income of consolidated subsidiaries	315	658
Net income (loss)	4,496	5,416

### Consolidated statements of comprehensive income

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	4,812	6,075
Other comprehensive income		
Net unrealized gains (losses) on securities	388	113
Deferred gains (losses) on hedges	(182)	3,209
Foreign currency translation adjustment	6,630	(2,169)
Remeasurements of defined benefit plans	245	409
Share of other comprehensive income of associates accounted for using equity method	4,675	(3,027)
Total other comprehensive income	11,758	(1,464)
Comprehensive Income attributable to:	16,570	4,610
Owners of the parent company	15,736	4,332
Minority interests	834	278

### (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

#### Segment information and others

##### Segment information

#### 1. Three months ended June 30, 2013 (April 1, 2013 – June 30, 2013)

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

	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	21,073	564	21,638	3,381
Rolling Stock	30,562	192	30,754	1,910
Aerospace	55,624	461	56,086	7,551
Gas Turbine & Machinery	36,452	3,898	40,350	844
Plant & Infrastructure	16,712	3,225	19,937	(606)
Motorcycle & Engine	67,493	144	67,637	2,482
Precision Machinery	25,124	2,456	27,580	1,562
Other	29,466	8,304	37,771	344
Reportable segment total	282,509	19,247	301,756	17,472
Adjustments*1	-	(19,247)	(19,247)	(719)
Consolidated total	282,509	-	282,509	16,752

Notes: 1. Breakdown of adjustments:

Income	Amount
Intersegment transactions	(58)
Corporate expenses*	(661)
Total	(719)

\*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. Three months ended June 30, 2014 (April 1, 2014 – June 30, 2014)

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

	Millions of yen			
	External sales	Intersegment sales	Total sales	Operating income (loss)
Ship & Offshore Structure	18,350	381	18,732	(416)
Rolling Stock	30,464	144	30,609	12
Aerospace	65,403	653	66,056	6,274
Gas Turbine & Machinery	42,799	2,034	44,834	2,056
Plant & Infrastructure	21,053	3,430	24,483	(425)
Motorcycle & Engine	64,892	163	65,056	263
Precision Machinery	30,634	3,159	33,793	2,850
Other	30,555	6,217	36,772	590
Reportable segment total	304,154	16,184	320,339	11,205
Adjustments*1	-	(16,184)	(16,184)	(301)
Consolidated total	304,154	-	304,154	10,904

Notes: 1. Breakdown of adjustments:

Millions of yen	
Income	Amount
Intersegment transactions	(71)
Corporate expenses*	(229)
Total	(301)

\* 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

**4. Supplementary information**

**(1) Consolidated cash flow statements (condensed)**

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2014
Cash flow from operating activities	(1,133)	(38,067)
Cash flow from investing activities	(18,310)	(11,747)
Cash flow from financing activities	20,128	49,936
Cash and cash equivalents at end of period	37,142	40,033

## (2) Orders and sales (consolidated)

### Orders received

	Three months ended June 30, 2013		Three months ended June 30, 2014		Year ended March 31, 2014	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	27,185	9.6	14,586	4.3	117,872	8.0
Rolling Stock	35,046	12.3	67,426	20.1	133,049	9.1
Aerospace	41,567	14.6	41,983	12.5	286,383	19.6
Gas Turbine & Machinery	35,685	12.6	43,261	12.9	222,013	15.2
Plant & Infrastructure	16,662	5.8	35,275	10.5	103,912	7.1
Motorcycle & Engine	67,493	23.8	64,892	19.4	322,248	22.1
Precision Machinery	29,814	10.5	31,700	9.4	127,297	8.7
Other	29,686	10.4	34,736	10.4	142,684	9.8
<b>Total</b>	<b>283,143</b>	<b>100.0</b>	<b>333,863</b>	<b>100.0</b>	<b>1,455,462</b>	<b>100.0</b>

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

### Net sales

	Three months ended June 30, 2013		Three months ended June 30, 2014		Year ended March 31, 2014	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	21,073	7.4	18,350	6.0	80,863	5.8
Rolling Stock	30,562	10.8	30,464	10.0	147,951	10.6
Aerospace	55,624	19.6	65,403	21.5	280,737	20.2
Gas Turbine & Machinery	36,452	12.9	42,799	14.0	189,241	13.6
Plant & Infrastructure	16,712	5.9	21,053	6.9	103,898	7.4
Motorcycle & Engine	67,493	23.8	64,892	21.3	322,248	23.2
Precision Machinery	25,124	8.8	30,634	10.0	123,276	8.8
Other	29,466	10.4	30,555	10.0	137,264	9.9
<b>Total</b>	<b>282,509</b>	<b>100.0</b>	<b>304,154</b>	<b>100.0</b>	<b>1,385,482</b>	<b>100.0</b>

### Order backlog

	Year ended March 31, 2014		Three months ended June 30, 2014		Three months ended June 30, 2013	
	million yen	% of total	million yen	% of total	million yen	% of total
Ship & Offshore Structure	161,134	10.7	155,748	10.2	128,913	9.2
Rolling Stock	364,654	24.3	396,986	26.1	374,856	26.8
Aerospace	450,581	30.0	426,324	28.0	425,026	30.4
Gas Turbine & Machinery	295,100	19.6	293,065	19.2	241,996	17.3
Plant & Infrastructure	170,737	11.3	184,831	12.1	169,743	12.1
Motorcycle & Engine	-	-	-	-	-	-
Precision Machinery	25,821	1.7	26,887	1.7	26,491	1.9
Other	32,234	2.1	36,417	2.3	27,024	1.9
<b>Total</b>	<b>1,500,264</b>	<b>100.0</b>	<b>1,520,260</b>	<b>100.0</b>	<b>1,394,051</b>	<b>100.0</b>



**(3) Net sales by geographic area (consolidated)**

**Three months ended June 30, 2013 (April 1, 2013 – June 30, 2013)**

Millions of yen

Japan	118,426	41.9%
United States	66,615	23.5%
Europe	19,742	6.9%
Asia	51,700	18.3%
Other areas	26,024	9.2%
Total	282,509	100.0%

**Three months ended June 30, 2014 (April 1, 2014 – June 30, 2014)**

Millions of yen

Japan	120,208	39.5%
United States	73,408	24.1%
Europe	27,865	9.1%
Asia	58,021	19.0%
Other areas	24,650	8.1%
Total	304,154	100.0%

#### (4) Supplementary information on earnings forecasts for the fiscal year ending March 31, 2015

##### 1. Consolidated earnings outlook

(Billions of yen)

	Outlook for the year ending March 31, 2015 (fiscal 2014)			Fiscal 2013 (ended March 31, 2014) (actual)
	Revised forecast (A)	Forecast issued April 25, 2014 (B)	Change (A – B)	
Net sales	1,490.0	1,490.0	-	1,385.4
Operating income	73.0	73.0	-	72.3
Recurring profit	66.0	66.0	-	60.6
Net income	42.5	41.0	1.5	38.6
Orders received	1,590.0	1,580.0	10.0	1,455.4
Before-tax ROIC (%)	8.6%	8.6%	-	8.1%

Notes: 1. Outlook's assumed foreign exchange rates: ¥100 = US\$1, ¥135 = 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)

(Billions of yen)

	Outlook for the year ending March 31, 2015 (fiscal 2014)						Fiscal 2013 (ended March 31, 2014) (actual)	
	Revised forecast (A)		Forecast issued April 25, 2014 (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	85.0	0.0	85.0	0.0	-	-	80.8	(2.0)
Rolling Stock	135.0	6.0	135.0	6.0	-	-	147.9	7.5
Aerospace	320.0	27.0	320.0	27.0	-	-	280.7	26.2
Gas Turbine & Machinery	230.0	9.0	230.0	9.0	-	-	189.2	10.4
Plant & Infrastructure	120.0	6.0	120.0	6.0	-	-	103.8	6.3
Motorcycle & Engine	320.0	16.0	320.0	16.0	-	-	322.2	16.1
Precision Machinery	140.0	12.0	140.0	12.0	-	-	123.2	10.4
Other	140.0	4.0	140.0	4.0	-	-	137.2	4.4
Adjustments		(7.0)		(7.0)		-		(7.2)
Total	1,490.0	73.0	1,490.0	73.0	-	-	1,385.4	72.3

###### (b) Orders received

(Billions of yen)

	Outlook for the year ending March 31, 2015 (fiscal 2014)			Fiscal 2013 (ended March 31, 2014) (actual)
	Revised outlook (A)	Forecast issued April 25, 2014 (B)	Change (A – B)	
Ship & Offshore Structure	150.0	150.0	-	117.8
Rolling Stock	180.0	180.0	-	133.0
Aerospace	300.0	290.0	10.0	286.3
Gas Turbine & Machinery	230.0	230.0	-	222.0
Plant & Infrastructure	130.0	130.0	-	103.9
Motorcycle & Engine	320.0	320.0	-	322.2
Precision Machinery	140.0	140.0	-	127.2
Other	140.0	140.0	-	142.6
Total	1,590.0	1,580.0	10.0	1,455.4

## (c) Before-tax ROIC

(%)

	Outlook for the year ending March 31, 2015 (fiscal 2014)			Fiscal 2013 (ended March 31, 2014) (actual)
	Revised outlook (A)	Forecast issued April 25, 2014 (B)	Change (A – B)	
Ship & Offshore Structure	0.2	0.2	-	3.4
Rolling Stock	7.9	7.9	-	10.2
Aerospace	17.7	17.7	-	19.6
Gas Turbine & Machinery	5.1	5.1	-	4.6
Plant & Infrastructure	13.5	13.5	-	14.9
Motorcycle & Engine	9.2	9.2	-	1.4
Precision Machinery	16.8	16.8	-	17.5
Total	8.6	8.6	-	8.1