

Komatsu Ltd.

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

Consolidated Business Results for Three Months of the Fiscal Year Ending March 31, 2019 (U.S. GAAP)

1. Results for Three Months Ended June 30, 2018

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Three Months ended June 30, 2018	Three Months ended June 30, 2017	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	646,060	561,211	84,849	15.1 %
Operating income	96,048	51,703	44,345	85.8 %
Income before income taxes and equity in earnings of affiliated companies	92,940	48,094	44,846	93.2 %
Net income attributable to Komatsu Ltd.	62,970	36,395	26,575	73.0 %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 66.75	¥ 38.59	¥ 28.16	
Diluted	¥ 66.67	¥ 38.54	¥ 28.13	

Note: Comprehensive income for three months ended June 30, 2018 and 2017

2018: 82,544 millions of yen, up 53.2% from 2017

2017: 53,864 millions of yen

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of June 30, 2018	As of March 31, 2018
Total assets	3,480,931	3,372,538
Total equity	1,777,471	1,743,590
Komatsu Ltd. shareholders' equity	1,696,758	1,664,540
Komatsu Ltd. shareholders' equity ratio	48.7%	49.4%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ 1,798.58	¥ 1,764.58

2. Dividends

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

Yen

	2018	2019 Projections
First quarter period		
Second quarter period	36.00	48.00
Third quarter period		
Year-end	48.00	48.00
Total	84.00	96.00

Note: Changes in the latest projected cash dividend as of July 27, 2018: None

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) Changes in the latest projected consolidated business results as of July 27, 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 three-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.: 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 June 30, 2018: 971,967,660 shares

As of March 31, 2018: 971,967,660 shares

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

As of June 30, 2018: 28,579,952 shares

As of March 31, 2018: 28,662,171 shares

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

Three months ended June 30, 2018: 943,335,472 shares

Three months ended June 30, 2017: 943,023,928 shares

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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 first three-month period (April 1 – June 30, 2018) of the fiscal year ending March 31, 2019, consolidated net sales totaled JPY646.0 billion, up 15.1% from the corresponding period a year ago. In the construction, mining and utility equipment business, while demand for construction equipment declined mainly as a rebound of pre-buy demand in anticipation of the new emission control regulations of September 2017 in Japan, Komatsu steadfastly captured growing demand in many regions of the world, centering on North America and Asia. As a result, sales improved from the corresponding period a year ago. In the industrial machinery and others business, sales in Excimer laser-related and other businesses increased against the backdrop of strong semiconductor market conditions. As a result, three-month sales increased from the corresponding period a year ago.

With respect to profits for the first three-month period under review, operating income expanded by 85.8% from the corresponding period a year ago, to JPY96.0 billion, driven by increased sales in many regions of the world and reflecting reduced temporary expenses in association with the acquisition of Komatsu Mining Corp., which became a consolidated subsidiary in April 2017. The operating income ratio improved by 5.7 percentage points to 14.9%. Income before income taxes and equity in earnings of affiliated companies climbed to JPY92.9 billion, up 93.2%. Net income attributable to Komatsu Ltd. totaled JPY 62.9 billion, up 73.0%.

[Consolidated Financial Highlights]

Millions of yen

	Three Months ended June 30, 2018	Three Months ended June 30, 2017	Changes
	1USD=JPY108.2 1EUR=JPY130.1 1RMB=JPY17.1	1USD=JPY111.2 1EUR=JPY121.6 1RMB=JPY16.3	Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	646,060	561,211	15.1 %
Construction, Mining and Utility Equipment	594,211	515,063	15.4 %
Retail Finance	14,259	17,552	(18.8 %)
Industrial Machinery and Others	41,245	38,669	6.7 %
Elimination	(3,655)	(10,073)	-
Segment profit	95,910	52,295	83.4 %
Construction, Mining and Utility Equipment	88,318	47,263	86.9 %
Retail Finance	5,492	3,325	65.2 %
Industrial Machinery and Others	3,044	2,389	27.4 %
Corporate & elimination	(944)	(682)	-
Operating income	96,048	51,703	85.8 %
Income before income taxes and equity in earnings of affiliated companies	92,940	48,094	93.2 %
Net income attributable to Komatsu Ltd.	62,970	36,395	73.0 %

Notes: 1) Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

2) From the three months ended June 30, 2018, Komatsu has adopted the Accounting Standards Update (“ASU”) 2017-07, “Compensation-Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost”. Accordingly, the figures for the three months ended June 30, 2017, were reclassified in accordance with ASU 2017-07.

Business results by operation are described below.

Construction, Mining and Utility Equipment

For the first three-month period under review, sales of the construction, mining and utility equipment business expanded by 15.4% from the corresponding period a year ago, to JPY594.2 billion. Segment profit reached JPY88.3 billion, an increase of 86.9% from the corresponding period a year ago.

In April 2018, Komatsu Construction Equipment Sales & Service Japan Ltd., which engaged in sales and service of construction equipment in Japan, Komatsu Rental Ltd., a rental subsidiary of construction equipment in Japan, and Komatsu Forklift Ltd., which engaged in sales, service and rental of forklift trucks were merged to establish Komatsu Customer Support Japan, Ltd. As these former three separate companies integrate their operations and improve their collaborations, the new company is working to further enhance customer satisfaction by meeting the changing external environment and strengthening customer support operation.

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 5,500 construction jobsites to date (cumulative). In May 2018, Komatsu embarked on a new service under the name of "EverydayDrone". This new service uses special fully automated drones and edge computing capable of on-site high-speed data processing. For example, it generates 3D site survey data in about 30 minutes, which used to take a whole day, enabling the management of daily progress of jobsite work. Komatsu will continue to accelerate the speed of providing optimal service to construction jobsites.

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

	Three Months ended June 30, 2018 [A]	Three Months ended June 30, 2017 [B]	Changes Increase (Decrease)	
			[A-B]	[(A-B)/B]
Japan	63,904	69,161	(5,257)	(7.6 %)
North America	140,665	116,024	24,641	21.2 %
Latin America	76,633	72,286	4,347	6.0 %
Americas	217,298	188,310	28,988	15.4 %
Europe	53,873	43,056	10,817	25.1 %
CIS	31,354	27,685	3,669	13.3 %
Europe & CIS	85,227	70,741	14,486	20.5 %
China	50,527	38,304	12,223	31.9 %
Asia*	86,004	64,103	21,901	34.2 %
Oceania	51,005	45,121	5,884	13.0 %
Asia* & Oceania	137,009	109,224	27,785	25.4 %
Middle East	6,807	7,403	(596)	(8.1 %)
Africa	31,351	27,855	3,496	12.6 %
Middle East & Africa	38,158	35,258	2,900	8.2 %
Total	592,123	510,998	81,125	15.9 %

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the first three-month period under review, sales decreased from the corresponding period a year ago, as affected mainly by a rebound of pre-buy demand in anticipation of the new emission controls regulations enforced in September 2017.

Americas

In North America, demand for construction equipment remained brisk, centering on the energy-related and infrastructure development sectors, and sales advanced from the corresponding period a year ago. In Latin America, sales improved, reflecting an increase in demand for construction equipment in Brazil as well as mining equipment in Chile and Peru.

Europe and CIS

In Europe, sales advanced from the corresponding period a year ago, reflecting steady demand for construction equipment, especially in Germany, a major market of the region. In CIS, sales also increased, supported by the growing demand for construction equipment, especially in LPG projects, and continued increase in demand for mining equipment centering on coal and gold mines.

China

While the rate of demand growth was slower than the corresponding period a year ago, sales increased sharply, as demand remained strong against the backdrop of good progress in infrastructure development nationwide.

Asia and Oceania

In Asia, sales expanded sharply from the corresponding period a year ago, mainly as demand remained strong for mining equipment in Indonesia, the largest market of the region, resulting from the growing price of coal. In Oceania, sales advanced from the corresponding period a year ago, supported by an increase in demand for both construction and mining equipment.

Middle East and Africa

In the Middle East, sales decreased from the corresponding period a year ago, affected by reduced demand in public works in the region as governments tightened their budgets resulting from prolonged civil war in Yemen. In Africa, sales improved from the corresponding period a year ago, supported by an increase in demand for mining equipment in South Africa.

Retail Finance

While revenues increased in North America, total revenues declined by 18.8% from the corresponding period a year ago, to JPY14.2 billion, as affected by an extraordinary factor in which Komatsu had to sell used equipment resulting from the cancellation of a leasing contract in the corresponding period a year ago in Chile. Segment profit advanced by 65.2% to JPY5.4 billion, mainly because Komatsu was able to recover some of the doubtful accounts for which it recorded allowances in FY2016 and performed a reversal of allowances for doubtful accounts in China.

Industrial Machinery and Others

For the first three-month period under review, sales increased by 6.7% from the corresponding period a year ago, to JPY41.2 billion, supported by increased sales in the Excimer laser-related and other businesses against the backdrop of strong semiconductor market conditions. Segment profit improved by 27.4% to JPY3.0 billion.

Komatsu NTC Ltd. delivered a tablet-molding machine, which uses lasers, to an automotive battery manufacturer on a trial basis in June 2018. Tablet-molding machines are used to manufacture batteries for hybrid and electric vehicles. For the coming age of EVs, Komatsu NTC is working to introduce new products by converging its and Komatsu Group's technological expertise.

In April 2018, Komatsu Industries Corp. opened a liaison office in Vietnam to strengthen its sales and service operations of industrial machines in Asia with expanding markets. Komatsu Industries also added a new branch (display center) in Thailand in June 2018.

(2) Financial Conditions

As of June 30, 2018, total assets increased by JPY108.3 billion from the previous fiscal year-end, to JPY3,480.9 billion, as the Japanese yen depreciated against the US dollar more than the previous fiscal year-end and Komatsu increased inventories to meet growing demand. Interest-bearing debt increased by JPY123.7 billion from the previous fiscal year-end, to JPY934.3 billion. Komatsu Ltd. shareholders' equity increased by JPY32.2 billion from the previous fiscal year-end, to JPY1,696.7 billion. As a result, Komatsu Ltd. shareholders' ratio decreased by 0.7 percentage points from the previous fiscal year-end, to 48.7 %.

For the first three-month period under review, although net income increased from the corresponding period a year ago, net cash used by operating activities amounted to JPY75 million, a decrease of JPY41.7 billion from the previous first three-month period, mainly due to build-up of inventory to meet growing demand and decreased notes and accounts payable as part of efforts for early settlement in Japan. Net cash used in investing activities amounted to JPY42.7 billion. This amount shows a decline of JPY263.6 billion from the corresponding period a year ago, as expenses associated with the acquisition of Joy Global Inc. were recorded for the period. Net cash provided by financing activities totaled JPY51.3 billion, due to financing the payments of taxes and cash dividends. For the corresponding period a year ago net cash provided by financing activities was JPY295.6 billion, mainly due to financing for paying the consideration of the acquisition of Joy Global Inc. After adding the effects of foreign exchange fluctuations, cash and cash equivalents, as of June 30, 2018, totaled JPY145.7 billion, an increase of JPY1.3 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2019

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

Komatsu makes no change in the projection of April 26, 2018, concerning consolidated business results for the fiscal year ending March 31, 2019, which are shown on page 2 of this report.

(4) Others

- 1) Changes in important subsidiaries during the three-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

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

Since the fiscal year ending March 31, 2019, Komatsu has adopted the Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers”. The Update requires a company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company has applied the modified retrospective approach to all contracts as of the date of adopting the Update, and reduced Retained earnings at the beginning of the fiscal year ending March 31, 2019 by JPY515 million as an adjustment of cumulative effect.

Since the fiscal year ending March 31, 2019, Komatsu has adopted the ASU 2016-01, “Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities”. The Update changes the effects of investments in equity securities owned by a company on its statement of income as well as recognized fair value of financial liabilities after the fair value option was selected. Concerning equity investments except for those that result in consolidation of the investee or those accounted for under the equity method, the Update requires, as a general rule, that they shall be measured at fair value with changes in fair value recognized in net income. The Update requires a company to use the modified retrospective approach which adjusts cumulative effect with Retained earnings at the beginning of the fiscal year when the Update is adopted. Accordingly, the Company has added to Retained earnings at the beginning of the fiscal year, an unrealized gain of JPY681 million as a cumulative effect amount after adjusting tax effects associated with available for sale securities, which the Company had recognized as Accumulated other comprehensive income.

Since the current fiscal year ending March 31, 2019, Komatsu has adopted the ASU 2016-16, “Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory”. The Update requires both seller and buyer of assets other than inventory within a corporate group to recognize the tax consequences of an intra-entity transfer as current and deferred income taxes as soon as the concerned transfer occurs. The Update requires a company to use the modified retrospective approach which adjusts cumulative effect with Retained earnings at the beginning of the fiscal year when the Update is adopted. Accordingly, the Company has reduced Retained earnings at the beginning of the fiscal year by JPY860 million as an adjusted cumulative effect amount.

Since the fiscal year ending March 31, 2019, Komatsu has adopted the ASU 2017-07, “Compensation-Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost”. The Update requires a company to divide net periodic pension cost and net periodic postretirement benefit cost into the service cost component and other components. While the former shall be presented in the same line item as other personal expenses, the latter be presented in non-operating income (expenses). Of net periodic pension cost and net periodic postretirement benefit cost, only the service cost component shall be capitalized in assets, such as inventories. The presentation change should be applied retrospectively. The capitalization change shall be applied prospectively. As a result of adopting the Update, the Company has reclassified JPY3 million in cost of sales and JPY701 million in SG&A expenses into Other income (expenses), net for the previous first three-month period. As a result, Operating income for the previous first three-month period declined JPY704 million from the amount before reclassification.

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 June 30, 2018		As of March 31, 2018	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 145,701		¥ 144,397	
Time deposits	2,088		2,460	
Trade notes and accounts receivable, net	784,518		792,714	
Inventories	797,163		730,288	
Other current assets	130,791		127,732	
Total current assets	1,860,261	53.4	1,797,591	53.3
Long-term trade receivables, net	384,522	11.1	362,367	10.8
Investments				
Investments in and advances to affiliated companies	33,546		32,879	
Investment securities	7,682		9,213	
Other	2,710		2,655	
Total investments	43,938	1.3	44,747	1.3
Property, plant and equipment - less accumulated depreciation and amortization	753,498	21.6	740,528	22.0
Goodwill	167,113	4.8	155,881	4.6
Other intangible assets - less accumulated amortization	178,000	5.1	173,215	5.1
Deferred income taxes and other assets	93,599	2.7	98,209	2.9
Total	¥ 3,480,931	100.0	¥ 3,372,538	100.0

Liabilities and Equity

Millions of yen

	As of June 30, 2018		As of March 31, 2018	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 372,206		¥ 259,093	
Current maturities of long-term debt	81,902		70,806	
Trade notes, bills and accounts payable	273,399		303,556	
Income taxes payable	26,802		66,541	
Other current liabilities	305,498		289,665	
Total current liabilities	1,059,807	30.4	989,661	29.3
Long-term liabilities				
Long-term debt	480,284		480,698	
Liability for pension and retirement benefits	85,999		86,374	
Deferred income taxes and other liabilities	77,370		72,215	
Total long-term liabilities	643,653	18.5	639,287	19.0
Total liabilities	1,703,460	48.9	1,628,948	48.3
Komatsu Ltd. shareholders' equity				
Common stock	67,870		67,870	
Capital surplus	138,301		138,450	
Retained earnings:				
Appropriated for legal reserve	45,889		45,828	
Unappropriated	1,508,879		1,491,965	
Accumulated other comprehensive income (loss)	(13,900)		(29,150)	
Treasury stock	(50,281)		(50,423)	
Total Komatsu Ltd. shareholders' equity	1,696,758	48.7	1,664,540	49.4
Noncontrolling interests	80,713	2.4	79,050	2.3
Total equity	1,777,471	51.1	1,743,590	51.7
Total	¥ 3,480,931	100.0	¥ 3,372,538	100.0

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

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended June 30, 2018		Three Months ended June 30, 2017	
		Ratio (%)		Ratio (%)
Net sales	¥ 646,060	100.0	¥ 561,211	100.0
Cost of sales	441,249	68.3	402,168	71.7
Selling, general and administrative expenses	108,901	16.9	106,748	19.0
Other operating income (expenses), net	138	0.0	(592)	(0.1)
Operating income	96,048	14.9	51,703	9.2
Other income (expenses), net				
Interest and dividend income	1,973	0.3	1,364	0.2
Interest expense	(5,423)	(0.8)	(3,572)	(0.6)
Other, net	342	0.1	(1,401)	(0.2)
Total other income (expenses)	(3,108)	(0.5)	(3,609)	(0.6)
Income before income taxes and equity in earnings of affiliated companies	92,940	14.4	48,094	8.6
Income taxes	28,023	4.3	9,504	1.7
Income before equity in earnings of affiliated companies	64,917	10.0	38,590	6.9
Equity in earnings of affiliated companies	1,098	0.2	762	0.1
Net income	66,015	10.2	39,352	7.0
Less: Net income attributable to noncontrolling interests	3,045	0.5	2,957	0.5
Net income attributable to Komatsu Ltd.	¥ 62,970	9.7	¥ 36,395	6.5
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 66.75		¥ 38.59	
Diluted	¥ 66.67		¥ 38.54	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended June 30, 2018	Three Months ended June 30, 2017
Net income	¥ 66,015	¥ 39,352
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	17,996	11,014
Net unrealized holding gains (losses) on securities available for sale	-	3,046
Pension liability adjustments	226	383
Net unrealized holding gains (losses) on derivative instruments	(1,693)	69
Total other comprehensive income (loss), for the period, net of tax	16,529	14,512
Comprehensive income (loss)	82,544	53,864
Less: Comprehensive income (loss) attributable to noncontrolling interests	3,643	3,560
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 78,901	¥ 50,304

(3) Consolidated Statements of Cash Flows

Millions of yen

	Three Months ended June 30, 2018	Three Months ended June 30, 2017
Operating activities		
Net income	¥ 66,015	¥ 39,352
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	32,920	32,828
Deferred income taxes	5,274	8,617
Impairment loss and net loss (gain) from sale of investment securities	267	97
Net loss (gain) on sale of property	(22)	(14)
Loss on disposal of fixed assets	396	462
Pension and retirement benefits, net	(693)	(2,001)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	10,881	12,143
Decrease (increase) in inventories	(51,685)	(30,337)
Increase (decrease) in trade payables	(32,010)	2,684
Increase (decrease) in income taxes payable	(39,541)	(9,917)
Other, net	8,123	(12,263)
Net cash provided by (used in) operating activities	(75)	41,651
Investing activities		
Capital expenditures	(42,045)	(43,245)
Proceeds from sale of property	2,988	9,956
Proceeds from sale of available for sale investment securities	1,664	2
Purchases of available for sale investment securities	(136)	(22)
Acquisition of subsidiaries and equity investees, net of cash acquired	(5,380)	(273,137)
Collection of loan receivables	230	3
Disbursement of loan receivables	(420)	(61)
Decrease (increase) in time deposits, net	367	160
Net cash provided by (used in) investing activities	(42,732)	(306,344)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	46,625	27,421
Payment on debt (Original maturities greater than three months)	(29,013)	(5,574)
Short-term debt, net (Original maturities three months or less)	81,637	302,074
Repayments of capital lease obligations	(19)	(12)
Sale (purchase) of treasury stock, net	(6)	78
Dividends paid	(45,301)	(27,363)
Other, net	(2,556)	(937)
Net cash provided by (used in) financing activities	51,367	295,687
Effect of exchange rate change on cash and cash equivalents	(7,256)	(245)
Net increase (decrease) in cash and cash equivalents	1,304	30,749
Cash and cash equivalents, beginning of year	144,397	119,901
Cash and cash equivalents, end of period	¥ 145,701	¥ 150,650

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

(For Three Months ended June 30, 2018)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	592,123	12,971	40,966	646,060	-	646,060
Intersegment	2,088	1,288	279	3,655	(3,655)	-
Total	594,211	14,259	41,245	649,715	(3,655)	646,060
Segment profit	88,318	5,492	3,044	96,854	(944)	95,910

(For Three Months ended June 30, 2017)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	510,998	11,984	38,229	561,211	-	561,211
Intersegment	4,065	5,568	440	10,073	(10,073)	-
Total	515,063	17,552	38,669	571,284	(10,073)	561,211
Segment profit	47,263	3,325	2,389	52,977	(682)	52,295

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.

3) From the three months ended June 30, 2018, Komatsu has adopted the Accounting Standards Update ("ASU") 2017-07, "Compensation Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Period Postretirement Benefit Cost". Accordingly, the figures for the three months ended June 30, 2017, were reclassified in accordance with ASU 2017-07.

2) Geographic Information

Net sales determined by customer location were as follows:

(For Three Months ended June 30, 2018 and 2017)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2018	81,814	233,520	89,189	55,848	147,500	38,189	646,060
FY2017	84,123	207,787	74,119	41,955	117,927	35,300	561,211

Note: * Excluding Japan and China

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

None

(end)