

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

October 31, 2019

For six months ended September 30, 2019 and 2018 and one year ended March 31, 2019

(Consolidated)

## **Operating results**

1 8		Millions	Thousands of U.S. dollars			
	Six mo	onths ended	Six m	nonths ended	- 3	Six months ended
	Sep	. 30, 2019	Se	p. 30, 2018		Sep. 30, 2019
Net sales	¥	736,565	¥	688,107	\$	6,822,573
Operating profit		8,678		8,454		80,382
Profit attributable to owners of parent		(3,733)		(3,592)		(34,578)
Earnings per share (Yen)		(22.34)		(21.50)		

## **Financial position**

•		Millions of yen /	d shares	Thousands of U.S. dollars			
		As of		As of	As of		
	Sep	o. 30, 2019	Ma	rch. 31, 2019		Sep. 30, 2019	
Total assets	¥	1,949,784	¥	1,838,855	\$	18,060,245	
Net assets		473,181		492,261		4,382,929	
Number of shares issued and outstanding		167,044		167,045			
Equity Ratio		23.4%		25.9%			

## **Cash flows**

		Millions	Thousands of U.S. doll				
	Six m	onths ended	Six n	nonths ended	- 3	Six months ended	
	Sep	. 30, 2019	Se	p. 30, 2018	Sep. 30, 2019		
Operating activities	¥	(249,491)	¥	(113,421)	\$	(2,310,958)	
Investing activities		(33,030)		(47,533)		(305,947)	
Financing activities		249,981		149,311		2,315,496	
Cash and cash equivalents at end of period		38,172		50,468		353,575	

### Fiscal vear forecast

iscai year forecast						
		Net sales		perating profit	Profit attributable to owners of parent	
One year ending March 31, 2020	¥	1,660,000	¥	56,000	¥	25,000

- Notes: 1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
  - 2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of \$107.96=\$1, the rate prevailing as of September 30, 2019, solely for the convenience of the readers.

#### **Consolidated Balance Sheets**

As of September 30 and March 31, 2019

As of   As o		Millions	Thousands of U.S. dollars	
Assets Carrent asets Cars and deposits Cash and deposits Cash and deposits Notes and accounts receivable - trade Notes and accounts receivable - trade Notes and accounts receivable - trade North and accounts receivable - trade Work in process 424,937 405,087 Raw materials and supplies 152,245 119,558 1,160,106 Other 61,130 45,333 566,228 Allowance for doubful accounts 13,488 13,792 1014 (242,937) Non-current assets Non-current				
Cash and deposits	A	Sep. 30, 2019	Mar. 31, 2019	Sep. 30, 2019
Cash and deposits   V				
Notes and accounts receivable - trade   520,325   427,665   4,819,009   Merchandise and finished goods   76,561   68,176   709,161   Work in process   424,937   405,087   3,936,062   Cher   61,130   45,333   566,228   Allowance for doubful accounts   3,488   3,792   (32,208)   Total current assets   1,246,447   1,136,340   11,545,452   Non-current assets   1,246,447   1,136,340   11,545,452   Non-current assets   1,246,447   1,136,340   11,545,452   Non-current assets   1,246,447   1,136,340   1,1545,452   Non-current assets   1,246,447   1,136,340   1,1545,452   Non-current assets   1,246,447   1,136,340   1,1545,452   Non-current assets   1,246,447   1,146,340   1,247,723   1,247,724   1,247,724   1,247,724   1,247,724   1,247,724   1,247,724   1,247,724   1,247,724   1,247,724   1,247,724   1,247,724   1,2		¥ 41 736	74 311	\$ 386,588
Merchandise and finished goods	•			
Work in process		·	·	· · ·
Other   G1.130		424,937	405,087	· · · · · · · · · · · · · · · · · · ·
Allowance for doubtful accounts   1,246,447   1,136,340   1,1545,452	Raw materials and supplies	125,245	119,558	1,160,106
Total current assets		61,130	45,333	566,228
Non-current assets				
Property, plant and equipment   Buildings and structures, net   197,321   194,939   1,827,723   Other   288,554   290,729   2,672,786   Total property, plant and equipment   485,876   485,663   4,500,579   1773,555   Investments and other assets   18,737   16,797   173,555   Investments and other assets   200,126   201,471   1,853,705   Allowance for doubtful accounts   (1,404)   (1,422)   (13,005)   Total investments and other assets   198,722   200,048   1,840,700   Total non-current assets   703,337   702,514   6,514,793   Total anosets   1,949,784   1,838,855   18,060,245		1,246,447	1,136,340	11,545,452
Buildings and structures, net   197,321   194,939   1,227,728				
Other         288,584         290,729         2,672,786           Total property, plant and equipment         485,876         485,669         480,0519           Intangible assets         18,737         16,797         173,555           Investments and other assets         200,126         201,471         1,853,705           Allowance for doubtful accounts         198,722         200,048         1,840,700           Total investments and other assets         198,722         200,048         1,840,700           Total assets         1,949,784         1,838,855         18,060,245           Liabilities         1,949,784         1,838,855         18,060,245           Current liabilities         247,191         2,017,006           Notes and accounts payable - trade         217,756         247,191         2,017,006           Electronically recorded obligations - operating         10,2419         12,303         948,675           Short-term borrowings         187,295         100,023         1,734,856           Income taxes payable         3,929         10,390         36,393           Provision for sales promotion expenses         5,221         497         49,287           Provision for Loss on construction warranties         11,857         13,996         10		107 321	104 030	1 927 722
Total property, plant and equipment Intangible assets Intangible assets Interviewents and other assets Other Other Allowance for doubtful accounts Allowance for doubtful accounts Allowance for doubtful accounts Total inno-current assets Total non-current assets Total non-current assets Total non-current assets Total assets Intabilities Current liabilities Current liabilities Notes and accounts payable - trade Electronically recorded obligations - operating Income taxes payable Bectronically recorded obligations - operating Tovision for sales promotion expenses Forwision for sales promotion expenses Tovision for son construction warranties Provision for loss on construction contracts Total current liabilities Provision for construction warranties Total current liabilities Total current current current current curr		·	·	
Intangible assets				
Other				
Allowance for doubtful accounts Total investments and other assets Total investments and other assets Total inon-current assets Total non-current liabilities  Current liabilities  Current liabilities  Current liabilities  Current liabilities  Notes and accounts payable - trade Electronically recorded obligations - operating 102,419 123,083 1,734,856 10,000 187,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 188,295 100,003 1,734,856 10,000 1,739,000	· · · · · · · · · · · · · · · · · · ·	,	•	,
Total investments and other assets   198,722   200,048   1,840,700	Other	200,126	201,471	1,853,705
Total non-current assets         703,337         702,514         6,514,793           Total assets         1,949,784         1,838,855         18,060,245           Liabilities         Current liabilities         8           Notes and accounts payable - trade         217,756         247,191         2,017,006           Electronically recorded obligations - operating         102,419         123,083         948,675           Short-term borrowings         187,295         100,023         1,734,856           Income taxes payable         3,929         10,390         36,393           Provision for sales promotion expenses         5,321         497         49,287           Provision for loss on construction warranties         11,857         13,096         109,828           Provision for loss on construction contracts         17,728         27,609         164,209           Advances received         159,767         181,419         1,479,872           Other         262,431         139,800         2,430,817           Total current liabilities         986,313         864,280         9,135,911           Non-current liabilities         140,000         140,000         1,296,777           Retirement benefit liability         10,347         97,602         292,483<	Allowance for doubtful accounts			(13,005)
Total assets				
Liabilities   Current liabilities   Notes and accounts payable - trade   217,756   247,191   2,017,006   Electronically recorded obligations - operating   102,419   123,083   948,675   Short-term borrowings   187,295   100,023   1,734,856   Income taxes payable   3,929   10,390   36,393   Provision for sales promotion expenses   5,321   497   49,287   Provision for bonuses   17,806   21,168   164,931   Provision for construction warranties   11,857   13,096   109,828   Provision for loss on construction contracts   17,728   27,609   164,209   Advances received   159,767   181,419   1,479,872   Other   262,431   139,800   2,430,817   Total current liabilities   986,313   864,280   9,135,911   Non-current liabilities   80,000   1296,777   Long-term borrowings   195,959   187,568   1,815,107   Retirement benefit liability   100,347   97,602   929,483   Provision for the in-service issues of commercial aircraft jet engines   9,990   11,468   92,534   Other   Total non-current liabilities   490,290   482,313   4,541,404   Total non-current liabilities   490,290   482,313   4,541,404   Total incomplete   104,484   104,484   967,803   Capital surplus   54,542   54,542   505,206   Retained earnings   310,077   324,606   2,872,147   Treasury shares   (131)   (130)   (1,213)   Total shareholders' equity   468,973   483,502   4,343,951   Accumulated other comprehensive income   Valuation difference on available-for-sale securities   2,488   2,682   23,046   Deferred gains or losses on hedges   (171)   (227)   (1,584)   Foreign currency translation adjustment   (10,088)   (4,556)   (93,442)   Foreign currency translation adjustment   (10,088)   (4,556)   (33,442)   (50,542)				
Notes and accounts payable - trade		1,949,784	1,838,855	18,060,245
Notes and accounts payable - trade   217,756   247,191   2,017,006				
Electronically recorded obligations - operating   102,419   123,083   948,675   Short-term borrowings   187,295   100,023   1,734,856   Income taxes payable   3,929   10,390   36,393   Provision for sales promotion expenses   5,321   497   49,287   Provision for bonuses   17,806   21,168   164,931   Provision for construction warranties   11,857   13,096   109,828   Provision for construction contracts   17,728   27,609   164,209   Advances received   159,767   181,419   1,479,872   Other   262,431   139,800   2,430,817   Total current liabilities   986,313   864,280   9,135,911   Non-current liabilities   986,313   864,280   9,135,911   Non-current liabilities   140,000   140,000   1,296,777   Long-term borrowings   195,959   187,568   1,815,107   Retirement benefit liability   100,347   97,602   929,483   Provision for the in-service issues of commercial aircraft jet engines   9,990   11,468   92,534   commercial aircraft jet engines   430,993   45,674   407,494   Total non-current liabilities   1,476,603   1,346,593   13,677,316   Net assets   Shareholders' equity   Share capital   104,484   104,484   967,803   Capital surplus   54,542   505,206   Retained earnings   310,077   324,606   2,872,147   Treasury shares   (131)   (130)   (1,213)   Total shareholders' equity   468,973   483,502   4,343,951   Accumulated other comprehensive income   Valuation difference on available-for-sale securities   2,488   2,682   23,046   26,721,474   Treasury shares   (171)   (227)   (1,584)   Foreign currency translation adjustment   (10,088)   (4,556)   (93,442)   Remeasurements of defined benefit plans   (3,666)   (5,014)   (33,957)   Total accumulated other comprehensive income   (11,437)   (7,115)   (105,937)   Total net assets   473,181   492,261   4,382,929   Total		217 756	247 101	2 017 006
Short-term borrowings   187,295   100,023   1,734,856     Income taxes payable   3,929   10,390   36,393     Provision for sales promotion expenses   5,321   497   49,287     Provision for bonuses   17,806   21,168   164,931     Provision for bonuses   17,806   21,168   164,931     Provision for loss on construction contracts   17,728   27,609   164,209     Advances received   159,767   181,419   1,479,872     Other   262,431   139,800   2,430,817     Total current liabilities   986,313   864,280   9,135,911     Non-current liabilities   986,313   864,280   9,135,911     Non-current liabilities   140,000   140,000   1,296,777     Long-term borrowings   195,959   187,568   1,815,107     Retirement benefit liability   100,347   97,602   929,483     Provision for the in-service issues of commercial aircraft jet engines   9,990   11,468   92,534     Other   43,993   45,674   407,494     Total inon-current liabilities   490,290   482,313   4,541,404     Total liabilities   1,476,603   1,346,593   13,677,316     Net assets   Shareholders' equity   Share capital   104,484   104,484   967,803     Capital surplus   54,542   54,542   505,206     Retained earnings   310,077   324,606   2,872,147     Treasury shares   (131)   (130)   (1,213)     Total shareholders' equity   468,973   483,502   4,343,951     Accumulated other comprehensive income   Valuation difference on available-for-sale securities   2,488   2,682   23,046     Deferred gains or losses on hedges   (1711)   (227)   (1,584)     Foreign currency translation adjustment   (10,088)   (4,556)   (93,442)     Total net assets   15,645   15,874   144,915     Total net assets   473,181   492,261   4,382,929	1 ,		,	, ,
Income taxes payable				,
Provision for sales promotion expenses         5,321         497         49,287           Provision for bonuses         17,806         21,168         164,931           Provision for construction warranties         11,857         13,096         109,828           Provision for loss on construction contracts         17,728         27,609         164,209           Advances received         159,767         181,419         1,479,872           Other         262,431         139,800         2,430,817           Total current liabilities         986,313         864,280         9,135,911           Non-current liabilities         986,313         864,280         9,135,911           Non-current liabilities         140,000         140,000         1,296,777           Long-term borrowings         195,959         187,568         1,815,107           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         1,476,603         1,346,593         13,677,316           Net assets         1,476,603         1,346,593		·	,	· · ·
Provision for bonuses         17,806         21,188         164,931           Provision for construction warranties         11,857         13,096         109,828           Provision for loss on construction contracts         17,728         27,609         164,209           Advances received         159,767         181,419         1,479,872           Other         262,431         139,800         2,430,817           Total current liabilities         986,313         864,280         9,135,911           Non-current liabilities         986,313         864,280         9,135,911           Non-current liabilities         140,000         140,000         1,296,777           Bonds payable         140,000         140,000         1,296,777           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total inon-current liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         1,476,603         1,346,593         13,677,316           Net assets         Share capital	Provision for sales promotion expenses	,		
Provision for loss on construction contracts         17,728         27,609         164,209           Advances received         159,767         181,419         1,479,872           Other         262,431         139,800         2,430,817           Total current liabilities         986,313         864,280         9,135,911           Non-current liabilities         140,000         140,000         1,296,777           Long-term borrowings         195,959         187,568         1,815,107           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502		17,806	21,168	,
Advances received         159,767         181,419         1,479,872           Other         262,431         139,800         2,430,817           Total current liabilities         986,313         864,280         9,135,911           Non-current liabilities         986,313         864,280         9,135,911           Bonds payable         140,000         140,000         1,296,777           Long-term borrowings         195,959         187,568         1,815,107           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total ibilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951 </td <td>Provision for construction warranties</td> <td>11,857</td> <td>13,096</td> <td>109,828</td>	Provision for construction warranties	11,857	13,096	109,828
Other         262,431         139,800         2,430,817           Total current liabilities         986,313         864,280         9,135,911           Non-current liabilities         986,313         864,280         9,135,911           Non-current liabilities         140,000         140,000         1,296,777           Long-term borrowings         195,959         187,568         1,815,107           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         54,542         505,206           Share capital         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Accumula	Provision for loss on construction contracts	17,728	27,609	164,209
Total current liabilities         986,313         864,280         9,135,911           Non-current liabilities         140,000         140,000         1,296,777           Long-term borrowings         195,959         187,568         1,815,107           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Accumulated other comprehensive income         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)		·	·	1,479,872
Non-current liabilities   Bonds payable   140,000   140,000   1,296,777				
Bonds payable         140,000         140,000         1,296,777           Long-term borrowings         195,959         187,568         1,815,107           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3		986,313	864,280	9,135,911
Long-term borrowings         195,959         187,568         1,815,107           Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         8         490,290         482,313         4,541,404           Shareholders' equity         54,542         54,542         54,542         567,803           Capital surplus         54,542         54,542         505,206         267,803           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         (171)         (227)         (1,584)           Poferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign cur		140,000	140,000	4 000 777
Retirement benefit liability         100,347         97,602         929,483           Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         8         490,290         482,313         4,541,404           Share capital         1,476,603         1,346,593         13,677,316         13,677,316           Share capital         104,484         104,484         967,803         267,803		·	·	· · ·
Provision for the in-service issues of commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Share capital         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (10		,	·	· · ·
commercial aircraft jet engines         9,990         11,468         92,534           Other         43,993         45,674         407,494           Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Share capital         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)			01,002	•
Total non-current liabilities         490,290         482,313         4,541,404           Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929		9,990	11,468	92,534
Total liabilities         1,476,603         1,346,593         13,677,316           Net assets         Shareholders' equity         967,803           Share capital         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929	Other	43,993	45,674	407,494
Net assets           Shareholders' equity         Share capital         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929				4,541,404
Shareholders' equity       104,484       104,484       967,803         Capital surplus       54,542       54,542       505,206         Retained earnings       310,077       324,606       2,872,147         Treasury shares       (131)       (130)       (1,213)         Total shareholders' equity       468,973       483,502       4,343,951         Accumulated other comprehensive income       Valuation difference on available-for-sale securities       2,488       2,682       23,046         Deferred gains or losses on hedges       (171)       (227)       (1,584)         Foreign currency translation adjustment       (10,088)       (4,556)       (93,442)         Remeasurements of defined benefit plans       (3,666)       (5,014)       (33,957)         Total accumulated other comprehensive income       (11,437)       (7,115)       (105,937)         Non-controlling interests       15,645       15,874       144,915         Total net assets       473,181       492,261       4,382,929		1,476,603	1,346,593	13,677,316
Share capital         104,484         104,484         967,803           Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929				
Capital surplus         54,542         54,542         505,206           Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929	' '	104 494	104.484	067.003
Retained earnings         310,077         324,606         2,872,147           Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929	•	·	·	,
Treasury shares         (131)         (130)         (1,213)           Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929		·		
Total shareholders' equity         468,973         483,502         4,343,951           Accumulated other comprehensive income         Valuation difference on available-for-sale securities         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929				
Accumulated other comprehensive income         2,488         2,682         23,046           Deferred gains or losses on hedges         (171)         (227)         (1,584)           Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929				
Deferred gains or losses on hedges       (171)       (227)       (1,584)         Foreign currency translation adjustment       (10,088)       (4,556)       (93,442)         Remeasurements of defined benefit plans       (3,666)       (5,014)       (33,957)         Total accumulated other comprehensive income       (11,437)       (7,115)       (105,937)         Non-controlling interests       15,645       15,874       144,915         Total net assets       473,181       492,261       4,382,929	Accumulated other comprehensive income			
Foreign currency translation adjustment         (10,088)         (4,556)         (93,442)           Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929	Valuation difference on available-for-sale securities	2,488	2,682	23,046
Remeasurements of defined benefit plans         (3,666)         (5,014)         (33,957)           Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929				(1,584)
Total accumulated other comprehensive income         (11,437)         (7,115)         (105,937)           Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929	,	, ,	(4,556)	, , ,
Non-controlling interests         15,645         15,874         144,915           Total net assets         473,181         492,261         4,382,929	Remeasurements of defined benefit plans	(3,666)	(5,014)	(33,957)
Total net assets 473,181 492,261 4,382,929	Total accumulated other comprehensive income	(11,437)	(7,115)	(105,937)
1000000	Non-controlling interests	15,645	15,874	144,915
Total liabilities and net assets 1,949,784 1,838,855 18,060,245				4,382,929
	Total liabilities and net assets	1,949,784	1,838,855	18,060,245

## **Consolidated Statements of Profit and Loss**

For six months ended September 30, 2019 and 2018

			Thousands of
	Millions	s of yen	U.S. dollars
	Six months ended	Six months ended	Six months ended
	Sep. 30, 2019	Sep. 30, 2018	Sep. 30, 2019
Net sales	¥ 736,565	¥ 688,107	\$ 6,822,573
Cost of sales	629,707	581,972	5,832,781
Gross profit	106,857	106,135	989,783
Selling, general and administrative expenses	07.004	00.507	
Salaries and allowances	27,384	26,537	253,649
Research and development expenses Other	23,739 47,055	21,240	219,887
	98,179	49,903 97,680	435,856
Total selling, general and administrative expenses  Operating profit	8,678	8,454	909,402 80,382
Non-operating income	0,070	0,404	00,302
Interest income	314	239	2.908
Dividend income	180	180	1,667
Share of profit of entities accounted for using equity method	924	802	8,559
Foreign exchange gains	<u>-</u>	3,102	=
Other	1,473	1,398	13,644
Total non-operating income	2,893	5,724	26,797
Non-operating expenses			
Interest expenses	1,860	1,546	17,229
Foreign exchange losses	5,772	-	53,464
Payments for the in-service issues of			
commercial aircraft jet engines	1,157	9,745	10,717
Other	1,951	2,680	18,072
Total non-operating expenses	10,741	13,971	99,491
Ordinary profit	830	207	7,688
Extraordinary income			
Gain on sales of non-current assets	1,277	-	11,828
Total extraordinary income	1,277	-	11,828
Profit before income taxes	2,107	207	19,516
Income taxes	5,122	2,940	47,443
Loss	(3,015)	(2,733)	(27,927)
Profit attributable to non-controlling interests	718	859	6,651
Loss attributable to owners of parent	(3,733)	(3,592)	(34,578)

## **Consolidated Statements of Cash Flows**

For six months ended September 30, 2019 and 2018

			Thousands of	
		Millions of yen	U.S. dollars	
	Six months ended	Six months ended	Six months ended	
Cash flows from operating activities	Sep. 30, 2019	Sep. 30, 2018	Sep. 30, 2019	
Profit before income taxes	¥ 2,107	¥ 207	\$ 19,516	
Depreciation	30,133	29,342	279,113	
Increase (decrease) in allowance for doubtful accounts	(206)	1,465	(1,908)	
Increase (decrease) in provision for bonuses	(3,356)	(2,968)	(31,086)	
Increase (decrease) in provision for construction warranties	(1,168)	(1,367)	(10,819)	
Increase (decrease) in provision for loss on construction contracts	(9,864)	2,409	(91,367)	
Increase (decrease) in retirement benefit liability	4,833	4,868	44,767	
Increase (decrease) in provision for the in-service issues of				
commercial aircraft jet engines	(1,478)	9,745	(13,690)	
Interest and dividend income	(495)	(420)	(4,585)	
Interest expenses	1,860	1,546	17,229	
Share of loss (profit) of entities accounted for using equity method	(924)	(802)	(8,559)	
Loss (gain) on sales of non-current assets	(1,277)	-	(11,828)	
Decrease (increase) in trade receivables	(93,246)	(9,526)	(863,709)	
Decrease (increase) in inventories	(42,352)	(78,347)	(392,293)	
Increase (decrease) in trade payables	(49,292)	(28,770)	(456,577)	
Decrease (increase) in advance payments - trade	(4,739)	(1,939)	(43,896)	
Increase (decrease) in advances received	(20,308)	(12,247)	(188,107)	
Decrease (increase) in other current assets	(10,547)	(7,059)	(97,694)	
Increase (decrease) in other current liabilities	(39,131)	(17,295)	(362,458)	
Other, net	561	3,434	5,196	
Subtotal	(238,893)	(107,727)	(2,212,792)	
Interest and dividends received	722	477	6,688	
Interest paid	(1,863)	(1,541)	(17,256)	
Income taxes paid	(9,456)	(4,630)	(87,588)	
Net cash provided by (used in) operating activities	(249,491)	(113,421)	(2,310,958)	
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(33,242)	(43,587)	(307,910)	
Proceeds from sales of property, plant and equipment and intangible assets	1,509	334	13,977	
Purchase of investment securities	(439)	(557)	(4,066)	
Proceeds from sales of investment securities	458	136	4,242	
Purchase of shares of subsidiaries and associates	(2,931)	(2,081)	(27,149)	
Net decrease (increase) in short-term loans receivable	(551)	(51)	(5,104)	
Long-term loan advances	(34)	(91)	(315)	
Collection of long-term loans receivable	47	82	435	
Other, net	2,152	(1,717)	19,933	
Net cash provided by (used in) investing activities	(33,030)	(47,533)	(305,947)	
Cash flows from financing activities	(00,000)	(11,000)	(000,011)	
Net increase (decrease) in short-term borrowings	250,750	144,642	2,322,619	
Proceeds from long-term borrowings	19,000	7,779	175,991	
Repayments of long-term borrowings	(23,112)	(7,617)	(214,079)	
Proceeds from issuance of bonds	20,000	20,000	185,254	
Redemption of bonds	(10,000)	(10,000)	(92,627)	
Dividends paid	(5,863)	(5,032)	(54,307)	
Dividends paid to non-controlling interests	(503)	(679)	(4,659)	
Other, net	(289)	218	(2,677)	
Net cash provided by (used in) financing activities	249,981	149,311	2,315,496	
Effect of exchange rate change on cash and cash equivalents	249,961	(2,250)	2,313,490	
Net increase (decrease) in cash and cash equivalents	(30,139)	(13,893)	(279,168)	
Cash and cash equivalents at beginning of period	68,311	64,362	632,744	
	38,172	50,468		
Cash and cash equivalents at end of period	30,172	30,408	353,575	

## Segment information Information by reportable segment

	Millions of yen											
		Six months ended Sep. 30, 2018										
		External sales		Intersegment sales		Total sales		Operating profit (loss)				
Aerospace Systems	¥	210,222	¥	6,105	¥	216,327	¥	9,471				
Energy System & Plant Engineering		103,926		10,113		114,039		2,203				
Precision Machinery & Robot		102,178		7,682		109,861		9,635				
Ship & Offshore Structure		39,739		1,685		41,424		1,289				
Rolling Stock		45,426		13		45,440		(8,878)				
Motorcycle & Engine		144,425		313		144,739		(4,656)				
Other		42,188		19,588		61,777		1,022				
Total		688,107		45,502		733,610		10,086				
Eliminations and corporate		-		(45,502)		(45,502)		(1,631)				
Consolidated total	¥	688,107	¥	-	¥	688,107	¥	8,454				

				Millio	ns of	yen							
				Six mo	nths e	ended							
		Sep. 30, 2019											
		External	Int	tersegment		Total	(	Operating					
		sales	sales			sales	profit (loss)						
Aerospace Systems	¥	250,896	¥	4,194	¥	255,090	¥	9,704					
<b>Energy System &amp; Plant Engine</b>	ering	95,609		17,421		113,031		5,052					
Precision Machinery & Robot		98,219		7,246		105,465		3,211					
Ship & Offshore Structure		37,130		4,803		41,933		(1,476)					
Rolling Stock		59,306		9		59,316		(4,367)					
Motorcycle & Engine		147,235		324		147,560		(3,368)					
Other		48,167		18,376		66,543		871					
Total		736,565		52,376		788,941		9,627					
Eliminations and corporate		-		(52,376)		(52,376)		(948)					
Consolidated total	¥	736,565	¥	-	¥	736,565	¥	8,678					

		Thousands of U.S. dollars										
	Six months ended											
		Sep. 30, 2019										
		External	Inte	ersegment		Total	(	Operating				
		sales	sales		sales		profit (loss)					
Aerospace Systems	\$	2,323,972	\$	38,848	\$	2,362,820	\$	89,885				
Energy System & Plant Engineering		885,597		161,365		1,046,971		46,795				
Precision Machinery & Robot		909,772		67,117		976,890		29,742				
Ship & Offshore Structure		343,924		44,489		388,412		(13,672)				
Rolling Stock		549,333		83		<i>549,4</i> 26		(40,450)				
Motorcycle & Engine		1,363,792		3,001		1,366,803		(31, 197)				
Other		446,156		170,211		616,367		8,068				
Total		6,822,573		485,143		7,307,716		89,172				
Eliminations and corporate				(485,143)		(485,143)		(8,781)				
Consolidated total	\$	6,822,573	\$	-	\$	6,822,573	\$	80,382				

# **Orders by reportable segment**For six months ended September 30, 2019 and 2018

					M	lillions of		
		Billion	s of yen			U.S. dollars		
	_	onths ended . 30, 2019		onths ended . 30, 2018	Six months ended Sep. 30, 2019			
Orders:								
Aerospace Systems	¥	158.7	¥	201.1	\$	1,470		
Energy System & Plant Engineerin	g	124.0		146.7		1,149		
Precision Machinery & Robot		104.6		115.4		969		
Ship & Offshore Structure		26.5		16.5		245		
Rolling Stock		39.1		60.5		362		
Motorcycle & Engine		147.2		144.4		1,363		
Other		57.0		45.6		528		
Total	¥	657.3	¥	730.4	\$	6,088		

Note: The method for calculating orders received in the Precision Machinery & Robot segment was changed in the first quarter of FY2019 from the previous simple method to a method based on more detailed order values. The value for orders received in the second quarter of the previous fiscal year has been recalculated in accordance with the new calculation method.