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

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

Kawasaki

Powering your potential

# **Operating results**

		Million	s of yen		Thous	sands of U.S. dollars
	Six m	onths ended	Six m	nonths ended	5	Six months ended
	Sep	o. 30, 2017	Se	p. 30, 2016		Sep. 30, 2017
Net sales	¥	709,721	¥	697,299	\$	6,295,201
Operating income		16,115		8,491		142,939
Profit (loss) attributable to owners of parent		10,853		(242)		96,265
Earnings per share (Yen)		64.9		(1.4)		

# **Financial position**

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

# **Cash flows**

		Million	Thousands of U.S. dollars				
	Six m	onths ended	Six r	months ended		Six months ended	
	Se	p. 30, 2017	Sep. 30, 2016		Sep. 30, 2017		
Operating activities	¥	(123,333)	¥	(117,247)	\$	(1,093,959)	
Investing activities		(40,285)		(31,618)		(357,326)	
Financing activities		155,631		143,936		1,380,441	
Cash and cash equivalents at end of term		40,277		35,689		357,255	
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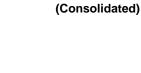
Fiscal	year	forecast
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		Net sales	C	Operating income		rofit attributable to owners of parent
One year ending March 31, 2018	¥	1,590,000	¥	62,000	¥	38,000

Millions of yen



October 27, 2017



#### (Consolidated)

- Notes: 1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
  - 2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥112.74=\$1, the rate prevailing as of September 29, 2017, solely for the convenience of the readers.

## **Condensed Consolidated Balance Sheets**

As of September 30 and March 31, 2017

As of Sep. 30, 2017As of Mar. 31, 2017As of Sep. 30, 2017Assets : Current assets : Cash on hand and in banks $¥$ 45,442 $¥$ 55,388\$403,06Receivables, less allowance Investments and long-term loans less allowance $506,636$ 460,9764,493,84Inventories98,24276,609871,40Total current assets98,93095,277877,505Net property, plant and equipment475,084461,8824,213,96Intagible and other assets52,51152,369465,773Total assets $¥$ 1,795,393 $¥$ 1,687,363 $$$ Liabilities and net assets : Current liabilities : Short-term borrowings and current portion of long-term debt $¥$ 217,195 $¥$ 121,648\$1,926,571Payables351,778363,1163,120,25315,925,07215,925,07215,925,072Long-term borrowings and current portion of long-term debt $¥$ 217,195 $¥$ 121,648\$1,926,571Advances from customers Long-term liabilities165,648205,8721,469,221,202,25Long-term liabilities879,615843,4427,802,159Net assets : Common stock104,484104,484926,76Capital surplus Capital surplus54,39354,393442,467Capital surplus Common stock54,39354,393442,467Capital surplus Common stock54,39354,39354,393Common stock104,484 <t< th=""><th></th><th></th><th></th><th></th><th></th><th>Τł</th><th>nousands of</th></t<>						Τł	nousands of
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			Million	ns of yei	า		U.S. dollars
Assets :       ¥       45,442       ¥       55,388       \$       403,06         Cash on hand ani n banks       ¥       45,442       ¥       55,388       \$       403,06         Receivables, less allowance       506,636       460,976       4,493,84         Inventories       518,548       484,862       4,599,50         Other current assets       98,242       76,609 $871,40$ Total current assets       98,930       95,277 $877,50$ Net property, plant and equipment       475,084       461,882       4,213,98         Intangible and other assets       52,511       52,369       466,77         Total assets       ¥       1,795,393       ¥       1,687,363       \$       15,925,07         Liabilities and net assets :       Stort-term borrowings       and current portion of long-term debt       ¥       217,195       ¥       121,648       \$       1,926,51         Payables       351,778       363,116       3,120,25       Advances from customers       165,648       205,872       1,468,29         Other current liabilities       879,615       843,442       7,802,15       104,484       7,802,15         Long-term labilities       879,615       843,442			As of	•	As of		As of
Assets :       ¥       45,442       ¥       55,388       \$       403,06         Cash on hand ani n banks       ¥       45,442       ¥       55,388       \$       403,06         Receivables, less allowance       506,636       460,976       4,493,84         Inventories       518,548       484,862       4,599,50         Other current assets       98,242       76,609 $871,40$ Total current assets       98,930       95,277 $877,50$ Net property, plant and equipment       475,084       461,882       4,213,98         Intangible and other assets       52,511       52,369       466,77         Total assets       ¥       1,795,393       ¥       1,687,363       \$       15,925,07         Liabilities and net assets :       Stort-term borrowings       and current portion of long-term debt       ¥       217,195       ¥       121,648       \$       1,926,51         Payables       351,778       363,116       3,120,25       Advances from customers       165,648       205,872       1,468,29         Other current liabilities       879,615       843,442       7,802,15       104,484       7,802,15         Long-term labilities       879,615       843,442		Se	ep. 30, 2017	Ma	ar. 31, 2017	Se	ep. 30, 2017
$\begin{array}{cccc} {\rm Cash \ on \ hand \ and \ in \ banks} & & & & & & & & & & & & & & & & & & &$	Assets :		• · · · ·				
Receivables, less allowance       506,636       460,976       4,493,84         Inventories       518,548       484,862       4,599,50         Other current assets       98,242       76,609 $871,40$ Total current assets       1,168,868       1,077,835       10,367,81         Investments and long-term loans less allowance       98,930       95,277 $877,50$ Net property, plant and equipment       475,084       461,882 $4,213,98$ Intagible and other assets $52,511$ $52,369$ $465,77$ Total assets $\frac{1}{1,795,393}$ $\frac{1}{1,687,363}$ $\frac{5}{15,925,07}$ Liabilities and net assets : $\frac{1}{1,795,393}$ $\frac{1}{1,687,363}$ $\frac{5}{15,925,07}$ Liabilities :       Short-term borrowings $\frac{3}{15,925,07}$ $\frac{1}{168,686}$ $\frac{1}{1,285,07}$ Advances from customers       165,648       205,872 $\frac{1}{1,469,29}$ Other current liabilities       144,994       152,806 $\frac{1}{1,280,09}$ Total current portion of long-term debt $\frac{4}{19,29,41}$ $\frac{1}{13,551}$ $\frac{1}{1,040,04}$ Others       1164,894       152,806 $\frac{1}{1,286,09}$ $\frac{1}{13,551}$ $\frac{1}{13,551}$	Current assets :						
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Cash on hand and in banks	¥	45,442	¥	55,388	\$	403,069
Other current assets $98,242$ $76,609$ $871,40$ Total current assets       1,168,868       1,077,835       10,367,81         Investments and long-term loans less allowance       98,930       95,277       877,50         Net property, plant and equipment       475,084       461,882       4,213,98         Intangible and other assets $52,511$ $52,369$ 465,77         Total assets $¥$ 1,795,393 $¥$ 1,687,363 $$15,925,07$ Liabilities and net assets : $¥$ 1,795,393 $¥$ 1,687,363 $$15,925,07$ Current liabilities : $$351,778$ 363,116       3,120,25 $$4,26,517$ Payables $351,778$ $363,116$ $$3,120,255$ $$448,294$ $$7,802,155$ Advances from customers       165,648       205,872 $$1,469,299$ $$0$ $$1,28,606$ $$1,286,099$ $$1,28,065$ $$1,28,069$ $$1,28,069$ $$1,286,099$ $$1,28,069$ $$1,286,099$ $$1,28,069$ $$1,286,099$ $$1,28,069$ $$1,286,099$ $$1,28,069$ $$1,286,099$ $$1,28,069$ $$1,286,099$ $$1,28,069$ $$1,286,099$ $$1,28,099$ $$104,484$ <td>Receivables, less allowance</td> <td></td> <td>506,636</td> <td></td> <td>460,976</td> <td></td> <td>4,493,844</td>	Receivables, less allowance		506,636		460,976		4,493,844
Total current assets1,168,8681,077,83510,367,81Investments and long-term loans less allowance98,93095,277877,50Net property, plant and equipment475,084461,8824,213,98Intagible and other assets52,51152,369465,77Total assets $¥$ 1,795,393 $¥$ 1,687,363 $$15,925,07$ Liabilities and net assets :Current liabilities :Short-term borrowingsand current portion of long-term debt $¥$ 217,195 $¥$ 121,648 $$1,926,51$ Advances from customers165,648205,8721,469,29Other current liabilities144,994152,8061,226,09Total current portion342,273279,0433,035,94Others117,254113,5511,040,04Total long-term liabilities459,527392,5944,075,99Net assets :Common stock104,484104,484926,76Capital surplus54,39354,393482,46Retained earnings289,950287,4492,571,84Treasury stock(100)(96)(88Net unrealized gains on securities3,7813,23233,53Gains (losses) on hedging items(1,462)(1,182)(12,96	Inventories		518,548		484,862		4,599,503
Investments and long-term loans less allowance $98,930$ $95,277$ $877,50$ Net property, plant and equipment $475,084$ $461,882$ $4,213,98$ Intangible and other assets $52,511$ $52,369$ $465,777$ Total assets $y$ $1,795,393$ $y$ $1,687,363$ $y$ Liabilities and net assets : $y$ $1,795,393$ $y$ $1,687,363$ $y$ $15,925,07$ Liabilities and net assets : $y$ $1,795,393$ $y$ $1,687,363$ $y$ $15,925,07$ Current liabilities : $y$ $351,778$ $363,116$ $3,120,25$ Advances from customers $165,648$ $205,872$ $1,469,29$ Other current liabilities $144,994$ $152,806$ $1,286,09$ Total current liabilities : $879,615$ $843,442$ $7,802,15$ Long-term liabilities : $117,254$ $113,551$ $1,040,04$ Others $117,254$ $113,551$ $1,040,04$ Others $104,484$ $104,484$ $926,76$ Capital surplus $54,393$ $54,393$ $482,46$ Retained earnings $289,950$ $287,449$ $2,571,84$ Treasury stock $(100)$ $(96)$ $(88)$ Net unrealized gains on securities $3,781$ $3,232$ $3353$ Gains (losses) on hedging items $(1,462)$ $(1,182)$ $(12,96)$	Other current assets		98,242		76,609		871,403
Net property, plant and equipment       475,084       461,882       4,213,98         Intangible and other assets       52,511       52,369       465,77         Total assets $¥$ 1,795,393 $¥$ 1,687,363       \$ 15,925,07         Liabilities and net assets :       Current liabilities :       Short-term borrowings       and current portion of long-term debt $¥$ 217,195 $¥$ 121,648       \$ 1,926,51         Payables       351,778       363,116       3,120,25         Advances from customers       165,648       205,872       1,469,29         Other current liabilities       144,994       152,806       1,286,09         Total current liabilities :       879,615       843,442       7,802,15         Long-term liabilities :       117,254       113,551       1,040,04         Others       117,254       113,551       1,040,04         Total long-term liabilities       459,527       392,594       4,075,99         Net assets :       Common stock       104,484       104,484       926,76         Capital surplus       54,393       54,393       54,393       462,77         Retained earnings       289,950       287,449       2,571,84         Treasury	Total current assets		1,168,868		1,077,835		10,367,819
Intangible and other assets $52,511$ $52,369$ $465,77$ Total assets $¥$ $1,795,393$ $¥$ $1,687,363$ $$15,925,07$ Liabilities and net assets :Current liabilities :Short-term borrowingsand current portion of long-term debt $¥$ $217,195$ $¥$ $121,648$ $$1,926,51$ Payables $351,778$ $363,116$ $3,120,25$ Advances from customers $165,648$ $205,872$ $1,469,29$ Other current liabilities $144,994$ $152,806$ $1,286,09$ Total current portion $342,273$ $279,043$ $3,035,94$ Others $117,254$ $113,551$ $1,040,04$ Total long-term liabilities $459,527$ $392,594$ $4,075,99$ Net assets : $289,950$ $287,449$ $2,571,84$ Common stock $104,484$ $104,484$ $926,76$ Capital surplus $54,393$ $54,393$ $482,46$ Retained earnings $289,950$ $287,449$ $2,571,84$ Treasury stock $(100)$ $(96)$ $(88$ Net unrealized gains on securities $3,781$ $3,232$ $33,53$ Gains (losses) on hedging items $(1,462)$ $(1,182)$ $(12,96)$	Investments and long-term loans less allowance		98,930		95,277		877,505
Intangible and other assets $52,511$ $52,369$ $465,77$ Total assets $457,763$ $457,763$ $51,925,07$ Liabilities and net assets :Current liabilities :Short-term borrowingsand current portion of long-term debt $42,77,195$ $41,687,363$ $52,369$ AgaptesAdvances from customersOther current liabilitiesAdvances from customers $165,648$ $205,872$ $1,469,29$ Other current liabilitiesTotal current portion $342,273$ $279,043$ $3,035,94$ OthersIntrastetLong-term debt, less current portion $342,273$ $279,043$ $3,035,94$ OthersIntrastetIntrastetTotal long-term liabilitiesIntrastetIntrastetCommon stockIntrastetCommon stockCapital surplusS4,393S4,393S4,393S4,393S4,393S4,393S4,393IntrastetIntrastetIntrastetIntrastetIntrastetIntrastetIntrastet </td <td>Net property, plant and equipment</td> <td></td> <td>475,084</td> <td></td> <td>461,882</td> <td></td> <td>4,213,981</td>	Net property, plant and equipment		475,084		461,882		4,213,981
Total assets $¥$ 1,795,393 $¥$ 1,687,363 $$$ 15,925,07Liabilities and net assets :Current liabilities :Short-term borrowings $$$ 121,648 $$$ 1,926,51Payablesand current portion of long-term debt $¥$ 217,195 $¥$ 121,648 $$$ 1,926,51Payables351,778363,1163,120,25 $351,778$ 363,1163,120,25Advances from customers165,648205,8721,469,29Other current liabilities144,994152,8061,286,09Total current liabilities879,615843,4427,802,15Long-term liabilities :117,254113,5511,040,04Long-term liabilities459,527392,5944,075,99Net assets :0104,484104,484926,76Common stock104,484104,484926,76Capital surplus54,39354,393482,460Retained earnings289,950287,4492,571,84Treasury stock(100)(96)(88Net unrealized gains on securities3,7813,23233,53Gains (losses) on hedging items(1,462)(1,182)(12,96)			52,511				465,770
Liabilities and net assets :       Current liabilities :         Short-term borrowings       and current portion of long-term debt       ¥       217,195       ¥       121,648       \$       1,926,51         Payables       351,778       363,116       3,120,25         Advances from customers       165,648       205,872       1,469,29         Other current liabilities       144,994       152,806       1,286,09         Total current liabilities       879,615       843,442       7,802,15         Long-term liabilities :       879,615       843,442       7,802,15         Long-term debt, less current portion       342,273       279,043       3,035,94         Others       117,254       113,551       1,040,04         Total long-term liabilities       459,527       392,594       4,075,99         Net assets :       0       104,484       104,484       926,76         Capital surplus       54,393       54,393       482,460         Retained earnings       289,950       287,449       2,571,84         Treasury stock       (100)       (96)       (88         Net unrealized gains on securities       3,781       3,232       33,53         Gains (losses) on hedging items       (1,462)		¥	1,795,393	¥		\$	15,925,075
Short-term borrowings       ¥       217,195       ¥       121,648       \$       1,926,51         Payables       351,778       363,116       3,120,25         Advances from customers       165,648       205,872       1,469,29         Other current liabilities       144,994       152,806       1,286,09         Total current liabilities       879,615       843,442       7,802,15         Long-term liabilities :       117,254       113,551       1,040,04         Others       117,254       113,551       1,040,04         Total long-term liabilities       459,527       392,594       4,075,99         Net assets :       Common stock       104,484       104,484       926,76         Capital surplus       54,393       54,393       482,46         Retained earnings       289,950       287,449       2,571,84         Treasury stock       (100)       (96)       (88         Net unrealized gains on securities       3,781       3,232       33,533         Gains (losses) on hedging items       (1,462)       (1,182)       (12,96	Liabilities and net assets :						
and current portion of long-term debt¥ $217,195$ ¥ $121,648$ \$ $1,926,51$ Payables $351,778$ $363,116$ $3,120,25$ Advances from customers $165,648$ $205,872$ $1,469,29$ Other current liabilities $144,994$ $152,806$ $1,286,09$ Total current liabilities : $879,615$ $843,442$ $7,802,15$ Long-term liabilities : $879,615$ $843,442$ $7,802,15$ Long-term debt, less current portion $342,273$ $279,043$ $3,035,94$ Others $117,254$ $113,551$ $1,040,04$ Total long-term liabilities $459,527$ $392,594$ $4,075,99$ Net assets :Common stock $104,484$ $104,484$ $926,766$ Capital surplus $54,393$ $54,393$ $482,466$ Retained earnings $289,950$ $287,449$ $2,571,84$ Treasury stock(100)(96)(88Net unrealized gains on securities $3,781$ $3,232$ $33,533$ Gains (losses) on hedging items(1,462)(1,182)(12,966)	Current liabilities :						
Payables $351,778$ $363,116$ $3,120,25$ Advances from customers $165,648$ $205,872$ $1,469,29$ Other current liabilities $144,994$ $152,806$ $1,286,09$ Total current liabilities $879,615$ $843,442$ $7,802,15$ Long-term liabilities : $342,273$ $279,043$ $3,035,94$ Others $117,254$ $113,551$ $1,040,04$ Total long-term liabilities $459,527$ $392,594$ $4,075,99$ Net assets : $Common stock$ $104,484$ $104,484$ $926,766$ Capital surplus $54,393$ $54,393$ $482,466$ Retained earnings $289,950$ $287,449$ $2,571,844$ Treasury stock(100)(96)(888Net unrealized gains on securities $3,781$ $3,232$ $33,533$ Gains (losses) on hedging items(1,462)(1,182)(12,966)	Short-term borrowings						
Payables       351,778       363,116       3,120,25         Advances from customers       165,648       205,872       1,469,29         Other current liabilities       144,994       152,806       1,286,09         Total current liabilities       879,615       843,442       7,802,15         Long-term liabilities :       279,043       3,035,94         Others       117,254       113,551       1,040,04         Total long-term liabilities       459,527       392,594       4,075,99         Net assets :       Common stock       104,484       104,484       926,76         Capital surplus       54,393       54,393       482,46         Retained earnings       289,950       287,449       2,571,84         Treasury stock       (100)       (96)       (88         Net unrealized gains on securities       3,781       3,232       33,53         Gains (losses) on hedging items       (1,462)       (1,182)       (12,96	and current portion of long-term debt	¥	217,195	¥	121,648	\$	1,926,512
Other current liabilities       144,994       152,806       1,286,09         Total current liabilities       879,615       843,442       7,802,15         Long-term liabilities :       100,100       342,273       279,043       3,035,94         Others       117,254       113,551       1,040,04         Total long-term liabilities       459,527       392,594       4,075,99         Net assets :       Common stock       104,484       104,484       926,76         Capital surplus       54,393       54,393       482,46         Retained earnings       289,950       287,449       2,571,84         Treasury stock       (100)       (96)       (88         Net unrealized gains on securities       3,781       3,232       33,53         Gains (losses) on hedging items       (1,462)       (1,182)       (12,96	Payables		351,778		363,116		3,120,259
Total current liabilities       879,615       843,442       7,802,15         Long-term liabilities :	Advances from customers		165,648		205,872		1,469,292
Total current liabilities       879,615       843,442       7,802,15         Long-term liabilities :	Other current liabilities		144,994		152,806		1,286,092
Long-term debt, less current portion       342,273       279,043       3,035,94         Others       117,254       113,551       1,040,04         Total long-term liabilities       459,527       392,594       4,075,99         Net assets :       Common stock       104,484       104,484       926,76         Capital surplus       54,393       54,393       482,46         Retained earnings       289,950       287,449       2,571,84         Treasury stock       (100)       (96)       (88         Net unrealized gains on securities       3,781       3,232       33,53         Gains (losses) on hedging items       (1,462)       (1,182)       (12,96	Total current liabilities		879,615				7,802,155
Others         117,254         113,551         1,040,04           Total long-term liabilities         459,527         392,594         4,075,99           Net assets :         Common stock         104,484         104,484         926,76           Capital surplus         54,393         54,393         482,46           Retained earnings         289,950         287,449         2,571,84           Treasury stock         (100)         (96)         (88           Net unrealized gains on securities         3,781         3,232         33,53           Gains (losses) on hedging items         (1,462)         (1,182)         (12,96)	Long-term liabilities :						
Total long-term liabilities       459,527       392,594       4,075,99         Net assets :       Common stock       104,484       926,76         Capital surplus       54,393       54,393       482,46         Retained earnings       289,950       287,449       2,571,84         Treasury stock       (100)       (96)       (88         Net unrealized gains on securities       3,781       3,232       33,53         Gains (losses) on hedging items       (1,462)       (1,182)       (12,96)	Long-term debt, less current portion		342,273		279,043		3,035,949
Net assets :       104,484       104,484       926,76         Common stock       104,484       926,76         Capital surplus       54,393       54,393       482,46         Retained earnings       289,950       287,449       2,571,84         Treasury stock       (100)       (96)       (88         Net unrealized gains on securities       3,781       3,232       33,53         Gains (losses) on hedging items       (1,462)       (1,182)       (12,96)	Others		117,254		113,551		1,040,041
Common stock104,484104,484926,76Capital surplus54,39354,393482,46Retained earnings289,950287,4492,571,84Treasury stock(100)(96)(88Net unrealized gains on securities3,7813,23233,53Gains (losses) on hedging items(1,462)(1,182)(12,96	Total long-term liabilities		459,527		392,594		4,075,990
Capital surplus54,39354,393482,46Retained earnings289,950287,4492,571,84Treasury stock(100)(96)(88Net unrealized gains on securities3,7813,23233,53Gains (losses) on hedging items(1,462)(1,182)(12,96	Net assets :						
Retained earnings289,950287,4492,571,84Treasury stock(100)(96)(88Net unrealized gains on securities3,7813,23233,53Gains (losses) on hedging items(1,462)(1,182)(12,96	Common stock		104,484		104,484		926,769
Treasury stock         (100)         (96)         (88           Net unrealized gains on securities         3,781         3,232         33,53           Gains (losses) on hedging items         (1,462)         (1,182)         (12,96)	Capital surplus		54,393		54,393		482,464
Net unrealized gains on securities         3,781         3,232         33,53           Gains (losses) on hedging items         (1,462)         (1,182)         (12,96)	Retained earnings		289,950		287,449		2,571,845
Gains (losses) on hedging items (1,462) (1,182) (12,96	Treasury stock		(100)		(96)		(886)
	Net unrealized gains on securities		3,781		3,232		33,537
Foreign currency translation adjustments (610) (341) (5,41	Gains (losses) on hedging items		(1,462)		(1,182)		(12,967)
	Foreign currency translation adjustments		(610)		(341)		(5,410)
Remeasurements of defined benefit plans(8,689)(10,692)(77,07)	Remeasurements of defined benefit plans		(8,689)		(10,692)		(77,071)
	Non-controlling interests				14,080		128,649
	Total net assets						4,046,930
Total liabilities and net assets         ¥         1,795,393         ¥         1,687,363         \$         15,925,07	Total liabilities and net assets	¥	1,795,393	¥	1,687,363	\$	15,925,075

## **Condensed Consolidated Statements of Income**

For six months ended September 30, 2017 and 2016

				Tho	usands of
	Millions	s of yen			U.S. dollars
	Six months ended	Six months ended	%	Six r	months ended
	Sep. 30, 2017	Sep. 30, 2016	Change	Se	p. 30, 2017
Net sales	¥ 709,721	¥ 697,299	+2%	\$	6,295,201
Cost of sales	599,530	595,268			5,317,811
Gross profit	110,191	102,031			977,390
Selling, general and administrative expenses	94,076	93,540			834,451
Operating income	16,115	8,491	+90%		142,939
Other income (expenses) :					
Interest and dividend income	543	549			4,816
Equity in income of unconsolidated					
subsidiaries and affiliates	2,553	2,945			22,645
Interest expense	(1,338)	(1,433)			(11,868)
Other, net	(2,757)	(10,076)			(24,454)
Income (loss) before income taxes and					
non-controlling interests	15,116	476			134,078
Income taxes	(3,251)	17			(28,837)
Profit (loss) attributable to non-controlling interests	(1,012)	(735)			(8,976)
Profit (loss) attributable to owners of parent	¥ 10,853	¥ (242)	-4,585%	\$	96,265
· · · · ·					

# (Consolidated)

### **Condensed Consolidated Statements of Cash Flows**

For six months ended September 30, 2017 and 2016

Tor six months ended September 50, 2017 and 2010						Thousands of U.S. dollars
	-	<u>Mill</u> onths ended . 30, 2017		onths ended 0. 30, 2016	Six months ended Sep. 30, 2017	
Cash flows from operating activities:	•	•	<b>·</b>	,		
Income before income taxes and minority interests	¥	15,116	¥	476	\$	134,078
Adjustments to reconcile net income before income taxes and minority						
interests to net cash provided by operating activities:						
Depreciation and amortization		27,442		25,121		243,409
Increase in assets		(98,246)		(68,494)		(871,438)
Decrease in liabilities		(63,567)		(64,799)		(563,837)
Other		(4,078)		(9,551)		(36,171)
Net cash provided by operating activities	¥	(123,333)	¥	(117,247)	\$	(1,093,959)
Cash flows from investing activities:						
Acquisition of tangible and intangible assets		(38,595)		(33,752)		(342,336)
Acquisition of investments in securities		(222)		(610)		(1,969)
Other		(1,468)		2,744		(13,021)
Net cash used for investing activities	¥	(40,285)	¥	(31,618)	\$	(357,326)
Cash flows from financing activities:						
Increase in short-term borrowings		110,375		151,460		979,022
Proceeds from long-term debt		76,355		24,503		677,266
Repayment of long-term debt		(26,599)		(19,339)		(235,932)
Other		(4,500)		(12,688)		(39,915)
Net cash provided by financing activities	¥	155,631	¥	143,936	\$	1,380,441
Effect of exchange rate changes		(2,458)		3,223		(21,802)
Net decrease in cash and cash equivalents		(10,445)		(1,706)		(92,646)
Cash and cash equivalents at beginning of term		50,722		37,832		449,902
Increase in cash and cash equivalents						
due to changes in fiscal period of consolidated subsidiaries		-		-		-
Decrease in cash and cash equivalents resulting from						
exclusion of subsidiaries from consolidation		-		(437)		(1)
Cash and cash equivalents at end of term	¥	40,277	¥	35,689	\$	357,255

Segment information Information by reportable segment

		Millions of yen Six months ended Sep. 30, 2016											
	External sales			Intersegment sales		Total sales		Operating expenses		Operating come (loss)			
Ship & Offshore Structure	¥	51,622	¥	1,579	¥	53,201	¥	69,629	¥	(16,428)			
Rolling Stock		62,346		13		62,359		63,030		(671)			
Aerospace		168,917		922		169,839		149,726		20,113			
Gas Turbine & Machinery		106,622		6,199		112,821		109,844		2,977			
Plant & Infrastructure		78,567		3,628		82,195		80,495		1,700			
Motorcycle & Engine		128,567		417		128,984		131,439		(2,455)			
Precision Machinery		65,728		6,870		72,598		68,655		3,943			
Other		34,930		17,982		52,912		51,515		1,397			
Total		697,299		37,610		734,909		724,333		10,576			
Eliminations and corporate		-		(37,610)		(37,610)		(35,525)		(2,085)			
Consolidated total	¥	697,299	¥	-	¥	697,299	¥	688,808	¥	8,491			

		Millions of yen Six months ended Sep. 30, 2017										
		External sales		Intersegment sales		Total sales		Operating expenses		perating ome (loss)		
Ship & Offshore Structure	¥	45,075	¥	1,302	¥	46,377	¥	51,576	¥	(5,199)		
Rolling Stock		63,690		52		63,742		64,664		(922)		
Aerospace		168,517		670		169,187		157,452		11,735		
Gas Turbine & Machinery		116,215		5,172		121,387		117,048		4,339		
Plant & Infrastructure		53,737		5,022		58,759		58,960		(201)		
Motorcycle & Engine		136,980		305		137,285		139,345		(2,060)		
Precision Machinery		86,967		6,759		93,726		84,655		9,071		
Other		38,540		19,673		58,213		56,752		1,461		
Total		709,721		38,955		748,676		730,452		18,224		
Eliminations and corporate		-		(38,955)		(38,955)		(36,846)		(2,109)		
Consolidated total	¥	709,721	¥	-	¥	709,721	¥	693,606	¥	16,115		

	Thousands of U.S. dollars										
					Six	months ended					
					S	Sep. 30, 2017					
	External		External Intersegment			Total	Operating		Operating		
		sales		sales		sales		expenses		income (loss)	
Ship & Offshore Structure	\$	399,813	\$	11,549	\$	411,362	\$	457,477	\$	(46,115)	
Rolling Stock		564,928		461		565,389		573,567		(8,178)	
Aerospace		1,494,740		5,943		1,500,683		1,396,593		104,090	
Gas Turbine & Machinery		1,030,823		45,875		1,076,698		1,038,212		38,486	
Plant & Infrastructure		476,645		44,545		521,190		522,974		(1,784)	
Motorcycle & Engine		1,215,007		2,705		1,217,712		1,235,986		(18,274)	
Precision Machinery		771,394		59,953		831,347		750,886		80,461	
Other		341,851		174,498		516,349		503,389		12,960	
Total		6,295,201		345,529		6,640,730		6,479,084		161,646	
Eliminations and corporate		-		(345,529)		(345,529)		(326,822)		(18,707)	
Consolidated total	\$	6,295,201	\$	-	\$	6,295,201	\$	6,152,262	\$	142,939	

## (Consolidated)

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

For six months ended September 30, 2017 and 2016 and as of September 30 and March 31, 2017

			Millions	ofve	en			Th	ousands of U.S. dollars
	Six months ended			Six months ended			%	Six months ended	
	Sep. 30, 2017			Sep. 30, 2	Change	Sep. 30, 2017			
Net sales :		• *							• •
Ship & Offshore Structure	¥	45,075	(6%)	¥	51,622	(7%)	-13%	\$	399,813
Rolling Stock		63,690	(9%)		62,346	(9%)	+2%		564,928
Aerospace		168,517	(24%)		168,917	(24%)	-0%		1,494,740
Gas Turbine & Machinery		116,215	(17%)		106,622	(15%)	+9%		1,030,823
Plant & Infrastructure		53,737	(8%)		78,567	(11%)	-32%		476,645
Motorcycle & Engine		136,980	(19%)		128,567	(19%)	+7%		1,215,007
Precision Machinery		86,967	(12%)		65,728	(10%)	+32%		771,394
Other		38,540	(5%)		34,930	(5%)	+10%		341,851
Total	¥	709,721	(100%)	¥	697,299	(100%)	2%	\$	6,295,201
Orders :									
Ship & Offshore Structure	¥	16,399	(2%)	¥	8,645	(2%)	+90%	\$	145,458
Rolling Stock		68,416	(10%)		57,716	(11%)	+19%		606,847
Aerospace		151,327	(23%)		98,904	(18%)	+53%		1,342,265
Gas Turbine & Machinery		109,466	(16%)		102,658	(19%)	+7%		970,959
Plant & Infrastructure		53,600	(8%)		34,325	(6%)	+56%		475,430
Motorcycle & Engine		136,980	(21%)		128,567	(24%)	+7%		1,215,007
Precision Machinery		92,484	(14%)		71,403	(13%)	+30%		820,329
Other		38,258	(6%)		36,212	(7%)	+6%		339,351
Total	¥	666,930	(100%)	¥	538,430	(100%)	+24%	\$	5,915,646
								Th	ousands of
	Millions of yen							U.S. dollars	
	As of Sep. 30, 2017			As of			%	As of	
					Mar. 31, 2	Change	Sep. 30, 2017		
Order backlog : Ship & Offshore Structure	¥	162,785	(9%)	¥	191,604	(11%)	-15%	\$	1,443,897

	Sep. 30, 2017			Ivial. 51, 2	Change	3ep. 30, 2017			
Order backlog :									
Ship & Offshore Structure	¥ 162,785	(9%)	¥	191,604	(11%)	-15%	\$	1,443,897	
Rolling Stock	398,697	(23%)		392,224	(22%)	+2%		3,536,428	
Aerospace	490,082	(29%)		508,759	(29%)	-4%		4,347,010	
Gas Turbine & Machinery	387,871	(23%)		394,977	(23%)	-2%		3,440,402	
Plant & Infrastructure	215,266	(12%)		214,926	(12%)	+0%		1,909,402	
Motorcycle & Engine	-	( - %)		-	( - %)	-%		-	
Precision Machinery	43,439	(3%)		37,912	(2%)	+15%		385,302	
Other	20,328	(1%)		21,404	(1%)	-5%		180,312	
Total	¥ 1,718,468	(100%)	¥	1,761,806	(100%)	-2%	\$	15,242,753	

# Net Sales by geographic area

For six months ended September 30, 2017 and 2016

	Millions of yen							Thousands of U.S. dollars	
	_	Six months Sep. 30,		Six months ended Sep. 30, 2016			% Change	Six months ended Sep. 30, 2017	
Japan	¥	300,733	(43%)	¥	292,700	(42%)	+2%	\$	2,667,492
United States		176,841	(25%)		170,784	(24%)	+3%		1,568,574
Europe		77,978	(11%)		90,460	(13%)	-13%		691,662
Asia		102,039	(14%)		98,477	(14%)	+3%		905,082
Other		52,130	(7%)		44,878	(7%)	+16%		462,391
Total	¥	709,721	(100%)	¥	697,299	(100%)	+1%	\$	6,295,201