

**Komatsu Ltd.**

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**Consolidated Business Results for Nine Months of the Fiscal Year Ending  
March 31, 2015 (U.S. GAAP)**

**1. Results for Nine Months Ended December 31, 2014**

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	<b>Nine Months ended December 31, 2014</b>	Nine Months ended December 31, 2013	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	<b>1,436,625</b>	1,389,514	47,111	3.4 %
Operating income	<b>181,897</b>	165,632	16,265	9.8 %
Income before income taxes and equity in earnings of affiliated companies	<b>180,248</b>	170,131	10,117	5.9 %
Net income attributable to Komatsu Ltd.	<b>116,513</b>	115,337	1,176	1.0 %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ <b>122.31</b>	¥ 121.01	¥ 1.30	
Diluted	¥ <b>122.15</b>	¥ 120.88	¥ 1.27	

Note: Comprehensive income for nine months ended December 31, 2014 and 2013

2014: 235,474 millions of yen, up 6.5% from 2013

2013: 221,155 millions of yen, up 62.3% from 2012

(2) Consolidated Financial Position

Millions of yen except per share amounts

	<b>As of December 31, 2014</b>	As of March 31, 2014
Total assets	<b>2,900,871</b>	2,651,556
Total equity	<b>1,596,257</b>	1,441,111
Komatsu Ltd. shareholders' equity	<b>1,526,224</b>	1,376,391
Komatsu Ltd. shareholders' equity ratio	<b>52.6%</b>	51.9%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ <b>1,612.32</b>	¥ 1,443.97

## 2. Dividends

(For the fiscal years ended March 31, 2014 and ending March 31, 2015)

Yen

	The entire FY ending March 31, 2015		The entire FY ended March 31, 2014
	Results	Projection	
First quarter period			
Second quarter period	29.00	----	29.00
Third quarter period			
Year-end	----	29.00	29.00
Total		58.00	58.00

Note: Changes in the projected cash dividend as of January 28, 2015: None

## 3. Projection for the Fiscal Year Ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

Millions of yen except per share amounts

	The full fiscal year	
		Changes
Net sales	1,925,000	(1.5)%
Operating income	255,000	6.0 %
Income before income taxes and equity in earnings of affiliated companies	249,000	2.9 %
Net income attributable to Komatsu Ltd.	157,000	(1.6)%
Net income attributable to Komatsu Ltd. Per share – Basic (Yen)	¥ 164.68	

Notes: 1) Changes in the projected consolidated business results as of January 28, 2015: None

2) Percentages shown above represent the rates of change compared with the business results for the corresponding period a year ago.

## 4. Others

(1) Changes in important subsidiaries during the nine-month period under review: None

(2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None

(3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates

1) Changes resulting from revisions in accounting standards, etc: None

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

(4) Number of common shares outstanding

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

As of December 31, 2014: 983,130,260 shares

As of March 31, 2014: 983,130,260 shares

2) The numbers of shares of treasury were as follows:

As of December 31, 2014: 36,528,855 shares

As of March 31, 2014: 29,933,292 shares

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

Nine months period ended December 31, 2014: 952,635,446 shares

Nine months period ended December 31, 2013: 953,113,777 shares

**[Reference]**

**Results for Three Months Ended December 31, 2014**

Millions of yen except per share amounts

	Three Months ended December 31, 2014	Three Months ended December 31, 2013	Changes	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	<b>494,073</b>	464,393	29,680	6.4 %
Operating income	<b>56,238</b>	56,686	(448)	(0.8)%
Income before income taxes and equity in earnings of affiliated companies	<b>56,652</b>	57,670	(1,018)	(1.8)%
Net income attributable to Komatsu Ltd.	<b>38,527</b>	36,527	2,000	5.5 %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	<b>¥ 40.50</b>	¥ 38.32	¥ 2.18	
Diluted	<b>¥ 40.44</b>	¥ 38.28	¥ 2.16	

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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”) embarked on the “Together We Innovate GEMBA Worldwide” three-year mid-range management plan in April 2013. Under this plan, Komatsu is making focused 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 nine-month period (April 1 – December 31, 2014) of the fiscal year ending March 31, 2015, consolidated net sales totaled JPY 1,436.6 billion, up 3.4% from the corresponding period a year ago. In the construction, mining and utility equipment business, demand for construction equipment remained steady in industrialized countries, centering on North America and Europe, and the Japanese yen depreciated against the U.S. dollar, euro and renminbi more than the corresponding period a year ago, which compensated for slack demand for mining equipment and a decline in demand in emerging countries, such as China. As a result, the nine-month sales increased from the corresponding period a year ago. In the industrial machinery and others business, sales of presses and other forging machines were strong, supported by capital investment especially in the automobile manufacturing industry. As a result, the nine-month sales advanced from the corresponding period a year ago.

With respect to profits, operating income increased by 9.8% from the corresponding period a year ago, to JPY 181.8 billion, reflecting Komatsu’s continuous efforts to improve selling prices, in addition to the Japanese yen’s depreciation. Operating income ratio translated into 12.7%, up 0.8 percentage points. Income before income taxes and equity in earnings of affiliated companies totaled JPY 180.2 billion, up 5.9%. Net income attributable to Komatsu Ltd. amounted to JPY 116.5 billion, up 1.0%.

[Consolidated Financial Highlights]

Millions of yen

	<b>Nine Months ended December 31, 2014</b>	Nine Months ended December 31, 2013	Changes  Increase (Decrease)
	<b>1USD=JPY106.5 1EUR=JPY140.5 1RMB=JPY17.2</b>	1USD=JPY98.5 1EUR=JPY130.5 1RMB=JPY16.1	
	[A]	[B]	[(A-B)/B]
Net sales	<b>1,436,625</b>	1,389,514	3.4 %
Construction, Mining and Utility Equipment	<b>1,285,699</b>	1,250,795	2.8 %
Industrial Machinery and Others	<b>155,912</b>	144,903	7.6 %
Elimination	<b>(4,986)</b>	(6,184)	-
Segment profit	<b>181,196</b>	163,709	10.7 %
Construction, Mining and Utility Equipment	<b>171,829</b>	164,124	4.7 %
Industrial Machinery and Others	<b>11,660</b>	1,122	939.2 %
Corporate & elimination	<b>(2,293)</b>	(1,537)	-
Operating income	<b>181,897</b>	165,632	9.8 %
Income before income taxes and equity in earnings of affiliated companies	<b>180,248</b>	170,131	5.9 %
Net income attributable to Komatsu Ltd.	<b>116,513</b>	115,337	1.0 %

Note: Sales and profit figures in this report show the respective sums of nine months from April 1 to December 31, 2014. Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

Business results by operation are described below.

### **Construction, Mining and Utility Equipment**

The nine-month sales of the construction, mining and utility equipment business increased by 2.8% from the corresponding period a year ago, to JPY 1,285.6 billion. Segment profit was JPY 171.8 billion, up 4.7%.

Komatsu enjoyed great customer evaluations for intelligent Machine Control dozers and hydraulic excavators in Japan, North America and Europe, which it has launched as next-generation products to drive its growth strategies based on innovation.

On February 1, 2015, Komatsu is going to start “SMARTCONSTRUCTION”, a new service business designed to promote solutions to problems of construction job sites. SMARTCONSTRUCTION is a construction solutions business to help customers realize safe and smart job sites of the future. Komatsu will not only achieve safe and high-productivity job-site operation by connecting all information on job sites through ICT (information and communication technology), but also apply data accumulated in SMARTCONSTRUCTION to the maintenance work of social infrastructure and reconstruction of natural disaster-destroyed regions.

With respect to products designed to comply with new emission standards (such as Tier 4 Final in the United States), which have been introduced steadily in North America, Europe and Japan since the start of 2014, Komatsu has increased the number of models to nine in these markets and worked to expand their sales.

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

	Nine Months ended December 31, 2014	Nine Months ended December 31, 2013	Changes Increase (Decrease)	
			[A-B]	[(A-B)/B]
	[A]	[B]		
Japan	<b>244,714</b>	245,700	(986)	(0.4)%
North America	<b>227,243</b>	201,589	25,654	12.7 %
Latin America	<b>189,805</b>	183,700	6,105	3.3 %
Americas	<b>417,048</b>	385,289	31,759	8.2 %
Europe	<b>107,300</b>	85,308	21,992	25.8 %
CIS	<b>42,325</b>	51,914	(9,589)	(18.5)%
Europe & CIS	<b>149,625</b>	137,222	12,403	9.0 %
China	<b>86,886</b>	112,322	(25,436)	(22.6)%
Asia*	<b>155,589</b>	135,300	20,289	15.0 %
Oceania	<b>105,910</b>	119,301	(13,391)	(11.2)%
Asia* & Oceania	<b>261,499</b>	254,601	6,898	2.7%
Middle East	<b>41,969</b>	36,298	5,671	15.6 %
Africa	<b>82,666</b>	77,424	5,242	6.8 %
Middle East & Africa	<b>124,635</b>	113,722	10,913	9.6 %
Total	<b>1,284,407</b>	1,248,856	35,551	2.8 %

\* Excluding Japan and China

Komatsu’s operations by region are described below.

### **Japan**

While weathering adverse effects of demand for construction equipment having run its course in rental companies, Komatsu steadfastly captured demand in construction investment and reconstruction in the regions which were destroyed by the Great East Japan Earthquake. However, the nine-month sales remained about flat from the corresponding period a year ago.

**Americas**

In North America, demand for equipment remained slack in the mining industry and the energy sector which was adversely affected by the plunge of crude prices. Demand for construction equipment advanced in the residential construction and infrastructure development sectors, including highway construction. As a result, the nine-month sales increased from the corresponding period a year ago.

In Latin America, while demand for mining equipment remained slack, the nine-month sales increased due to the Japanese yen's depreciation.

**Europe & CIS**

In Europe, the nine-month sales increased from the corresponding period a year ago, reflecting an increase in demand centering on the major market of the United Kingdom, while growth of demand showed some signs of slow-down in some countries.

In CIS, the nine-month sales declined, as affected by the drastic depreciation and discount rate hike of the Russian ruble as well as prolonging sluggish demand for equipment in gold mines and the energy sector.

**China**

The nine-month sales declined from the corresponding period a year ago, reflecting a prolonging sluggish demand for equipment in spite of economic stimulus measures implemented by the government, such as eased regulations on housing loans and decreased interest rate.

**Asia & Oceania**

While demand for construction and mining equipment remained sluggish in Asia, including Indonesia, the largest market of the region, and Thailand, Komatsu captured expanding demand in Philippines, India and some other countries. As a result, the nine-month sales in Asia improved from the corresponding period a year ago.

In Oceania, the nine-month sales declined, as demand for mining equipment remained sluggish in iron ore mines.

**Middle East & Africa**

In the Middle East, demand in Turkey, the major market of the region, was slack. While crude prices dropped sharply, demand in other areas advanced steadily, centering on some Gulf nations, such as Saudi Arabia, Qatar and United Arab Emirates. The nine-month sales increased from the corresponding period a year ago.

In Africa, the nine-month sales improved from the corresponding period a year ago, supported by steady progress on the delivery of mining equipment in South Africa.

**Industrial Machinery and Others**

Sales of presses and other forging machines remained steady, supported by capital investment mainly in the automobile manufacturing industry. In addition, GIGAPHOTON INC. expanded sales against the backdrop of steady demand in the semiconductor industry. The nine-month sales of the industrial machinery and others business totaled JPY 155.9 billion, up 7.6% from the corresponding period a year ago. Segment profit reached JPY 11.6 billion, an increase of JPY 10.5 billion, mainly reflecting the loss of wire saw inventories in the amount of JPY 7.6 billion realized for the corresponding period a year ago.

## (2) Financial Conditions

As of December 31, 2014, total assets increased by JPY249.3 billion from the previous fiscal year-end, to JPY2,900.8 billion, mainly due to the Japanese yen's depreciation against the U.S. dollar, euro, renminbi and some other currencies from the previous fiscal-year end. Interest-bearing debt increased by JPY66.0 billion from the previous fiscal year-end, to JPY671.1 billion. Komatsu Ltd. shareholders' equity increased by JPY149.8 billion from the previous fiscal year-end, to JPY1,526.2 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 0.7 percentage points from the previous fiscal year-end, to 52.6%. Net debt-to-equity ratio\* was 0.36, compared to 0.37 as of the previous fiscal year-end.

\* *Net debt-to-equity ratio = (Interest-bearing debt – Cash and cash equivalents – Time deposits) / Komatsu Ltd. shareholders' equity*

For the nine-month period under review, net cash provided by operating activities totaled JPY232.5 billion, an increase of JPY43.5 billion from the corresponding period a year ago, mainly due to the collection of trade receivables in addition to net income of JPY121.9 billion. Net cash used in investing activities amounted to JPY132.4 billion, an increase of JPY22.1 billion from the corresponding period a year ago, mainly due to the purchase of fixed assets. Net cash used in financing activities totaled JPY67.9 billion, mainly due to the payment of cash dividends and repurchase of its common stock, as compared to JPY62.5 billion used for the corresponding period a year ago. After adding the effects of foreign exchange fluctuations, cash and cash equivalents, as of December 31, 2014, totaled JPY119.7 billion, an increase of JPY28.8 billion from the previous fiscal year-end.

## (3) Projection for the Fiscal Year Ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

Komatsu has made no change in the projection of FY2014 business results which it announced on October 31, 2014. The projection is shown on page 2 of this report.

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### Cautionary Statement

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.

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## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

#### Assets

Millions of yen

	As of December 31, 2014		As of March 31, 2014	
		Ratio (%)		Ratio (%)
<b>Current assets</b>				
Cash and cash equivalents	¥ 119,741		¥ 90,872	
Time deposits	562		277	
Trade notes and accounts receivable, net	603,919		617,334	
Inventories	698,187		625,077	
Deferred income taxes and other current assets	195,676		159,872	
<b>Total current assets</b>	<b>1,618,085</b>	<b>55.8</b>	1,493,432	56.3
<b>Long-term trade receivables, net</b>	<b>287,486</b>	<b>9.9</b>	260,904	9.8
<b>Investments</b>				
Investments in and advances to affiliated companies	28,129		23,192	
Investment securities	72,112		67,175	
Other	1,987		2,020	
<b>Total investments</b>	<b>102,228</b>	<b>3.5</b>	92,387	3.5
<b>Property, plant and equipment</b> - less accumulated depreciation and amortization	<b>744,612</b>	<b>25.7</b>	667,347	25.2
<b>Goodwill</b>	<b>37,230</b>	<b>1.3</b>	36,020	1.4
<b>Other intangible assets</b> - less accumulated amortization	<b>59,324</b>	<b>2.0</b>	58,532	2.2
<b>Deferred income taxes and other assets</b>	<b>51,906</b>	<b>1.8</b>	42,934	1.6
<b>Total</b>	<b>¥ 2,900,871</b>	<b>100.0</b>	¥ 2,651,556	100.0

## Liabilities and Equity

Millions of yen

	As of December 31, 2014		As of March 31, 2014	
		Ratio (%)		Ratio (%)
<b>Current liabilities</b>				
Short-term debt	¥ 234,265		¥ 176,515	
Current maturities of long-term debt	116,353		117,485	
Trade notes, bills and accounts payable	247,330		234,231	
Income taxes payable	24,686		42,211	
Deferred income taxes and other current liabilities	242,587		221,789	
<b>Total current liabilities</b>	<b>865,221</b>	<b>29.8</b>	792,231	29.9
<b>Long-term liabilities</b>				
Long-term debt	320,508		311,067	
Liability for pension and retirement benefits	55,142		49,428	
Deferred income taxes and other liabilities	63,743		57,719	
<b>Total long-term liabilities</b>	<b>439,393</b>	<b>15.2</b>	418,214	15.8
<b>Total liabilities</b>	<b>1,304,614</b>	<b>45.0</b>	1,210,445	45.7
<b>Komatsu Ltd. shareholders' equity</b>				
Common stock	67,870		67,870	
Capital surplus	139,528		138,984	
Retained earnings:				
Appropriated for legal reserve	41,073		39,962	
Unappropriated	1,201,829		1,141,751	
Accumulated other comprehensive income (loss)	136,775		30,035	
Treasury stock	(60,851)		(42,211)	
<b>Total Komatsu Ltd. shareholders' equity</b>	<b>1,526,224</b>	<b>52.6</b>	1,376,391	51.9
<b>Noncontrolling interests</b>	<b>70,033</b>	<b>2.4</b>	64,720	2.4
<b>Total equity</b>	<b>1,596,257</b>	<b>55.0</b>	1,441,111	54.3
<b>Total</b>	<b>¥ 2,900,871</b>	<b>100.0</b>	¥ 2,651,556	100.0

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

### Nine months ended December 31, 2014 and 2013

#### Consolidated Statements of Income

Millions of yen except per share amounts

	Nine Months ended December 31, 2014		Nine Months ended December 31, 2013	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,436,625	100.0	¥ 1,389,514	100.0
Cost of sales	1,009,669	70.3	991,363	71.3
Selling, general and administrative expenses	245,760	17.1	234,442	16.9
Other operating income (expenses), net	701	0.0	1,923	0.1
<b>Operating income</b>	<b>181,897</b>	<b>12.7</b>	165,632	11.9
<b>Other income (expenses), net</b>				
Interest and dividend income	2,382	0.2	3,060	0.2
Interest expense	(7,131)	(0.5)	(6,634)	(0.5)
Other, net	3,100	0.2	8,073	0.6
<b>Total other income (expenses)</b>	<b>(1,649)</b>	<b>(0.1)</b>	4,499	0.3
<b>Income before income taxes and equity in earnings of affiliated companies</b>	<b>180,248</b>	<b>12.5</b>	170,131	12.2
<b>Income taxes</b>	<b>61,211</b>	<b>4.3</b>	49,534	3.6
<b>Income before equity in earnings of affiliated companies</b>	<b>119,037</b>	<b>8.3</b>	120,597	8.7
<b>Equity in earnings of affiliated companies</b>	<b>2,957</b>	<b>0.2</b>	1,633	0.1
<b>Net income</b>	<b>121,994</b>	<b>8.5</b>	122,230	8.8
<b>Less: Net income attributable to noncontrolling interests</b>	<b>5,481</b>	<b>0.4</b>	6,893	0.5
<b>Net income attributable to Komatsu Ltd.</b>	<b>¥ 116,513</b>	<b>8.1</b>	¥ 115,337	8.3
<b>Net income attributable to Komatsu Ltd. per share (Yen)</b>				
<b>Basic</b>	<b>¥ 122.31</b>		¥ 121.01	
<b>Diluted</b>	<b>¥ 122.15</b>		¥ 120.88	

## Consolidated Statements of Comprehensive Income

Millions of yen

	<b>Nine Months ended December 31, 2014</b>	Nine Months ended December 31, 2013
<b>Net income</b>	¥ <b>121,994</b>	¥ 122,230
<b>Other comprehensive income (loss), for the period, net of tax</b>		
Foreign currency translation adjustments	<b>113,032</b>	89,561
Net unrealized holding gains (losses) on securities available for sale	<b>3,972</b>	8,171
Pension liability adjustments	<b>(2,223)</b>	832
Net unrealized holding gains (losses) on derivative instruments	<b>(1,301)</b>	361
<b>Total</b>	<b>113,480</b>	98,925
<b>Comprehensive income (loss)</b>	<b>235,474</b>	221,155
<b>Less: Comprehensive income (loss) attributable to noncontrolling interests</b>	<b>12,221</b>	10,378
<b>Comprehensive income (loss) attributable to Komatsu Ltd.</b>	¥ <b>223,253</b>	¥ 210,777

**Three months ended December 31, 2014 and 2013**

**Consolidated Statements of Income**

Millions of yen except per share amounts

	Three Months ended December 31, 2014		Three Months ended December 31, 2013	
		Ratio (%)		Ratio (%)
Net sales	¥ 494,073	100.0	¥ 464,393	100.0
Cost of sales	350,600	71.0	330,822	71.2
Selling, general and administrative expenses	84,966	17.2	78,955	17.0
Other operating income (expenses), net	(2,269)	(0.5)	2,070	0.4
<b>Operating income</b>	<b>56,238</b>	<b>11.4</b>	56,686	12.2
<b>Other income (expenses), net</b>				
Interest and dividend income	876	0.2	774	0.2
Interest expense	(2,475)	(0.5)	(2,271)	(0.5)
Other, net	2,013	0.4	2,481	0.5
<b>Total other income (expenses)</b>	<b>414</b>	<b>0.1</b>	984	0.2
<b>Income before income taxes and equity in earnings of affiliated companies</b>	<b>56,652</b>	<b>11.5</b>	57,670	12.4
<b>Income taxes</b>	<b>17,200</b>	<b>3.5</b>	19,414	4.2
<b>Income before equity in earnings of affiliated companies</b>	<b>39,452</b>	<b>8.0</b>	38,256	8.2
<b>Equity in earnings of affiliated companies</b>	<b>1,089</b>	<b>0.2</b>	689	0.1
<b>Net income</b>	<b>40,541</b>	<b>8.2</b>	38,945	8.4
<b>Less: Net income attributable to noncontrolling interests</b>	<b>2,014</b>	<b>0.4</b>	2,418	0.5
<b>Net income attributable to Komatsu Ltd.</b>	<b>¥ 38,527</b>	<b>7.8</b>	¥ 36,527	7.9
<b>Net income attributable to Komatsu Ltd. per share (Yen)</b>				
<b>Basic</b>	<b>¥ 40.50</b>		¥ 38.32	
<b>Diluted</b>	<b>¥ 40.44</b>		¥ 38.28	

## Consolidated Statements of Comprehensive Income

Millions of yen

	<b>Three Months ended December 31, 2014</b>	Three Months ended December 31, 2013
<b>Net income</b>	¥ 40,541	¥ 38,945
<b>Other comprehensive income (loss), for the period, net of tax</b>		
Foreign currency translation adjustments	73,635	66,293
Net unrealized holding gains (losses) on securities available for sale	3,314	4,378
Pension liability adjustments	376	330
Net unrealized holding gains (losses) on derivative instruments	(228)	(423)
<b>Total</b>	<b>77,097</b>	70,578
<b>Comprehensive income (loss)</b>	<b>117,638</b>	109,523
<b>Less: Comprehensive income (loss) attributable to noncontrolling interests</b>	<b>6,499</b>	6,060
<b>Comprehensive income (loss) attributable to Komatsu Ltd.</b>	¥ <b>111,139</b>	¥ 103,463

### (3) Consolidated Statements of Cash Flows

Millions of yen

	Nine Months ended December 31, 2014	Nine Months ended December 31, 2013
<b>Operating activities</b>		
Net income	¥ 121,994	¥ 122,230
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	74,084	64,028
Deferred income taxes	4,181	6,588
Impairment loss and net loss (gain) from sale of investment securities	(935)	(1,605)
Net loss (gain) on sale of property	(4,547)	(4,329)
Loss on disposal of fixed assets	2,195	2,271
Pension and retirement benefits, net	731	1,645
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	67,831	61,729
Decrease (increase) in inventories	(12,202)	(36,017)
Increase (decrease) in trade payables	5,047	(1,570)
Increase (decrease) in income taxes payable	(17,393)	(8,579)
Other, net	(8,482)	(17,397)
Net cash provided by (used in) operating activities	232,504	188,994
<b>Investing activities</b>		
Capital expenditures	(147,316)	(130,987)
Proceeds from sale of property	16,063	19,776
Proceeds from sale of available for sale investment securities	1,876	4,332
Purchases of available for sale investment securities	(11)	(35)
Acquisition of subsidiaries and equity investees, net of cash acquired	(3,081)	(4,539)
Collection of loan receivables	169	225
Disbursement of loan receivables	(2)	(16)
Decrease (increase) in time deposits, net	(197)	860
Net cash provided by (used in) investing activities	(132,499)	(110,384)
<b>Financing activities</b>		
Proceeds from debt issued (Original maturities greater than three months)	200,026	153,316
Payment on debt (Original maturities greater than three months)	(196,029)	(167,531)
Short-term debt - net (Original maturities three months or less)	23,693	10,870
Repayments of capital lease obligations	(3,503)	(2,552)
Sale (purchase) of treasury stock, net	(18,635)	(26)
Dividends paid	(55,324)	(50,539)
Other, net	(18,136)	(6,068)
Net cash provided by (used in) financing activities	(67,908)	(62,530)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(3,228)	1,190
<b>Net increase (decrease) in cash and cash equivalents</b>	28,869	17,270
<b>Cash and cash equivalents, beginning of year</b>	90,872	93,620
<b>Cash and cash equivalents, end of period</b>	¥ 119,741	¥ 110,890

#### (4) Note to the Going Concern Assumption

None

#### (5) Business Segment Information

##### 1) Information by Operating Segments

##### Nine Months ended December 31, 2014 and 2013

(For Nine Months ended December 31, 2014)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	1,284,407	152,218	1,436,625	--	1,436,625
Intersegment	1,292	3,694	4,986	(4,986)	--
Total	1,285,699	155,912	1,441,611	(4,986)	1,436,625
Segment profit	171,829	11,660	183,489	(2,293)	181,196

(For Nine Months ended December 31, 2013)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	1,248,856	140,658	1,389,514	--	1,389,514
Intersegment	1,939	4,245	6,184	(6,184)	--
Total	1,250,795	144,903	1,395,698	(6,184)	1,389,514
Segment profit	164,124	1,122	165,246	(1,537)	163,709

##### Three Months ended December 31, 2014 and 2013

(For Three Months ended December 31, 2014)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	441,517	52,556	494,073	--	494,073
Intersegment	521	944	1,465	(1,465)	--
Total	442,038	53,500	495,538	(1,465)	494,073
Segment profit	55,077	3,851	58,928	(421)	58,507

(For Three Months ended December 31, 2013)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	420,081	44,312	464,393	--	464,393
Intersegment	643	992	1,635	(1,635)	--
Total	420,724	45,304	466,028	(1,635)	464,393
Segment profit	58,331	(3,686)	54,645	(29)	54,616

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, recycling equipment, industrial vehicles, other equipment, engines & components, casting products, and logistics

**b) 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.

## 2) Geographic Information

Net sales determined by customer location were as follows:

### For Nine Months ended December 31, 2014 and 2013

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
<b>FY2014</b>	<b>308,372</b>	<b>453,562</b>	<b>157,141</b>	<b>103,790</b>	<b>289,079</b>	<b>124,681</b>	<b>1,436,625</b>
FY2013	310,145	408,234	143,417	130,703	283,272	113,743	1,389,514

### For Three Months ended December 31, 2014 and 2013

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
<b>FY2014</b>	<b>112,330</b>	<b>162,992</b>	<b>50,125</b>	<b>33,836</b>	<b>95,064</b>	<b>39,726</b>	<b>494,073</b>
FY2013	116,537	135,376	47,238	42,981	84,994	37,267	464,393

\*Excluding Japan and China

### **(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity**

The Company repurchased its common stock at the open market to improve capital efficiency and further promote returns to shareholders, based on the resolution made by the Board of Directors held on November 14, 2014.

The number of its common stock repurchased was 6,903,200 shares for JPY19,066 million from November 17, 2014 to December 31, 2014.

(end)