

Consolidated Business Results for the Fiscal Year Ended March 31, 2018 (U.S. GAAP)

1. Results for the Fiscal Year Ended March 31, 2018

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

(For the fiscal years ended March 31, 2018 and 2017)

Millions of yen except per share amounts

	2018	2017	Changes	
	[A]	[B]	[A-B]	[(A-B)/B] (%)
Net sales	2,501,107	1,802,989	698,118	38.7%
Operating income	271,581	174,097	97,484	56.0%
Income before income taxes and equity in earnings of affiliated companies	291,807	166,469	125,338	75.3%
Net income attributable to Komatsu Ltd.	196,410	113,381	83,029	73.2%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 208.25	¥ 120.26	¥ 87.99	
Diluted	¥ 207.97	¥ 120.10	¥ 87.87	
Return on equity	12.1%	7.3%	4.8%	
Return on total assets	9.7%	6.3%	3.4%	
Return on sales	10.9%	9.7%	1.2%	

Notes: 1) Comprehensive income:

2018: 159,517 millions of yen, up 34.6% from 2017

2017: 118,510 millions of yen, up 178.4% from 2016

2) Equity in earnings of affiliated companies:

2018: 3,545 millions of yen

2017: 3,302 millions of yen

3) Return on equity is calculated by using net income attributable to Komatsu Ltd. and total Komatsu Ltd. shareholders' equity.

4) Return on total assets is calculated by using income before income taxes and equity in earnings of affiliated companies.

5) Return on sales is calculated by using operating income.

(2) Consolidated Financial Position

(As of March 31, 2018 and 2017)

Millions of yen except per share amounts

	2018	2017
Total assets	3,372,538	2,656,482
Total equity	1,743,590	1,648,515
Komatsu Ltd. shareholders' equity	1,664,540	1,576,674
Komatsu Ltd. shareholders' equity ratio	49.4%	59.4%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ 1,764.58	¥ 1,672.01

(3) Consolidated Cash Flows

(For the fiscal years ended March 31, 2018 and 2017)

Millions of yen

	2018	2017
Net cash provided by (used in) operating activities	148,394	256,126
Net cash provided by (used in) investing activities	(377,745)	(133,299)
Net cash provided by (used in) financing activities	243,949	(107,718)
Cash and cash equivalents, end of year	144,397	119,901

2. Dividends

(For the fiscal years ending March 31, 2019 and ended March 31, 2018 and 2017)

	2018	2017	2019 Projections
Cash dividends per share (Yen)			
Interim	36.00	29.00	48.00
Year-end	48.00	29.00	48.00
Total	84.00	58.00	96.00
Annual dividends (Millions of yen)	79,274	54,720	-
Payout ratio (Consolidated basis) (%)	40.3%	48.2%	40.1%
Dividends as percentage of equity (Consolidated basis) (%)	4.9%	3.5%	-

3. Projections for the Fiscal Year Ending March 31, 2019

(From April 1, 2018 to March 31, 2019)

Millions of yen except per share amounts

	2019	
		Changes Increase (Decrease)
Net sales	2,503,000	0.1 %
Operating income	339,000	24.8 %
Income before income taxes and equity in earnings of affiliated companies	320,000	9.7 %
Net income attributable to Komatsu Ltd.	226,000	15.1 %
Net income attributable to Komatsu Ltd. per share – Basic (Yen)	¥ 239.58	

Notes: 1) Percentages shown above represent the rates of change compared with the corresponding periods a year ago.

2) Refer to “Management Performance and Financial Conditions” for preconditions of the projections above and other related issues.

4. Others

(1) Changes in important subsidiaries during the year under review: Applicable

New additions: 4 companies

- 1) Komatsu Mining Corp.
- 2) Joy Global Australia Holding Company Pty Ltd
- 3) Joy Global Longview Operations LLC
- 4) Joy Global Underground Mining LLC

Note: See “Basis of Consolidated Financial Statements” on page 19 for more details.

(2) Changes in accounting standards, procedures and presentations

1) Changes resulting from revisions in accounting standards, etc.: Applicable

2) Change in other matters except for 1) above: None

Note: See “Basis of Consolidated Financial Statements” on page 19 for more details.

(3) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) as of March 31 were as follows:

2018: 971,967,660 shares

2017: 971,967,660 shares

2) The numbers of treasury stock as of March 31 were as follows:

2018: 28,662,171 shares

2017: 28,984,435 shares

3) The weighted average numbers of common shares outstanding were as follows:

2018: 943,167,127 shares

2017: 942,793,249 shares

Note: See “Net Income per Share” on page 21 for the number of common shares, which was used as the basis for calculating the amount of net income attributable to Komatsu Ltd. per share.

[Reference]

Financial Highlights of Komatsu Ltd. (“Company”)

The following financial information is prepared based on the non-consolidated financial results of the Company in accordance with generally accepted accounting principles and practices in Japan.

Results for the Fiscal Year Ended March 31, 2018

(1) Non-Consolidated Financial Highlights

(For the fiscal years ended March 31, 2018 and 2017)

Millions of yen except per share amounts

	2018	2017	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B] (%)
Net sales	868,403	685,938	182,464	26.6 %
Ordinary profit	136,924	76,747	60,176	78.4 %
Net income	135,119	67,320	67,799	100.7 %
Net income per share (Yen)				
Basic	¥ 143.18	¥ 71.36	¥ 71.82	
Diluted	¥ 143.00	¥ 71.27	¥ 71.73	

(2) Non-Consolidated Financial Position

(As of March 31, 2018 and 2017)

Millions of yen except per share amounts

	2018	2017
Total assets	1,305,526	1,150,396
Net assets	813,162	768,240
Equity ratio (%)	62.1%	66.6%
Net assets per share (Yen)	¥ 859.01	¥ 811.73

Note: Shareholders' equity: 2018: 810,713 million yen 2017: 765,894 million yen

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Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Komatsu Ltd. (“Company”) and its consolidated subsidiaries (together “Komatsu”) have upheld the “Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond” three-year mid-range management plan to be completed in the fiscal year ending March 31, 2019. Under this plan, Komatsu is focusing its efforts on 1) Growth strategies based on innovation, 2) Growth strategies of existing businesses, and 3) Structural reforms designed to reinforce the business foundation.

For the fiscal year under review (April 1, 2017 – March 31, 2018), consolidated net sales totaled JPY2,501.1 billion, up 38.7 % from the previous fiscal year. In the construction, mining and utility equipment business, sales expanded sharply from the previous fiscal year, as Komatsu steadfastly capitalized on demand in China, Indonesia, and many other countries. Komatsu also benefited from the new addition of Joy Global Inc. (currently, Komatsu Mining Corp.), as a consolidated subsidiary, a leading U.S. manufacturer of mining equipment which Komatsu acquired in April 2017. In the industrial machinery and others business, sales declined from the previous fiscal year, mainly reflecting reduced sales of presses and wire saws, while sales of machine tools increased to the automobile manufacturing industry.

With respect to profits for the fiscal year under review, operating income expanded by 56.0% from the previous fiscal year, to JPY271.5 billion, driven by increased sales in many regions of the world, more than offsetting temporary expenses incurred in relation to the acquisition of the former Joy Global Inc. The operating income ratio improved by 1.2 percentage points to 10.9%. Income before income taxes and equity in earnings of affiliated companies climbed to JPY 291.8 billion, up 75.3%, reflecting a gain from the sale of investment securities. Net income attributable to Komatsu Ltd. totaled JPY 196.4 billion, up 73.2%.

	2018	2017	Changes Increase (Decrease)
	USD1=JPY111.2 EUR1=JPY129.6 RMB1=JPY16.8	USD1=JPY108.6 EUR1=JPY119.3 RMB1=JPY16.2	
	[A]	[B]	[(A-B)/B]
Net sales	2,501,107	1,802,989	38.7 %
Construction, Mining and Utility Equipment	2,280,967	1,576,572	44.7 %
Retail Finance	60,309	49,093	22.8 %
Industrial Machinery and Others	185,414	191,027	(2.9) %
Elimination	(25,583)	(13,703)	-
Segment profit	302,977	176,579	71.6 %
Construction, Mining and Utility Equipment	275,971	161,686	70.7 %
Retail Finance	12,963	4,453	191.1 %
Industrial Machinery and Others	14,459	12,464	16.0 %
Corporate & elimination	(416)	(2,024)	-
Operating income	271,581	174,097	56.0 %
Income before income taxes and equity in earnings of affiliated companies	291,807	166,469	75.3 %
Net income attributable to Komatsu Ltd.	196,410	113,381	73.2 %

- Notes: 1) Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.
- 2) Consolidated business results for the fiscal year under review include the business results of Komatsu Mining Corp. which was added to consolidated accounting, starting in April 2017.

Business results by operation are described below.

Construction, Mining and Utility Equipment

Sales of the construction, mining and utility equipment business expanded by 44.7% from the previous fiscal year, to JPY2,280.9 billion. Segment profit reached JPY275.9 billion, an increase of 70.7% from the previous fiscal year.

Komatsu embarked on sales of medium-sized “PC200-11” and “PC200i-11” intelligent Machine Control hydraulic excavators, both compliant with the Act on Regulation, Etc. of Emissions from Non-Road Special Motor Vehicles of 2014, the so-called “Off-Road Vehicle Act” (Tier 4 Final in the United States). New products have the feature of outstanding reduction of NOx emissions while achieving a high level of productivity and fuel economy. Komatsu has been working to expand sales of the new models which feature refined environmental performance, safety and ICT applications.

With respect to “SMARTCONSTRUCTION”, a solutions business for construction jobsites, which Komatsu launched in Japan in February 2015, Komatsu has made steady progress, introducing this new business to over 5,000 construction jobsites to date (cumulative). In October last year, Komatsu established LANDLOG Ltd., which initiated operation of a new open platform designed to optimize the whole construction production processes by centrally managing them. In December, Komatsu announced a partnership agreement with NVIDIA Corporation, a leading semiconductor manufacturer of the United States, equipped with advanced technologies in AI and image processing. By building on strategic partnerships for open innovation

with companies in different industries, Komatsu is going to further improve the safety and productivity of construction jobsite operations and accelerate the pace of achieving "construction jobsites of the future."

[Sales to Outside Customers of Construction, Mining and Utility Equipment by Region]

Millions of yen

	2018			2017	Changes Increase (Decrease)	
	[A]	Excl. KMC* ²	KMC* ²	[B]	[A-B]	[(A-B)/B]
Japan	315,690	315,663	27	301,509	14,181	4.7%
North America	538,269	403,298	134,971	338,414	199,855	59.1%
Latin America	314,754	241,378	73,376	202,999	111,755	55.1%
Americas	853,023	644,676	208,347	541,413	311,610	57.6%
Europe	180,486	166,410	14,076	135,528	44,958	33.2%
CIS	108,557	102,787	5,770	70,520	38,037	53.9%
Europe & CIS	289,043	269,197	19,846	206,048	82,995	40.3%
China	164,772	149,771	15,001	97,389	67,383	69.2%
Asia* ¹	298,654	294,662	3,992	206,621	92,033	44.5%
Oceania	181,972	140,868	41,104	105,670	76,302	72.2%
Asia* ¹ & Oceania	480,626	435,530	45,096	312,291	168,335	53.9%
Middle East	39,554	39,344	210	35,832	3,722	10.4 %
Africa	124,624	95,315	29,309	71,858	52,766	73.4%
Middle East & Africa	164,178	134,659	29,519	107,690	56,488	52.5%
Total	2,267,332	1,949,496	317,836	1,566,340	700,992	44.8%

Notes: 1) Excluding Japan and China
2) KMC: Komatsu Mining Corp.

Komatsu's operations by region are described below.

Japan

For the fiscal year under review, sales grew from the previous fiscal year, supported by an increase of demand centering on the rental industry before the enforcement of new emission control regulations.

Americas

In the United States and Canada, demand for construction equipment increased from the previous fiscal year, centering on the infrastructure development and energy-related sectors. In Latin America, demand for construction equipment grew, especially in Argentina and Mexico. Affected also by the new addition of Komatsu Mining Corp. to consolidated accounting, sales in the Americas expanded sharply from the previous fiscal year.

Europe & CIS

In Europe, sales expanded sharply from the previous fiscal year, reflecting steady demand for construction equipment, especially in Germany, a major market of the region, and northern Europe. In CIS, sales also expanded sharply, driven by a continued increase in demand for mining equipment, especially in coal and gold mines.

China

Sales advanced substantially from the previous fiscal year. This was supported by the continued expansion of

demand for construction equipment, resulting from the progress of infrastructure development nationwide.

Asia & Oceania

In Asia, sales expanded sharply from the previous fiscal year, mainly reflecting a steady increase of demand for mining equipment in Indonesia, the largest market of the region, resulting from the growing price of coal. In Oceania, in addition to an increase in demand for mining equipment, sales increased substantially, as also affected by the addition of Komatsu Mining Corp. to consolidated accounting.

Middle East & Africa

In the Middle East, sales increased from the previous fiscal year, mainly reflecting a recovering trend of market demand in some countries, offsetting negative effects of reduced budgets in Gulf nations in response to lowered crude oil prices. In Africa, sales advanced sharply, supported by an increase in demand for mining equipment in South Africa and benefits of newly adding Komatsu Mining Corp. to consolidated accounting.

Retail Finance

Revenues advanced by 22.8% from the previous fiscal year, to JPY60.3 billion, mainly supported by increased assets in North America. Segment profit climbed by 191.1% to JPY12.9 billion, mainly reflecting no more allowance for doubtful accounts recorded in China.

Industrial Machinery and Others

For the fiscal year under review, sales decreased by 2.9% from the previous fiscal year, to JPY185.4 billion, as affected by reduced sales of presses, wire saws and products for Ministry of Defense, while sales of machine tools to the automobile manufacturing industry increased. Segment profit improved by 16.0% to JPY14.4 billion.

In March this year, Komatsu Industries Corp. launched sales of the “H2FM630” Servo press. Equipped with a water-cooled high-torque servomotor and a large-capacity capacitor storage system, the H2FM630 achieves outstanding improvements in productivity and environmental performance, compared to conventional presses. Komatsu Industries Corp. is working to expand sales by introducing its latest models which feature its accumulated technological expertise and cutting-edge ICT advantages.

[Projections for the Fiscal Year Ending March 31, 2019]

(From April 1, 2018 to March 31, 2019)

In the construction, mining and utility equipment business, Komatsu anticipates that demand for equipment will stay firm, centering on Strategic Markets*. However, Komatsu estimates that sales will remain flat from FY2017, as affected by the Japanese yen's appreciation. With respect to segment profit, Komatsu expects an increase in spite of the Japanese yen's appreciation. This is because the adverse effects of temporary expenses incurred in relation to the acquisition of the former Joy Global Inc. should become smaller.

In the retail finance business, Komatsu estimates a decline in both revenues and segment profit, mainly reflecting the Japanese yen's appreciation.

In the industrial machinery and others business, both sales and segment profit should improve, because Komatsu anticipates an increase in sales volume of both presses and machine tools.

As preconditions for its projection, Komatsu is assuming the foreign exchange rates as follows: USD1=JPY100, EUR1=JPY123, and RMB1=JPY15.8.

Notes: Markets as Positioned by Komatsu

Traditional Markets: Japan, North America and Europe

Strategic Markets: China, Latin America, Asia, Oceania, Africa, Middle East and CIS

[Projections]

	2019 Projection	2018 Results	Changes Increase (Decrease)
	USD1=JPY100.0 EUR1=JPY123.0 RMB1=JPY15.8	USD1=JPY111.2 EUR1=JPY129.6 RMB1=JPY16.8	
	[A]	[B]	[(A-B)/B]
Net sales	2,503,000	2,501,107	0.1 %
Construction, Mining and Utility Equipment	2,270,000	2,280,967	(0.5) %
Retail Finance	53,000	60,309	(12.1) %
Industrial Machinery and Others	208,000	185,414	12.2 %
Elimination	(28,000)	(25,583)	-
Segment profit	345,000	302,977	13.9 %
Construction, Mining and Utility Equipment	318,000	275,971	15.2 %
Retail Finance	12,000	12,963	(7.4) %
Industrial Machinery and Others	18,000	14,459	24.5 %
Corporate & elimination	(3,000)	(416)	-
Operating income	339,000	271,581	24.8 %
Income before income taxes and equity in earnings of affiliated companies	320,000	291,807	9.7 %
Net income attributable to Komatsu Ltd.	226,000	196,410	15.1 %

Note: Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

(2) Financial Conditions

As of March 31, 2018, total assets increased by JPY716.0 billion from the previous fiscal year-end, to JPY3,372.5 billion, mainly due to the addition of Komatsu Mining Corp. to consolidated accounting. Interest-bearing debt increased by JPY401.8 billion from the previous fiscal year-end, to JPY810.5 billion, mainly due to financing the acquisition of Joy Global Inc. Komatsu Ltd. shareholders' equity increased by JPY87.8 billion from the previous fiscal year-end, to JPY1,664.5 billion. As a result, Komatsu Ltd. shareholders' equity ratio decreased by 10.0 percentage points from the previous fiscal year-end, to 49.4%.

For the fiscal year under review, net cash provided by operating activities totaled JPY148.3 billion, a decrease of JPY107.7 billion from the previous fiscal year, mainly due to net income and depreciation and amortization, while working capital increased. Net cash used in investing activities totaled JPY377.7 billion, an increase of JPY244.4 billion from the previous fiscal year, mainly due to paying the consideration of the acquisition of Joy Global Inc., even when the Company sold a part of the available for sale investment securities owned by it. Net cash provided by financing activities totaled JPY243.9 billion, mainly due to paying mentioned above, as compared to JPY107.7 billion used for the previous fiscal year. After adding the effects of foreign exchange fluctuations, cash and cash equivalents, as of March 31, 2018, totaled JPY144.3 billion, an increase of JPY24.4 billion from the previous fiscal year-end.

[Trends of Financial Conditions Indicators]

(Fiscal years ended March 31, 2018, 2017 and 2016)

	2018	2017	2016
Komatsu Ltd. shareholders' equity ratio (%)	49.4	59.4	58.0
Komatsu Ltd. shareholders' equity ratio at aggregate market value (%)	99.2	103.0	69.1
Years of debt redemption	5.5	1.6	1.4

- Notes: 1) Komatsu Ltd. shareholders' equity ratio: Komatsu Ltd. shareholders' equity/Total assets
 2) Komatsu Ltd. shareholders' equity ratio at aggregate market value: Aggregate market value of outstanding shares of common stock/Total assets
 3) Years of debt redemption: Interest-bearing debt/Net cash provided by operating activities

(3) Basic Policy for Redistribution of Profits and Dividends for the Fiscal Year under Review and Next Fiscal Year

Komatsu is building a sound financial position as well as flexible and agile corporate strengths to increase its corporate value. Concerning the policy for cash dividends to shareholders, the Company redistributes profits by considering consolidated business results and continues to pay stable dividends.

Concerning the year-end cash dividend from surplus funds, the Company is planning to pay JPY48 per share in accordance with its policy of redistribution which sets the goal of a consolidated payout ratio of 40% or higher and no decrease of dividends, as long as the consolidated payout ratio does not surpass 60%. The Company has determined the dividend amount based on this policy and by reviewing the business results for the fiscal year under review, as well as current and future business prospects. (This dividend amount will be proposed to the 149th ordinary general meeting of shareholders scheduled for June 19, 2018.) Annual cash dividends for the year under review, including the interim dividend of JPY36 per share, amount to JPY84 per share (an increase of JPY26 per share from the previous fiscal year). This amount translates into a consolidated payout ratio of 40.3%.

Regarding annual cash dividends for the fiscal year ending March 31, 2019, the Company plans to set them at JPY96 per share, an increase of JPY12 per share from the fiscal year ended March 31, 2018.

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as “will,” “believes,” “should,” “projects” and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

Basic Stance on Selection of Accounting Standards

The Company has been preparing its consolidated financial statements in accordance with the U.S. GAAP since before the Japanese government enacted its “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements”, pursuant to the provisions of Article 193 of the Securities and Exchange Act of Japan.

The Company is gathering information on trends in Japan and Overseas in relation to the International Financial Reporting Standards (IFRS).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of March 31, 2018		As of March 31, 2017	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 144,397		¥ 119,901	
Time deposits	2,460		2,289	
Trade notes and accounts receivable, net	792,714		619,265	
Inventories	730,288		533,897	
Deferred income taxes and other current assets	127,732		144,169	
Total current assets	1,797,591	53.3	1,419,521	53.4
Long-term trade receivables, net	362,367	10.8	313,946	11.8
Investments				
Investments in and advances to affiliated companies	32,879		30,330	
Investment securities	9,213		67,716	
Other	2,655		2,424	
Total investments	44,747	1.3	100,470	3.8
Property, plant and equipment				
- Less accumulated depreciation and amortization	740,528	22.0	679,027	25.6
Goodwill	155,881	4.6	40,072	1.5
Other intangible assets				
- Less accumulated amortization	173,215	5.1	61,083	2.3
Deferred income taxes and other assets	98,209	2.9	42,363	1.6
Total	¥ 3,372,538	100.0	¥ 2,656,482	100.0

Liabilities and Equity

Millions of yen

	As of March 31, 2018		As of March 31, 2017	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 259,093		¥ 128,452	
Current maturities of long-term debt	70,806		89,391	
Trade notes, bills and accounts payable	303,556		240,113	
Income taxes payable	66,541		25,136	
Deferred income taxes and other current liabilities	289,665		217,090	
Total current liabilities	989,661	29.3	700,182	26.3
Long-term liabilities				
Long-term debt	480,698		190,859	
Liability for pension and retirement benefits	86,374		65,247	
Deferred income taxes and other liabilities	72,215		51,679	
Total long-term liabilities	639,287	19.0	307,785	11.6
Total liabilities	1,628,948	48.3	1,007,967	37.9
Komatsu Ltd. shareholders' equity				
Common stock	67,870		67,870	
Capital surplus	138,450		138,285	
Retained earnings:				
Appropriated for legal reserve	45,828		45,368	
Unappropriated	1,491,965		1,357,350	
Accumulated other comprehensive income (loss)	(29,150)		18,682	
Treasury stock	(50,423)		(50,881)	
Total Komatsu Ltd. shareholders' equity	1,664,540	49.4	1,576,674	59.4
Noncontrolling interests	79,050	2.3	71,841	2.7
Total equity	1,743,590	51.7	1,648,515	62.1
Total	¥ 3,372,538	100.0	¥ 2,656,482	100.0

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(For the fiscal years ended March 31, 2018 and 2017)

Consolidated Statements of Income

Millions of yen

	2018		2017	
		Ratio (%)		Ratio (%)
Net sales	¥ 2,501,107	100.0	¥ 1,802,989	100.0
Cost of sales	1,765,832	70.6	1,286,424	71.3
Selling, general and administrative expenses	432,298	17.3	339,986	18.9
Impairment loss on long-lived assets	6,629	0.3	1,743	0.1
Impairment loss on goodwill	13,413	0.5	-	-
Other operating income (expenses), net	(11,354)	(0.5)	(739)	(0.0)
Operating income	271,581	10.9	174,097	9.7
Other income (expenses), net				
Interest and dividend income	5,255	0.2	3,462	0.2
Interest expense	(18,372)	(0.7)	(8,212)	(0.5)
Gain on sales of investment securities, net	49,083	2.0	178	0.0
Other, net	(15,740)	(0.6)	(3,056)	(0.2)
Total other income (expenses), net	20,226	0.8	(7,628)	(0.4)
Income before income taxes and equity in earnings of affiliated companies	291,807	11.7	166,469	9.2
Income taxes	86,387	3.5	50,405	2.8
Income before equity in earnings of affiliated companies	205,420	8.2	116,064	6.4
Equity in earnings of affiliated companies	3,545	0.1	3,302	0.2
Net income	208,965	8.4	119,366	6.6
Less: Net income attributable to noncontrolling interests	12,555	0.5	5,985	0.3
Net income attributable to Komatsu Ltd.	¥ 196,410	7.9	¥ 113,381	6.3

Consolidated Statements of Comprehensive Income

Millions of yen

	2018	2017
Net income	¥ 208,965	¥ 119,366
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	(22,827)	(16,502)
Net unrealized holding gains (losses) on securities available for sale	(29,433)	10,861
Pension liability adjustments	414	4,908
Net unrealized holding gains (losses) on derivative instruments	2,398	(123)
Total other comprehensive income (loss), for the period, net of tax	(49,448)	(856)
Comprehensive income	159,517	118,510
Less: Comprehensive income attributable to noncontrolling interests	10,939	5,114
Comprehensive income attributable to Komatsu Ltd.	¥ 148,578	¥ 113,396

(3) Consolidated Statements of Equity

(For the fiscal year ended March 31, 2018)

Millions of yen

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd shareholders' equity	Noncontrolling interests	Total equity
			Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2017	¥67,870	¥138,285	¥45,368	¥1,357,350	¥18,682	¥(50,881)	¥1,576,674	¥71,841	¥1,648,515
Cash dividends				(61,335)			(61,335)	(5,010)	(66,345)
Transfer to retained earnings appropriated for legal reserve			460	(460)			-		-
Other changes							-	1,280	1,280
Net income				196,410			196,410	12,555	208,965
Other comprehensive income (loss), for the period, net of tax					(47,832)		(47,832)	(1,616)	(49,448)
Issuance and exercise of stock acquisition rights		103					103		103
Purchase of treasury stock						(54)	(54)		(54)
Sales of treasury stock		62				512	574		574
Balance at March 31, 2018	¥67,870	¥138,450	¥45,828	¥1,491,965	¥(29,150)	¥(50,423)	¥1,664,540	¥79,050	¥1,743,590

(For the fiscal year ended March 31, 2017)

Millions of yen

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd shareholders' equity	Noncontrolling interests	Total equity
			Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2016	¥67,870	¥138,243	¥44,018	¥1,300,030	¥18,667	¥(51,414)	¥1,517,414	¥70,346	¥1,587,760
Cash dividends				(54,711)			(54,711)	(3,330)	(58,041)
Transfer to retained earnings appropriated for legal reserve			1,350	(1,350)			-		-
Other changes		(74)					(74)	(289)	(363)
Net income				113,381			113,381	5,985	119,366
Other comprehensive income (loss), for the period, net of tax					15		15	(871)	(856)
Issuance and exercise of stock acquisition rights		3					3		3
Purchase of treasury stock						(38)	(38)		(38)
Sales of treasury stock		113				571	684		684
Balance at March 31, 2017	¥67,870	¥138,285	¥45,368	¥1,357,350	¥18,682	¥(50,881)	¥1,576,674	¥71,841	¥1,648,515

(4) Consolidated Statements of Cash Flows

(For the fiscal years ended March 31, 2018 and 2017)

Millions of yen

	2018	2017
Operating activities		
Net income	¥ 208,965	¥ 119,366
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	133,910	104,295
Deferred income taxes	(652)	(1,586)
Impairment loss and net loss (gain) from sale of investment securities	(48,793)	(151)
Net loss (gain) on sale of property	(237)	(1,229)
Loss on disposal of fixed assets	3,014	2,825
Impairment loss on long-lived assets	6,629	1,743
Impairment loss on goodwill	13,413	-
Pension and retirement benefits, net	(3,246)	4,439
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(181,426)	(69,120)
Decrease (increase) in inventories	(94,154)	7,474
Increase (decrease) in trade payables	28,830	36,351
Increase (decrease) in income taxes payable	40,387	(3,890)
Other, net	41,754	55,609
Net cash provided by (used in) operating activities	148,394	256,126
Investing activities		
Capital expenditures	(154,927)	(150,614)
Proceeds from sale of property	17,389	18,828
Proceeds from sale of available for sale investment securities	63,004	611
Purchases of available for sale investment securities	(595)	(292)
Sale of subsidiaries and equity investees, net of cash disposed	(10,520)	5,674
Acquisition of subsidiaries and equity investees, net of cash acquired	(289,801)	(7,289)
Collection of loan receivables	254	73
Disbursement of loan receivables	(2,414)	(221)
Decrease (increase) in time deposits, net	(135)	(69)
Net cash provided by (used in) investing activities	(377,745)	(133,299)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	444,564	124,944
Payment on debt (Original maturities greater than three months)	(227,222)	(157,766)
Short-term debt, net (Original maturities three months or less)	96,332	(17,070)
Repayments of capital lease obligations	(54)	(54)
Sale (purchase) of treasury stock, net	49	237
Dividends paid	(61,335)	(54,711)
Other, net	(8,385)	(3,298)
Net cash provided by (used in) financing activities	243,949	(107,718)
Effect of exchange rate change on cash and cash equivalents	9,898	(1,467)
Net increase (decrease) in cash and cash equivalents	24,496	13,642
Cash and cash equivalents, beginning of year	119,901	106,259
Cash and cash equivalents, end of year	¥ 144,397	¥ 119,901

(5) Note to the Going Concern Assumption

None

(6) Basis of Consolidated Financial Statements

1) Changes in important subsidiaries during the Year under Review

Komatsu Mining Corp. and its subsidiaries, Joy Global Australia Holding Company Pty Ltd, Joy Global Longview Operations LLC and Joy Global Underground Mining LLC became specified subsidiaries of the Company through acquisition.

2) The number of consolidated subsidiaries and affiliated companies accounted for by the equity method

Number of consolidated subsidiaries: 227 companies

Number of affiliated companies accounted for by the equity method: 38 companies

3) Changes resulting from revisions in accounting standards, etc.

From the fiscal year ended March 31, 2018, Komatsu has adopted the Accounting Standards Update (“ASU”) 2015-17, “Income Taxes: Balance Sheet Classification of Deferred Taxes” and classified deferred tax assets and liabilities as noncurrent in the consolidated balance sheets. Prior periods were not retrospectively adjusted. Komatsu’s current deferred tax assets were JPY56,276 million and current deferred tax liabilities were JPY421 million as of March 31, 2017.

From the fiscal year ended March 31, 2018, Komatsu has adopted the Staff Accounting Bulletin (“SAB”) 118, “Income Tax Accounting Implications of the Tax Cuts and Jobs Act (the “Act”)” and the Accounting Standards Update (“ASU”) 2018-05, “Income Taxes: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118”. During a measurement period, SAB 118 and ASU 2018-05 allow for recording provisional amounts based on a reasonable estimate for an income tax accounting effect of the Act enacted on December 22, 2017. Komatsu records provisional amounts based on the information available as of the issue date of this report for an income tax accounting effect of the Act.

From the fiscal year ended March 31, 2018, Komatsu has early adopted the Accounting Standards Update (“ASU”) 2017-04, “Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment”. ASU 2017-04 eliminates the conventional two-step goodwill impairment test and requires only the one-step quantitative impairment test, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying amount over its fair value. Accordingly, Komatsu recorded an impairment loss based on the update for the fiscal year under review.

4) Changes in other matters except for 3) above: None

(7) Notes to Consolidated Financial Statements

1) Business Segment Information

< Information by Operating Segment >

(For the fiscal year ended March 31, 2018)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	2,267,332	49,647	184,128	2,501,107	-	2,501,107
Intersegment	13,635	10,662	1,286	25,583	(25,583)	-
Total	2,280,967	60,309	185,414	2,526,690	(25,583)	2,501,107
Segment profit	275,971	12,963	14,459	303,393	(416)	302,977
Assets	2,434,291	728,518	209,476	3,372,285	253	3,372,538
Depreciation and Amortization	100,773	25,433	6,236	132,442	-	132,442
Capital investment	86,250	54,661	4,757	145,668	-	145,668

(For the fiscal year ended March 31, 2017)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,566,340	46,715	189,934	1,802,989	-	1,802,989
Intersegment	10,232	2,378	1,093	13,703	(13,703)	-
Total	1,576,572	49,093	191,027	1,816,692	(13,703)	1,802,989
Segment profit	161,686	4,453	12,464	178,603	(2,024)	176,579
Assets	1,745,068	671,551	211,827	2,628,446	28,036	2,656,482
Depreciation and Amortization	73,806	23,233	6,180	103,219	-	103,219
Capital investment	81,720	54,783	5,503	142,006	-	142,006

Notes: 1) Business categories and principal products & services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment

Excavating equipment, loading equipment, grading & roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, underground mining equipment, recycling equipment, industrial vehicles, other equipment, engines & components, casting products, and logistics

b) Retail Finance

Financing

c) Industrial Machinery and Others

Metal forging & stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment, and others

2) Transfers between segments are made at estimated arm's-length prices.

< Geographic Information >

Net sales determined by customer location were as follows:

(For the fiscal years ended March 31, 2018 and 2017)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
2018	396,061	926,198	303,584	193,481	517,196	164,587	2,501,107
2017	393,488	602,818	220,622	127,446	350,804	107,811	1,802,989

Note: * Excluding Japan and China

2) Net Income per Share

(For the fiscal years ended March 31, 2018 and 2017)

Millions of yen

	2018	2017
Net income attributable to Komatsu Ltd.	196,410	113,381

Number of shares

	2018	2017
Weighted average common shares outstanding, less treasury stock	943,167,127	942,793,249
Dilutive effect of: Stock options	1,266,360	1,260,080
Weighted average diluted common shares outstanding	944,433,487	944,053,329

Yen

	2018	2017
Net income attributable to Komatsu Ltd. per share:		
Basic	208.25	120.26
Diluted	207.97	120.10

3) Significant Subsequent Events

None

4) Others

Other notes are omitted in this release of Consolidated Business Results for the Fiscal Year Ended March 31, 2018 (U.S. GAAP), because the need for their disclosure is considered insignificant.

(end)