

Komatsu Ltd.

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Consolidated Business Results for Six Months of the Fiscal Year Ending March 31, 2016 (U.S. GAAP)

1. Results for Six Months Ended September 30, 2015

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Six Months ended September 30, 2015	Six Months ended September 30, 2014	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	892,497	942,552	(50,055)	(5.3)%
Operating income	99,021	125,659	(26,638)	(21.2)%
Income before income taxes and equity in earnings of affiliated companies	97,879	123,596	(25,717)	(20.8)%
Net income attributable to Komatsu Ltd.	65,096	77,986	(12,890)	(16.5)%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 69.07	¥ 81.81	¥ (12.74)	
Diluted	¥ 68.98	¥ 81.71	¥ (12.73)	

Note: Comprehensive income for six months ended September 30, 2015 and 2014

2015: 41,569 millions of yen, down 64.7% from 2014

2014: 117,836 millions of yen, up 5.6% from 2013

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of September 30, 2015	As of March 31, 2015
Total assets	2,634,585	2,798,407
Total equity	1,608,266	1,598,500
Komatsu Ltd. shareholders' equity	1,543,435	1,528,966
Komatsu Ltd. shareholders' equity ratio	58.6%	54.6%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ 1,637.44	¥ 1,622.48

2. Dividends

(For the fiscal years ended March 31, 2015 and ending March 31, 2016)

Yen

	The entire FY ending March 31, 2016		The entire FY ended March 31, 2015
	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 October 28, 2015: None

3. Projection for the Fiscal Year Ending March 31, 2016

(From April 1, 2015 to March 31, 2016)

Millions of yen except per share amounts

	The full fiscal year	
		Changes
Net sales	1,880,000	(5.0)%
Operating income	221,000	(8.7)%
Income before income taxes and equity in earnings of affiliated companies	214,000	(9.4)%
Net income attributable to Komatsu Ltd.	138,000	(10.4)%
Net income attributable to Komatsu Ltd. Per share – Basic (Yen)	¥ 146.44	

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

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

4. Others

(1) Changes in important subsidiaries during the six-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 September 30, 2015: 971,967,660 shares

As of March 31, 2015: 971,967,660 shares

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

As of September 30, 2015: 29,375,699 shares

As of March 31, 2015: 29,602,836 shares

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

Six months period ended September 30, 2015: 942,451,185 shares

Six months period ended September 30, 2014: 953,272,355 shares

[Reference]

Results for Three Months Ended September 30, 2015

Millions of yen except per share amounts

	Three Months ended September 30, 2015	Three Months ended September 30, 2014	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	446,394	482,331	(35,937)	(7.5)%
Operating income	49,308	62,181	(12,873)	(20.7)%
Income before income taxes and equity in earnings of affiliated companies	46,942	62,249	(15,307)	(24.6)%
Net income attributable to Komatsu Ltd.	32,566	40,303	(7,737)	(19.2)%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 34.55	¥ 42.28	¥ (7.73)	
Diluted	¥ 34.51	¥ 42.22	¥ (7.71)	

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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” three-year mid-range management plan to be completed in the fiscal year ending March 31, 2016. 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 first six-month period (April 1 – September 30, 2015) of the fiscal year ending March 31, 2016, consolidated net sales totaled JPY892.4 billion, down 5.3% from the corresponding period a year ago. In the construction, mining and utility equipment business, while Komatsu steadfastly captured demand for construction equipment in North America, the six-month sales decreased from the corresponding period a year ago, as affected by declined sales of mining equipment against the backdrop of slack demand as well as drastically reduced demand in China and other emerging countries. In the industrial machinery and others business, while GIGAPHOTON INC. expanded sales, supported by high-rate machine utilization of the semiconductor industry, the six-month sales declined from the corresponding period a year ago.

With respect to profits, as the Japanese yen depreciated, Komatsu continued to make efforts to reduce fixed costs, mainly through structural reforms on a global scale, in response to changing demand for construction and mining equipment. At the same time, Komatsu has also worked to improve selling prices. However, operating income decreased by 21.2% from the corresponding period a year ago, to JPY99.0 billion, as affected by reduced volume of sales of the construction, mining and utility equipment business. Operating income ratio translated into 11.1%, down 2.2 percentage points. Income before income taxes and equity in earnings of affiliated companies totaled JPY97.8 billion, down 20.8%. Net income attributable to Komatsu Ltd. amounted to JPY65.0 billion, down 16.5%.

[Consolidated Financial Highlights]

Millions of yen

	Six Months ended September 30, 2015	Six Months ended September 30, 2014	Changes Increase (Decrease)
	1USD=JPY121.9 1EUR=JPY134.6 1RMB=JPY19.5	1USD=JPY102.6 1EUR=JPY139.3 1RMB=JPY16.5	
	[A]	[B]	[(A-B)/B]
Net sales	892,497	942,552	(5.3) %
Construction, Mining and Utility Equipment	794,147	843,661	(5.9) %
Industrial Machinery and Others	100,784	102,412	(1.6) %
Elimination	(2,434)	(3,521)	-
Segment profit	98,403	122,689	(19.8) %
Construction, Mining and Utility Equipment	92,402	116,752	(20.9) %
Industrial Machinery and Others	7,533	7,809	(3.5) %
Corporate & elimination	(1,532)	(1,872)	-
Operating income	99,021	125,659	(21.2) %
Income before income taxes and equity in earnings of affiliated companies	97,879	123,596	(20.8) %
Net income attributable to Komatsu Ltd.	65,096	77,986	(16.5) %

Note: Sales and profit figures in this report show the respective sums of six months from April 1 to September 30, 2015. 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 six-month sales of the construction, mining and utility equipment business decreased by 5.9% from the corresponding period a year ago, to JPY 794.1 billion. Segment profit was JPY92.4 billion, down 20.9%.

With respect to “SMARTCONSTRUCTION,” a solutions business for construction jobsites, which Komatsu launched in Japan in February this year, Komatsu has accomplished good grasp of all areas of the jobsites in 3D data by using “KomConnect,” a cloud platform, which began service in September, and newly installing “stereo cameras” on intelligent Machine Control construction equipment. By realizing IoT (Internet of Things) which connects everything on the jobsites via ICT (information and communication technology), “SMARTCONSTRUCTION” helps customers improve safety and productivity in the entire process of construction. Komatsu has delivered intelligent Machine Control construction equipment to more than 1,000 jobsites in Japan.

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 26 and worked to expand their sales.

Even against the backdrop of dropping demand for new construction and mining equipment, Komatsu steadfastly capitalized on aftermarket demand, expanding sales of parts from the corresponding period a year ago. To further reinforce operations of the aftermarket business, Komatsu expanded the functions of the Parts HANSEI Operation Center in the Oyama Technical Center which opened in July this year on the premises of the Oyama Plant in Japan.

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

	Six Months ended September 30, 2015	Six Months ended September 30, 2014	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	148,593	151,709	(3,116)	(2.1) %
North America* ¹	173,598	135,740	37,858	27.9 %
Latin America* ¹	109,055	129,218	(20,163)	(15.6) %
Americas	282,653	264,958	17,695	6.7 %
Europe	71,426	74,410	(2,984)	(4.0) %
CIS	23,338	27,942	(4,604)	(16.5) %
Europe & CIS	94,764	102,352	(7,588)	(7.4) %
China	34,654	62,383	(27,729)	(44.4) %
Asia* ²	99,788	103,957	(4,169)	(4.0) %
Oceania	56,968	72,595	(15,627)	(21.5) %
Asia* ² & Oceania	156,756	176,552	(19,796)	(11.2) %
Middle East	31,322	30,588	734	2.4 %
Africa	44,108	54,348	(10,240)	(18.8) %
Middle East & Africa	75,430	84,936	(9,506)	(11.2) %
Total	792,850	842,890	(50,040)	(5.9) %

*¹ Along with the acquisition of a distributor in Mexico, a part of sales in Mexico was reclassified from “North America” into “Latin America”. Please note that the six-month sales of the previous fiscal year were restated according to the reclassification.

*² Excluding Japan and China

Komatsu's operations by region are described below.

Japan

Komatsu captured expanded demand for utility equipment before new emission standards become effective. However, the six-month sales declined from the corresponding period a year ago, as adversely affected by demand for construction equipment having run its course in rental companies.

Americas

In North America, while demand for equipment remained slack in the mining industry and the energy sector, it advanced in the residential construction and infrastructure development sectors, including highway construction. As a result, the six-month sales increased from the corresponding period a year ago.

In Latin America, demand for mining equipment declined and that for construction equipment remained sluggish centering on Brazil. As a result, the six-month sales decreased from the corresponding period a year ago.

Europe & CIS

In Europe, while Komatsu steadfastly captured demand especially in major markets, the six-month sales declined from the corresponding period a year ago, as adversely affected by the Japanese yen's appreciation.

In CIS, Komatsu advanced parts sales of mining equipment. However, the six-month sales declined from the corresponding period a year ago, as adversely affected by the Japanese yen's appreciation.

China

Economic measures to underpin the economy, such as monetary easing, of the Chinese government fell short of bringing about clear outcomes from sluggish demand for construction equipment. As a result, the six-month sales fell sharply from the corresponding period a year ago.

Asia & Oceania

While Komatsu was able to capture demand in India, the Philippines and some other countries, demand remained sluggish in Indonesia, the largest market of the region. As a result, the six-month sales declined from the corresponding period a year ago.

In Oceania, the six-month sales declined, as demand for mining equipment remained sluggish.

Middle East & Africa

In the Middle East, while demand in Turkey, the major market of the region, remained slack, that of other areas stayed steady, centering on some Gulf nations, such as Oman and Qatar. As a result, the six-month sales increased from the corresponding period a year ago.

In Africa, the six-month sales decreased from the corresponding period a year ago, as adversely affected by a drop in demand for mining equipment in South Africa, the major market of the region.

Industrial Machinery and Others

While GIGAPHOTON INC. advanced sales, supported by high-rate machine utilization of the semiconductor industry, and sales of presses expanded, the six-month sales decreased by 1.6% from the corresponding period a year ago, to JPY100.7 billion. Segment profit amounted to JPY7.5 billion, down 3.5% from the corresponding period a year ago.

In June this year, Komatsu launched a new model of the small AC Servo press series, which features high productivity and dynamic reduction of running costs, and has since worked to further expand sales thereof.

(2) Financial Conditions

As of September 30, 2015, total assets decreased by JPY163.8 billion from the previous fiscal year-end, to JPY2,634.5 billion, mainly due to good progress made in the collection of notes and accounts receivable. Interest-bearing debt decreased by JPY95.2 billion from the previous fiscal year-end, to JPY493.8 billion, mainly due to effective use of funds within the Komatsu Group. Komatsu Ltd. shareholders' equity increased by JPY14.4 billion from the previous fiscal year-end, to JPY1,543.4 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 4.0 percentage points from the previous fiscal year-end, to 58.6%. Net debt-to-equity ratio* was 0.27, compared to 0.32 as of the previous fiscal year-end.

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

For the first six-month period under review, net cash provided by operating activities totaled JPY152.0 billion, a decrease of JPY36.7 billion from the corresponding period a year ago, mainly due to net income of JPY67.7 billion and the collection of notes and accounts receivable. Net cash used in investing activities amounted to JPY66.5 billion, a decrease of JPY17.4 billion from the corresponding period a year ago, mainly due to the purchase of fixed assets. Net cash used in financing activities totaled JPY123.7 billion, mainly due to the repayment of debt, as compared to JPY82.6 billion used for the corresponding period a year ago. After adding the effects of foreign exchange fluctuations, cash and cash equivalents, as of September 30, 2015, totaled JPY68.0 billion, a decrease of JPY37.8 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2016

(From April 1, 2015 to March 31, 2016)

Komatsu makes no change in the projection of April 27, 2015, concerning consolidated business results for the fiscal year ending March 31, 2016, which are shown on page 2 of this report.

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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of September 30, 2015		As of March 31, 2015	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 68,079		¥ 105,905	
Time deposits	1,617		1,407	
Trade notes and accounts receivable, net	571,535		620,076	
Inventories	608,409		622,876	
Deferred income taxes and other current assets	150,430		171,171	
Total current assets	1,400,070	53.1	1,521,435	54.4
Long-term trade receivables, net	265,254	10.1	280,138	10.0
Investments				
Investments in and advances to affiliated companies	28,541		28,358	
Investment securities	58,954		73,420	
Other	1,823		1,731	
Total investments	89,318	3.4	103,509	3.7
Property, plant and equipment				
- less accumulated depreciation and amortization	734,700	27.9	743,919	26.6
Goodwill	37,374	1.4	36,266	1.3
Other intangible assets				
- less accumulated amortization	57,245	2.2	58,715	2.1
Deferred income taxes and other assets	50,624	1.9	54,425	1.9
Total	¥ 2,634,585	100.0	¥ 2,798,407	100.0

Liabilities and Equity

Millions of yen

	As of September 30, 2015		As of March 31, 2015	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 98,858		¥ 191,937	
Current maturities of long-term debt	156,120		117,922	
Trade notes, bills and accounts payable	195,896		225,093	
Income taxes payable	23,462		39,396	
Deferred income taxes and other current liabilities	212,340		230,563	
Total current liabilities	686,676	26.1	804,911	28.8
Long-term liabilities				
Long-term debt	238,869		279,270	
Liability for pension and retirement benefits	56,145		55,396	
Deferred income taxes and other liabilities	44,629		60,330	
Total long-term liabilities	339,643	12.9	394,996	14.1
Total liabilities	1,026,319	39.0	1,199,907	42.9
Komatsu Ltd. shareholders' equity				
Common stock	67,870		67,870	
Capital surplus	138,104		138,696	
Retained earnings:				
Appropriated for legal reserve	44,018		40,980	
Unappropriated	1,255,051		1,220,338	
Accumulated other comprehensive income (loss)	89,954		113,018	
Treasury stock	(51,562)		(51,936)	
Total Komatsu Ltd. shareholders' equity	1,543,435	58.6	1,528,966	54.6
Noncontrolling interests	64,831	2.4	69,534	2.5
Total equity	1,608,266	61.0	1,598,500	57.1
Total	¥ 2,634,585	100.0	¥ 2,798,407	100.0

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

Six months ended September 30, 2015 and 2014

Consolidated Statements of Income

Millions of yen except per share amounts

	Six Months ended September 30, 2015		Six Months ended September 30, 2014	
		Ratio (%)		Ratio (%)
Net sales	¥ 892,497	100.0	¥ 942,552	100.0
Cost of sales	625,421	70.1	659,069	69.9
Selling, general and administrative expenses	168,673	18.9	160,794	17.1
Other operating income (expenses), net	618	0.1	2,970	0.3
Operating income	99,021	11.1	125,659	13.3
Other income (expenses), net				
Interest and dividend income	1,886	0.2	1,506	0.2
Interest expense	(4,873)	(0.5)	(4,656)	(0.5)
Other, net	1,845	0.2	1,087	0.1
Total other income (expenses)	(1,142)	(0.1)	(2,063)	(0.2)
Income before income taxes and equity in earnings of affiliated companies	97,879	11.0	123,596	13.1
Income taxes	31,294	3.5	44,011	4.7
Income before equity in earnings of affiliated companies	66,585	7.5	79,585	8.4
Equity in earnings of affiliated companies	1,197	0.1	1,868	0.2
Net income	67,782	7.6	81,453	8.6
Less: Net income attributable to noncontrolling interests	2,686	0.3	3,467	0.4
Net income attributable to Komatsu Ltd.	¥ 65,096	7.3	¥ 77,986	8.3
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 69.07		¥ 81.81	
Diluted	¥ 68.98		¥ 81.71	

Consolidated Statements of Comprehensive Income

Millions of yen

	Six Months ended September 30, 2015	Six Months ended September 30, 2014
Net income	¥ 67,782	¥ 81,453
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	(18,513)	39,397
Net unrealized holding gains (losses) on securities available for sale	(8,977)	658
Pension liability adjustments	942	(2,599)
Net unrealized holding gains (losses) on derivative instruments	335	(1,073)
Total	(26,213)	36,383
Comprehensive income (loss)	41,569	117,836
Less: Comprehensive income (loss) attributable to noncontrolling interests	(70)	5,722
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 41,639	¥ 112,114

Three months ended September 30, 2015 and 2014

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended September 30, 2015		Three Months ended September 30, 2014	
		Ratio (%)		Ratio (%)
Net sales	¥ 446,394	100.0	¥ 482,331	100.0
Cost of sales	312,944	70.1	337,116	69.9
Selling, general and administrative expenses	84,648	19.0	82,294	17.1
Other operating income (expenses), net	506	0.1	(740)	(0.2)
Operating income	49,308	11.0	62,181	12.9
Other income (expenses), net				
Interest and dividend income	840	0.2	628	0.1
Interest expense	(2,376)	(0.5)	(2,419)	(0.5)
Other, net	(830)	(0.2)	1,859	0.4
Total other income (expenses)	(2,366)	(0.5)	68	0.0
Income before income taxes and equity in earnings of affiliated companies	46,942	10.5	62,249	12.9
Income taxes	13,711	3.1	21,524	4.5
Income before equity in earnings of affiliated companies	33,231	7.4	40,725	8.4
Equity in earnings of affiliated companies	800	0.2	1,181	0.2
Net income	34,031	7.6	41,906	8.7
Less: Net income attributable to noncontrolling interests	1,465	0.3	1,603	0.3
Net income attributable to Komatsu Ltd.	¥ 32,566	7.3	¥ 40,303	8.4
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 34.55		¥ 42.28	
Diluted	¥ 34.51		¥ 42.22	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended September 30, 2015	Three Months ended September 30, 2014
Net income	¥ 34,031	¥ 41,906
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	(45,596)	51,309
Net unrealized holding gains (losses) on securities available for sale	(7,898)	(707)
Pension liability adjustments	701	346
Net unrealized holding gains (losses) on derivative instruments	306	(1,421)
Total	(52,487)	49,527
Comprehensive income (loss)	(18,456)	91,433
Less: Comprehensive income (loss) attributable to noncontrolling interests	(2,589)	4,541
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ (15,867)	¥ 86,892

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six Months ended September 30, 2015	Six Months ended September 30, 2014
Operating activities		
Net income	¥ 67,782	¥ 81,453
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	54,718	47,921
Deferred income taxes	(729)	1,890
Impairment loss and net loss (gain) from sale of investment securities	(3,723)	(861)
Net loss (gain) on sale of property	(772)	(3,785)
Loss on disposal of fixed assets	982	1,697
Pension and retirement benefits, net	1,315	1,755
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	56,409	63,529
Decrease (increase) in inventories	6,815	(6,649)
Increase (decrease) in trade payables	(27,801)	7,868
Increase (decrease) in income taxes payable	(15,772)	(12,056)
Other, net	12,780	6,011
Net cash provided by (used in) operating activities	152,004	188,773
Investing activities		
Capital expenditures	(79,482)	(93,957)
Proceeds from sale of property	9,203	11,313
Proceeds from sale of available for sale investment securities	5,106	1,705
Purchases of available for sale investment securities	(369)	(2)
Acquisition of subsidiaries and equity investees, net of cash acquired	(796)	(3,081)
Collection of loan receivables	102	113
Disbursement of loan receivables	-	(2)
Decrease (increase) in time deposits, net	(338)	(162)
Net cash provided by (used in) investing activities	(66,574)	(84,073)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	91,412	132,526
Payment on debt (Original maturities greater than three months)	(106,405)	(152,712)
Short-term debt, net (Original maturities three months or less)	(75,203)	(24,611)
Repayments of capital lease obligations	(359)	(3,187)
Sale (purchase) of treasury stock, net	61	275
Dividends paid	(27,345)	(27,659)
Other, net	(5,928)	(7,282)
Net cash provided by (used in) financing activities	(123,767)	(82,650)
Effect of exchange rate change on cash and cash equivalents	511	(546)
Net increase (decrease) in cash and cash equivalents	(37,826)	21,504
Cash and cash equivalents, beginning of year	105,905	90,872
Cash and cash equivalents, end of period	¥ 68,079	¥ 112,376

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Six Months ended September 30, 2015 and 2014

(For Six Months ended September 30, 2015)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	792,850	99,647	892,497	-	892,497
Intersegment	1,297	1,137	2,434	(2,434)	-
Total	794,147	100,784	894,931	(2,434)	892,497
Segment profit	92,402	7,533	99,935	(1,532)	98,403

(For Six Months ended September 30, 2014)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	842,890	99,662	942,552	-	942,552
Intersegment	771	2,750	3,521	(3,521)	-
Total	843,661	102,412	946,073	(3,521)	942,552
Segment profit	116,752	7,809	124,561	(1,872)	122,689

Three Months ended September 30, 2015 and 2014

(For Three Months ended September 30, 2015)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	390,847	55,547	446,394	-	446,394
Intersegment	600	505	1,105	(1,105)	-
Total	391,447	56,052	447,499	(1,105)	446,394
Segment profit	45,133	4,264	49,397	(595)	48,802

(For Three Months ended September 30, 2014)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	424,733	57,598	482,331	-	482,331
Intersegment	413	1,475	1,888	(1,888)	-
Total	425,146	59,073	484,219	(1,888)	482,331
Segment profit	58,800	4,656	63,456	(535)	62,921

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 Six Months ended September 30, 2015 and 2014

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2015	186,643	306,937	101,314	48,815	173,080	75,708	892,497
FY2014	196,042	290,570	107,016	69,954	194,015	84,955	942,552

For Three Months ended September 30, 2015 and 2014

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2015	100,919	152,102	48,218	24,438	86,285	34,432	446,394
FY2014	115,461	153,137	50,227	31,009	92,594	39,903	482,331

*Excluding Japan and China

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

None

(end)