

Komatsu Ltd.

Corporate Communications Dept.

Tel: +81-(0)3-5561-2616

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 URL: <https://home.komatsu/en/>

Consolidated Business Results for Nine Months of the Fiscal Year Ending March 31, 2018 (U.S. GAAP)

1. Results for Nine Months Ended December 31, 2017

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Nine Months ended December 31, 2017	Nine Months ended December 31, 2016	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	1,805,801	1,226,707	579,094	47.2 %
Operating income	188,189	107,025	81,164	75.8 %
Income before income taxes and equity in earnings of affiliated companies	215,340	103,263	112,077	108.5 %
Net income attributable to Komatsu Ltd.	155,064	68,335	86,729	126.9 %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 164.41	¥ 72.48	¥ 91.93	
Diluted	¥ 164.19	¥ 72.39	¥ 91.80	

Note: Comprehensive income for nine months ended December 31, 2017 and 2016

2017: 180,657 millions of yen, up 96.2% from 2016

2016: 92,061 millions of yen, up 22.5% from 2015

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of December 31, 2017	As of March 31, 2017
Total assets	3,459,988	2,656,482
Total equity	1,766,561	1,648,515
Komatsu Ltd. shareholders' equity	1,684,964	1,576,674
Komatsu Ltd. shareholders' equity ratio	48.7%	59.4%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ 1,786.33	¥ 1,672.01

2. Dividends

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

Yen

	The entire FY ending March 31, 2018		The entire FY ended March 31, 2017
	Results	Projection	
First quarter period			
Second quarter period	36.00		29.00
Third quarter period			
Year-end		36.00	29.00
Total		72.00	58.00

Note: Changes in the projected cash dividend as of January 31, 2018: None

3. Projections for the Fiscal Year Ending March 31, 2018

(From April 1, 2017 to March 31, 2018)

Millions of yen except per share amounts

	2018	
		Changes Increase (Decrease)
Net sales	2,328,000	29.1 %
Operating income	216,000	24.1 %
Income before income taxes and equity in earnings of affiliated companies	237,000	42.4 %
Net income attributable to Komatsu Ltd.	159,000	40.2 %
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥ 168.58	

Notes: 1) Changes in the projected consolidated business results as of January 31, 2018: 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 nine-month period 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 (4) Others on page 9 for more details.

(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.: Applicable

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

Note: See (4) Others on page 9 for more details.

(4) Number of common shares outstanding

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

As of December 31, 2017: 971,967,660 shares

As of March 31, 2017: 971,967,660 shares

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

As of December 31, 2017: 28,714,692 shares

As of March 31, 2017: 28,984,435 shares

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

Nine months ended December 31, 2017: 943,135,301 shares

Nine months ended December 31, 2016: 942,756,875 shares

[Reference]

Results for Three Months Ended December 31, 2017

Millions of yen except per share amounts

	Three Months ended December 31, 2017	Three Months ended December 31, 2016	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	646,843	430,595	216,248	50.2%
Operating income	75,566	42,899	32,667	76.1%
Income before income taxes and equity in earnings of affiliated companies	71,223	45,168	26,055	57.7%
Net income attributable to Komatsu Ltd.	53,309	30,817	22,492	73.0%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 56.52	¥ 32.69	¥ 23.83	
Diluted	¥ 56.44	¥ 32.64	¥ 23.80	

Appendix

Management Performance and Financial Conditions

(1) Outline of Operations and Business Results	P.5
(2) Financial Conditions	P.8
(3) Projection for the Fiscal Year Ending March 31, 2018	P.9
(4) Others.....	P.9

Consolidated Financial Statements

(1) Consolidated Balance Sheets	P.11
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	P.13
(3) Consolidated Statements of Cash Flows	P.17
(4) Note to the Going Concern Assumption	P.18
(5) Business Segment Information	P.18
(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity	P.19

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 nine-month period (April 1 - December 31, 2017) of the fiscal year ending March 31, 2018, consolidated net sales totaled JPY1,805.8 billion, up 47.2% from the corresponding period a year ago. In the construction, mining and utility equipment business, the nine-month sales expanded sharply from the corresponding period a year ago, 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 in which Komatsu completed the acquisition in April 2017. In the industrial machinery and others business, sales remained flat from the corresponding period a year ago, supported by increased sales of machine tools to the automobile manufacturing industry, offsetting reduced sales of wire saws and other products.

With respect to profits for the nine-month period under review, operating income expanded by 75.8% from the corresponding period a year ago, to JPY188.1 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 1.7 percentage points to 10.4%. Income before income taxes and equity in earnings of affiliated companies climbed to JPY 215.3 billion, up 108.5 % from the corresponding period a year ago, reflecting a gain from the sale of investment securities. Net income attributable to Komatsu Ltd. totaled JPY 155.0 billion, up 126.9%.

[Consolidated Financial Highlights]

Millions of yen

	Nine Months ended December 31, 2017	Nine Months ended December 31, 2016	Changes Increase (Decrease)
	1USD=JPY111.7 1EUR=JPY128.2 1RMB=JPY16.6 [A]	1USD=JPY106.5 1EUR=JPY118.5 1RMB=JPY16.0 [B]	[(A-B)/B]
Net sales	1,805,801	1,226,707	47.2 %
Construction, Mining and Utility Equipment	1,658,935	1,077,721	53.9 %
Retail Finance	45,992	36,124	27.3 %
Industrial Machinery and Others	121,491	121,249	0.2 %
Elimination	(20,617)	(8,387)	-
Segment profit	200,861	107,837	86.3 %
Construction, Mining and Utility Equipment	183,952	96,546	90.5 %
Retail Finance	8,952	6,767	32.3 %
Industrial Machinery and Others	9,139	6,449	41.7 %
Corporate & elimination	(1,182)	(1,925)	-
Operating income	188,189	107,025	75.8 %
Income before income taxes and equity in earnings of affiliated companies	215,340	103,263	108.5 %
Net income attributable to Komatsu Ltd.	155,064	68,335	126.9 %

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 nine-month period 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

For the nine-month period, sales of the construction, mining and utility equipment business expanded by 53.9% from the corresponding period a year ago, to JPY1,658.9 billion. Segment profit reached JPY183.9 billion, an increase of 90.5% from the corresponding period a year ago.

Komatsu embarked on sales of medium-sized “PC200-11” and “PC200i-11” intelligent Machine Control hydraulic excavators, both compliant with 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 a 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 4,400 construction jobsites to date (cumulative). In December last year, Komatsu announced a partnership agreement with NVIDIA Corporation, a leading semiconductor manufacturer of the United States. By incorporating their advanced technologies in image processing and AI, 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

	Nine Months ended December 31, 2017			Nine Months ended December 31, 2016	Changes Increase (Decrease)		
	[A]	Excl. KMC* ²	KMC* ²		[B]	[A-B]	[(A-B)/B]
Japan	235,278	235,257	21	216,511	18,767	8.7%	
Americas	North America	399,647	300,557	99,090	235,775	163,872	69.5%
	Latin America	232,139	177,684	54,455	146,139	86,000	58.8%
Americas	631,786	478,241	153,545	381,914	249,872	65.4%	
Europe & CIS	Europe	124,431	113,270	11,161	91,594	32,837	35.9%
	CIS	79,522	75,810	3,712	48,515	31,007	63.9%
Europe & CIS	203,953	189,080	14,873	140,109	63,844	45.6%	
China	113,918	101,769	12,149	57,901	56,017	96.7%	
Asia* ¹ & Oceania	Asia* ¹	210,061	207,149	2,912	131,098	78,963	60.2%
	Oceania	136,696	105,974	30,722	74,092	62,604	84.5%
Asia* ¹ & Oceania	346,757	313,123	33,634	205,190	141,567	69.0%	
Middle East & Africa	Middle East	27,030	26,914	116	23,276	3,754	16.1%
	Africa	89,899	67,918	21,981	47,000	42,899	91.3%
Middle East & Africa	116,929	94,832	22,097	70,276	46,653	66.4%	
Total	1,648,621	1,412,302	236,319	1,071,901	576,720	53.8%	

Notes: 1) Excluding Japan and China

2) KMC: Komatsu Mining Corp.

Komatsu's operations by region are described below.

Japan

For the nine-month period under review, sales increased from the corresponding period a year ago, 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, centering on the infrastructure development and energy-related sectors. In Latin America, demand for construction equipment grew from the corresponding period a year ago, 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 corresponding period a year ago.

Europe & CIS

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

China

Sales advanced sharply from the corresponding period a year ago. 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 substantially from the corresponding period a year ago, mainly reflecting a sharp 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 sharply from the corresponding period a year ago, as also affected by the addition of Komatsu Mining Corp. to consolidated accounting.

Middle East & Africa

In the Middle East, sales increased from the corresponding period a year ago, mainly reflecting a recovering trend of market demand in some countries, offsetting negative effects of reduced budgets in Gulf nations against lowered crude oil prices. In Africa, sales advanced substantially from the corresponding period a year ago, 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 27.3% from the corresponding period a year ago, to JPY45.9 billion, mainly supported by expanded sales in Chile and increased assets in North America. Segment profit expanded by 32.3% from the corresponding period a year ago, to JPY8.9 billion, mainly reflecting no more allowance for doubtful accounts recorded in China.

Industrial Machinery and Others

In the industrial machinery and others business, sales totaled JPY121.4 billion for the nine-month period under review, up 0.2% from the corresponding period a year ago, mainly supported by increased sales of machine tools to the automobile manufacturing industry, offsetting reduced sales of wire saws. Segment profit expanded by 41.7% to JPY9.1 billion.

In December last year, Komatsu Industries Corp. launched sales of the “TLH510-2” and “TLH408-2” 3D fiber laser cutting machines after fully restyling the preceding models with which the company led the industry in the market introduction in 2010. In addition to equipping KOMTRAX for industrial machinery, Komatsu Industries has also incorporated its accumulated technological expertise and cutting-edge ICT into these new models designed to contribute to customers' quality and productivity.

(2) Financial Conditions

As of December 31, 2017, total assets increased by JPY803.5 billion from the previous fiscal year-end, to JPY3,459.9 billion, mainly due to the addition of Komatsu Mining Corp. to consolidated accounting. Interest-bearing debt increased by JPY476.0 billion from the previous fiscal year-end, to JPY884.7 billion, mainly due to financing the acquisition of Joy Global Inc. Komatsu Ltd. shareholders' equity increased by JPY108.2 billion from the previous fiscal year-end, to JPY1,684.9 billion. As a result, Komatsu Ltd. shareholders' equity ratio decreased by 10.7 percentage points from the previous fiscal year-end, to 48.7%.

For the nine-month period under review, net cash provided by operating activities totaled JPY81.6 billion, a decrease of JPY64.9 billion from the corresponding period a year ago, mainly due to an increase in working capital in tandem with expanded sales, even when income increased, such as net income. Net cash used in investing activities totaled JPY320.2 billion, an increase of JPY226.0 billion from the corresponding year ago, 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 JPY281.7 billion, mainly due to paying mentioned above, as compared to JPY21.6 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, 2017, totaled JPY165.3 billion, an increase of JPY45.4 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2018

(From April 1, 2017 to March 31, 2018)

Komatsu makes no change in the projection of October 27, 2017, concerning consolidated business results for the fiscal year ending March 31, 2018, which are shown on page 2 of this report.

(4) Others

1) Changes in important subsidiaries during the nine-month period 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) 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

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

From the three months ended June 30, 2017, 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 three months ended December 31, 2017, Komatsu has adopted the Staff Accounting Bulletin (“SAB”) 118, “Income Tax Accounting Implications of the Tax Cuts and Jobs Act (the “Act”)”. During a measurement period, SAB 118 allows 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.

b) Changes in other matters except for a) above: None

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 December 31, 2017		As of March 31, 2017	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 165,304		¥ 119,901	
Time deposits	2,493		2,289	
Trade notes and accounts receivable, net	765,589		619,265	
Inventories	757,480		533,897	
Deferred income taxes and other current assets	122,316		144,169	
Total current assets	1,813,182	52.4	1,419,521	53.4
Long-term trade receivables, net	373,437	10.8	313,946	11.8
Investments				
Investments in and advances to affiliated companies	31,930		30,330	
Investment securities	12,238		67,716	
Other	2,779		2,424	
Total investments	46,947	1.3	100,470	3.8
Property, plant and equipment - less accumulated depreciation and amortization	767,837	22.2	679,027	25.6
Goodwill	175,863	5.1	40,072	1.5
Other intangible assets - less accumulated amortization	183,118	5.3	61,083	2.3
Deferred income taxes and other assets	99,604	2.9	42,363	1.6
Total	¥ 3,459,988	100.0	¥ 2,656,482	100.0

Liabilities and Equity

Millions of yen

	As of December 31, 2017		As of March 31, 2017	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 307,933		¥ 128,452	
Current maturities of long-term debt	48,971		89,391	
Trade notes, bills and accounts payable	303,319		240,113	
Income taxes payable	46,159		25,136	
Deferred income taxes and other current liabilities	300,216		217,090	
Total current liabilities	1,006,598	29.1	700,182	26.3
Long-term liabilities				
Long-term debt	527,821		190,859	
Liability for pension and retirement benefits	85,881		65,247	
Deferred income taxes and other liabilities	73,127		51,679	
Total long-term liabilities	686,829	19.8	307,785	11.6
Total liabilities	1,693,427	48.9	1,007,967	37.9
Komatsu Ltd. shareholders' equity				
Common stock	67,870		67,870	
Capital surplus	138,546		138,285	
Retained earnings:				
Appropriated for legal reserve	45,828		45,368	
Unappropriated	1,450,619		1,357,350	
Accumulated other comprehensive income (loss)	32,608		18,682	
Treasury stock	(50,507)		(50,881)	
Total Komatsu Ltd. shareholders' equity	1,684,964	48.7	1,576,674	59.4
Noncontrolling interests	81,597	2.4	71,841	2.7
Total equity	1,766,561	51.1	1,648,515	62.1
Total	¥ 3,459,988	100.0	¥ 2,656,482	100.0

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

Nine months ended December 31, 2017 and 2016

Consolidated Statements of Income

Millions of yen except per share amounts

	Nine Months ended December 31, 2017		Nine Months ended December 31, 2016	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,805,801	100.0	¥ 1,226,707	100.0
Cost of sales	1,283,075	71.1	875,614	71.4
Selling, general and administrative expenses	321,865	17.8	243,256	19.8
Other operating income (expenses), net	(12,672)	(0.7)	(812)	(0.1)
Operating income	188,189	10.4	107,025	8.7
Other income (expenses), net				
Interest and dividend income	4,059	0.2	2,602	0.2
Interest expense	(13,427)	(0.7)	(5,692)	(0.5)
Gain on sales of investment securities, net	48,287	2.7	196	0.0
Other, net	(11,768)	(0.7)	(868)	(0.1)
Total other income (expenses), net	27,151	1.5	(3,762)	(0.3)
Income before income taxes and equity in earnings of affiliated companies	215,340	11.9	103,263	8.4
Income taxes	53,959	3.0	35,189	2.9
Income before equity in earnings of affiliated companies	161,381	8.9	68,074	5.5
Equity in earnings of affiliated companies	2,851	0.2	2,845	0.2
Net income	164,232	9.1	70,919	5.8
Less: Net income attributable to noncontrolling interests	9,168	0.5	2,584	0.2
Net income attributable to Komatsu Ltd.	¥ 155,064	8.6	¥ 68,335	5.6
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 164.41		¥ 72.48	
Diluted	¥ 164.19		¥ 72.39	

Consolidated Statements of Comprehensive Income

Millions of yen

	Nine Months ended December 31, 2017	Nine Months ended December 31, 2016
Net income	¥ 164,232	¥ 70,919
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	41,971	11,773
Net unrealized holding gains (losses) on securities available for sale	(28,554)	9,624
Pension liability adjustments	1,648	1,700
Net unrealized holding gains (losses) on derivative instruments	1,360	(1,955)
Total other comprehensive income (loss), for the period, net of tax	16,425	21,142
Comprehensive income (loss)	180,657	92,061
Less: Comprehensive income (loss) attributable to noncontrolling interests	11,667	2,979
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 168,990	¥ 89,082

Three months ended December 31, 2017 and 2016
Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended December 31, 2017		Three Months ended December 31, 2016	
		Ratio (%)		Ratio (%)
Net sales	¥ 646,843	100.0	¥ 430,595	100.0
Cost of sales	450,431	69.6	306,066	71.1
Selling, general and administrative expenses	109,271	16.9	80,928	18.8
Other operating income (expenses), net	(11,575)	(1.8)	(702)	(0.2)
Operating income	75,566	11.7	42,899	10.0
Other income (expenses), net				
Interest and dividend income	1,107	0.2	999	0.2
Interest expense	(5,190)	(0.8)	(1,843)	(0.4)
Gain on sales of investment securities, net	8,724	1.3	-	-
Other, net	(8,984)	(1.4)	3,113	0.7
Total other income (expenses), net	(4,343)	(0.7)	2,269	0.5
Income before income taxes and equity in earnings of affiliated companies	71,223	11.0	45,168	10.5
Income taxes	15,709	2.4	14,030	3.3
Income before equity in earnings of affiliated companies	55,514	8.6	31,138	7.2
Equity in earnings of affiliated companies	1,102	0.2	1,033	0.2
Net income	56,616	8.8	32,171	7.5
Less: Net income attributable to noncontrolling interests	3,307	0.5	1,354	0.3
Net income attributable to Komatsu Ltd.	¥ 53,309	8.2	¥ 30,817	7.2
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 56.52		¥ 32.69	
Diluted	¥ 56.44		¥ 32.64	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended December 31, 2017	Three Months ended December 31, 2016
Net income	¥ 56,616	¥ 32,171
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	11,301	121,995
Net unrealized holding gains (losses) on securities available for sale	(4,951)	8,509
Pension liability adjustments	800	520
Net unrealized holding gains (losses) on derivative instruments	78	(2,250)
Total other comprehensive income (loss), for the period, net of tax	7,228	128,774
Comprehensive income (loss)	63,844	160,945
Less: Comprehensive income (loss) attributable to noncontrolling interests	4,015	9,181
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 59,829	¥ 151,764

(3) Consolidated Statements of Cash Flows

Millions of yen

	Nine Months ended December 31, 2017	Nine Months ended December 31, 2016
Operating activities		
Net income	¥ 164,232	¥ 70,919
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	98,857	77,367
Deferred income taxes	(23)	5,855
Impairment loss and net loss (gain) from sale of investment securities	(48,146)	(173)
Net loss (gain) on sale of property	(376)	(592)
Loss on disposal of fixed assets	1,858	1,504
Pension and retirement benefits, net	(2,779)	2,131
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(115,732)	8,434
Decrease (increase) in inventories	(86,229)	(39,237)
Increase (decrease) in trade payables	22,259	7,319
Increase (decrease) in income taxes payable	20,013	(19,495)
Other, net	27,690	32,559
Net cash provided by (used in) operating activities	81,624	146,591
Investing activities		
Capital expenditures	(122,996)	(107,997)
Proceeds from sale of property	16,256	13,926
Proceeds from sale of available for sale investment securities	60,823	602
Purchases of available for sale investment securities	(589)	(107)
Proceeds from sale of subsidiaries and equity investees, net of cash disposed	570	5,485
Acquisition of subsidiaries and equity investees, net of cash acquired	(273,534)	(5,905)
Collection of loan receivables	136	9
Disbursement of loan receivables	(775)	(64)
Decrease (increase) in time deposits, net	(100)	(62)
Net cash provided by (used in) investing activities	(320,209)	(94,113)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	423,248	109,443
Payment on debt (Original maturities greater than three months)	(175,336)	(112,344)
Short-term debt, net (Original maturities three months or less)	101,830	38,299
Repayments of capital lease obligations	(36)	(42)
Sale (purchase) of treasury stock, net	62	35
Dividends paid	(61,335)	(54,711)
Other, net	(6,711)	(2,326)
Net cash provided by (used in) financing activities	281,722	(21,646)
Effect of exchange rate change on cash and cash equivalents	2,266	(3,023)
Net increase (decrease) in cash and cash equivalents	45,403	27,809
Cash and cash equivalents, beginning of year	119,901	106,259
Cash and cash equivalents, end of period	¥ 165,304	¥ 134,068

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Nine Months ended December 31, 2017 and 2016

(For Nine Months ended December 31, 2017)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,648,621	36,780	120,400	1,805,801	-	1,805,801
Intersegment	10,314	9,212	1,091	20,617	(20,617)	-
Total	1,658,935	45,992	121,491	1,826,418	(20,617)	1,805,801
Segment profit	183,952	8,952	9,139	202,043	(1,182)	200,861

(For Nine Months ended December 31, 2016)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,071,901	34,318	120,488	1,226,707	-	1,226,707
Intersegment	5,820	1,806	761	8,387	(8,387)	-
Total	1,077,721	36,124	121,249	1,235,094	(8,387)	1,226,707
Segment profit	96,546	6,767	6,449	109,762	(1,925)	107,837

Three Months ended December 31, 2017 and 2016

(For Three Months ended December 31, 2017)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	591,797	13,099	41,947	646,843	-	646,843
Intersegment	2,719	1,651	359	4,729	(4,729)	-
Total	594,516	14,750	42,306	651,572	(4,729)	646,843
Segment profit	80,196	3,043	4,302	87,541	(400)	87,141

(For Three Months ended December 31, 2016)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	376,613	12,027	41,955	430,595	-	430,595
Intersegment	2,465	627	267	3,359	(3,359)	-
Total	379,078	12,654	42,222	433,954	(3,359)	430,595
Segment profit	38,928	2,551	2,391	43,870	(269)	43,601

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) 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.

2) Geographic Information

Net sales determined by customer location were as follows:

For Nine Months ended December 31, 2017 and 2016

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2017	284,255	683,169	214,146	132,864	374,099	117,268	1,805,801
FY2016	273,720	421,341	151,456	78,496	231,349	70,345	1,226,707

For Three Months ended December 31, 2017 and 2016

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2017	94,467	251,039	69,577	53,626	137,465	40,669	646,843
FY2016	100,670	144,757	49,990	27,091	84,563	23,524	430,595

Note: * Excluding Japan and China

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

None

(end)