

Komatsu Ltd.

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**Consolidated Business Results for Nine Months of the Fiscal Year Ending
March 31, 2017 (U.S. GAAP)**

1. Results for Nine Months Ended December 31, 2016

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Nine Months ended December 31, 2016	Nine Months ended December 31, 2015	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	1,226,707	1,370,517	(143,810)	(10.5)%
Operating income	107,025	154,666	(47,641)	(30.8)%
Income before income taxes and equity in earnings of affiliated companies	103,263	153,165	(49,902)	(32.6)%
Net income attributable to Komatsu Ltd.	68,335	103,742	(35,407)	(34.1)%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 72.48	¥ 110.07	¥ (37.59)	
Diluted	¥ 72.39	¥ 109.92	¥ (37.53)	

Note: Comprehensive income for nine months ended December 31, 2016 and 2015

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

2015: 75,128 millions of yen, down 68.1% from 2014

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of December 31, 2016	As of March 31, 2016
Total assets	2,677,639	2,614,654
Total equity	1,622,523	1,587,760
Komatsu Ltd. shareholders' equity	1,551,996	1,517,414
Komatsu Ltd. shareholders' equity ratio	58.0%	58.0%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ 1,646.12	¥ 1,609.69

2. Dividends

(For the fiscal years ending March 31, 2017 and ended March 31, 2016)

Yen

	The entire FY ending March 31, 2017		The entire FY ended March 31, 2016
	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 31, 2017: None

3. Projection for the Fiscal Year Ending March 31, 2017

(From April 1, 2016 to March 31, 2017)

Millions of yen except per share amounts

	2017	
		Changes Increase (Decrease)
Net sales	1,685,000	(9.2)%
Operating income	150,000	(28.1)%
Income before income taxes and equity in earnings of affiliated companies	145,000	(29.2)%
Net income attributable to Komatsu Ltd.	92,000	(33.1)%
Net income attributable to Komatsu Ltd. Per share – Basic (Yen)	¥ 97.59	

Notes: 1) Changes in the projected consolidated business results as of January 31, 2017: 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: 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 10 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, 2016: 971,967,660 shares

As of March 31, 2016: 971,967,660 shares

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

As of December 31, 2016: 29,146,203 shares

As of March 31, 2016: 29,292,304 shares

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

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

Nine months period ended December 31, 2015: 942,501,532 shares

[Reference]

Results for Three Months Ended December 31, 2016

Millions of yen except per share amounts

	Three Months ended December 31, 2016	Three Months ended December 31, 2015	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	430,595	478,020	(47,425)	(9.9)%
Operating income	42,899	55,645	(12,746)	(22.9)%
Income before income taxes and equity in earnings of affiliated companies	45,168	55,286	(10,118)	(18.3)%
Net income attributable to Komatsu Ltd.	30,817	38,646	(7,829)	(20.3)%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 32.69	¥ 41.00	¥ (8.31)	
Diluted	¥ 32.64	¥ 40.94	¥ (8.30)	

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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 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, 2016) of the fiscal year ending March 31, 2017, consolidated net sales totaled JPY1,226.7 billion, down 10.5% from the corresponding period a year ago. In the construction, mining and utility equipment business, the nine-month sales decreased from the corresponding period a year ago, as affected by the Japanese yen's appreciation. On a local currency basis, sales increased from the corresponding period a year ago, supported by increasing demand for construction and mining equipment in China and CIS in Strategic Markets. In addition, Komatsu steadfastly captured demand for construction equipment in North America and Europe in Traditional Markets. Meanwhile, demand was sluggish in other Strategic markets, such as the Middle East and Africa. In the retail finance business, revenues decreased from the corresponding period a year ago, affected by the Japanese yen's appreciation and a decline of assets, mainly in China and Oceania. In the industrial machinery and others business, sales declined from the corresponding period a year ago, affected by reduced sales of presses and machine tools, especially to the automobile manufacturing industry.

With respect to profits, Komatsu continued to cut down fixed costs and improve selling prices. However, profits were adversely affected mainly by the Japanese yen's appreciation and changes in the geographic mix. As a result, operating income dropped by 30.8% from the corresponding period a year ago, to JPY107.0 billion. The operating income ratio translated into 8.7%, down 2.6 percentage points. Income before income taxes and equity in earnings of affiliated companies totaled JPY103.2 billion, down 32.6%. Net income attributable to Komatsu Ltd. amounted to JPY68.3 billion, down 34.1%.

[Consolidated Financial Highlights]

Millions of yen

	Nine Months ended December 31, 2016	Nine Months ended December 31, 2015	Changes Increase (Decrease)
	1USD=JPY106.5 1EUR=JPY118.5 1RMB=JPY16.0	1USD=JPY121.7 1EUR=JPY133.8 1RMB=JPY19.4	
	[A]	[B]	[(A-B)/B]
Net sales	1,226,707	1,370,517	(10.5) %
Construction, Mining and Utility Equipment	1,077,721	1,190,371	(9.5) %
Retail Finance	36,124	40,763	(11.4) %
Industrial Machinery and Others	121,249	154,456	(21.5) %
Elimination	(8,387)	(15,073)	-
Segment profit	107,837	146,978	(26.6) %
Construction, Mining and Utility Equipment	96,546	124,670	(22.6) %
Retail Finance	6,767	10,772	(37.2) %
Industrial Machinery and Others	6,449	11,993	(46.2) %
Corporate & elimination	(1,925)	(457)	-
Operating income	107,025	154,666	(30.8) %
Income before income taxes and equity in earnings of affiliated companies	103,263	153,165	(32.6) %
Net income attributable to Komatsu Ltd.	68,335	103,742	(34.1) %

Notes: 1) Komatsu has disclosed information of two operating segments of 1) Construction, Mining and Utility Equipment and 2) Industrial Machinery and Others for fiscal years up through the year ended March 31, 2016. Starting in the three months ended June 30, 2016, and after the reassessment of its management decision-making units, Komatsu has changed to three operating segments of 1) Construction, Mining and Utility Equipment, 2) Retail Finance, and 3) Industrial Machinery and Others. Accordingly, the figures for the nine months ended December 31, 2015, were reclassified and restated in agreement with the figures for the nine months ended December 31, 2016.

2) Sales and profit figures in this report show the respective sums of nine months from April 1 to December 31, 2016. 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 decreased by 9.5% from the corresponding period a year ago, to JPY1,077.7 billion. Segment profit amounted to JPY96.5 billion, down 22.6%.

Komatsu continued to promote “SMARTCONSTRUCTION”, a solutions business for construction jobsites, which it launched in Japan in February 2015. In addition to the fact that “SMARTCONSTRUCTION” complies with the standards of “i-Construction”, advocated by the Japanese government, Komatsu has also worked to provide the best possible means designed to improve the safety and productivity of customers' jobsite operations by proactively promoting open innovation. Based on this policy, Komatsu began outsourcing the 3D survey service to survey companies nationwide in September last year, and started collaboration with a supplier equipped with high-precision 3D underwater survey technology by using remote controlled boats in December.

To strengthen training capabilities for distributors in Asia, Komatsu opened “Asia Training & Demonstration Center” in Thailand in November last year. Equipped with over 20 different models of construction equipment, the Center is positioned to expand Komatsu's business in Asia by offering a wide range of applications from product and technical trainings for distributors to machine demonstrations for customers, their trials and operator training as part of sales promotion.

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

	Nine Months ended December 31, 2016	Nine Months ended December 31, 2015	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	216,511	228,858	(12,347)	(5.4) %
North America	235,775	264,007	(28,232)	(10.7) %
Latin America	146,139	165,030	(18,891)	(11.4) %
Americas	381,914	429,037	(47,123)	(11.0) %
Europe	91,594	101,076	(9,482)	(9.4) %
CIS	48,515	36,473	12,042	33.0 %
Europe & CIS	140,109	137,549	2,560	1.9 %
China	57,901	48,204	9,697	20.1 %
Asia*	131,098	147,119	(16,021)	(10.9) %
Oceania	74,092	80,746	(6,654)	(8.2) %
Asia* & Oceania	205,190	227,865	(22,675)	(10.0) %
Middle East	23,276	45,995	(22,719)	(49.4) %
Africa	47,000	61,616	(14,616)	(23.7) %
Middle East & Africa	70,276	107,611	(37,335)	(34.7) %
Total	1,071,901	1,179,124	(107,223)	(9.1) %

Notes: 1) Komatsu has disclosed information of two operating segments of 1) Construction, Mining and Utility Equipment and 2) Industrial Machinery and Others for fiscal years up through the year ended March 31, 2016. Starting in the three months ended June 30, 2016, and after the reassessment of its management decision-making units, Komatsu has changed to three operating segments of 1) Construction, Mining and Utility Equipment, 2) Retail Finance, and 3) Industrial Machinery and Others. Accordingly, the figures for the nine months ended December 31, 2015, were reclassified and restated in agreement with the figures for the nine months ended December 31, 2016.

2) * Excluding Japan and China

Komatsu's operations by region are described below.

Japan

The nine-month sales declined from the corresponding period a year ago, affected by reduced demand for new emission controls-compliant construction equipment having run its course, especially in the rental industry.

Americas

In North America, while demand was slack in the rental industry, that for construction equipment remained steady in the United States, resulting in an increase of sales, on a local currency basis, from the corresponding period a year ago. However, as the Japanese yen appreciated, the nine-month sales decreased year-on-year.

In Latin America, while demand for construction and mining equipment was sluggish, mainly in Brazil, sales of mining equipment increased, including super-large dump trucks to major mines in Peru, which improved sales, on a local currency basis, from the corresponding period a year ago. However, as the Japanese yen appreciated, the nine-month sales decreased year-on-year.

Europe & CIS

In Europe, demand was firm for construction equipment, centering on Germany, a major market of the region, and Komatsu added Lehnhoff Hartstahl GmbH, a German manufacturer of attachments, which Komatsu acquired in FY2015, to consolidated business results. The nine-month sales increased, on a local currency basis, but decreased from the corresponding period a year ago, as adversely affected by the Japanese yen's appreciation.

In CIS, the nine-month sales expanded sharply from the corresponding period a year ago, driven by a continued increase in demand for mining equipment, centering on gold mines.

China

The nine-month sales increased from the corresponding period a year ago. This was supported by continued expansion of demand for construction equipment resulting from good progress of infrastructure development nationwide.

Asia & Oceania

In Asia, infrastructure investment remained brisk in Thailand, and demand for mining equipment began to increase in Indonesia, the largest market of the region, in tandem with the growing price of coal. However, the nine-month sales in Asia decreased from the corresponding period a year ago, due to reduced sales especially in Vietnam in addition to the Japanese yen's appreciation.

In Oceania, Komatsu steadfastly captured the needs for parts and services of mining equipment. As a result, the nine-month sales increased, on a local currency basis, but declined as adversely affected by the Japanese yen's appreciation.

Middle East & Africa

In the Middle East, the nine-month sales decreased drastically from the corresponding period a year ago, affected mainly by a decline in demand for construction equipment in Gulf nations, where the governments reduced budgets against slack crude prices.

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

Retail Finance

The nine-month revenues declined by 11.4% from the corresponding period a year ago, to JPY36.1 billion, mainly affected by the Japanese yen's appreciation and a decrease in assets, especially in China and Oceania. The nine-month segment profit dropped by 37.2% from the corresponding period a year ago, to JPY6.7 billion.

Industrial Machinery and Others

The nine-month sales declined by 21.5% from the corresponding period a year ago, to JPY121.2 billion, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry and the exclusion of former Komatsu House Ltd. (currently, System House R&C Co., Ltd.) from consolidated accounting. The nine-month segment profit dropped by 46.2% from the corresponding period a year ago, to JPY6.4 billion.

Komatsu NTC Ltd. exhibited its machining centers designed to consolidate processes and achieve high efficiency and other cutting-edge machine tools for overseas automakers at "JIMTOF 2016" (the 28th Japan International Machine Tool Fair) held in November last year.

GIGAPHOTON Inc. started the construction of a new building last autumn in preparation for expanding business with an increase in manpower and space for manufacturing and warehousing. The building is scheduled for completion in June this year.

(2) Financial Conditions

As of December 31, 2016, total assets increased by JPY62.9 billion from the previous fiscal year-end, to JPY2,677.6 billion, mainly due to the Japanese yen's depreciation against the US dollar and increased inventories. Interest-bearing debt increased by JPY43.9 billion from the previous fiscal year-end, to JPY501.5 billion. Komatsu Ltd. shareholders' equity increased by JPY34.5 billion from the previous fiscal year-end, to JPY1,551.9 billion, mainly due to increases in foreign currency translation adjustments and net unrealized holding gains (losses) on securities available for sale. As a result, Komatsu Ltd. shareholders' equity ratio was 58.0%, remaining flat from the previous fiscal year-end.

For the nine-month period under review, net cash provided by operating activities totaled JPY146.5 billion, a decrease of JPY63.7 billion from the corresponding period a year ago, mainly due to net income and depreciation and amortization, while working capital increased. Net cash used in investing activities amounted to JPY94.1 billion, a decrease of JPY2.1 billion from the corresponding period a year ago, mainly due to the purchase of fixed assets. Net cash used in financing activities totaled JPY21.6 billion, mainly due to the payment of cash dividends, as compared to JPY113.0 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, 2016, totaled JPY134.0 billion, an increase of JPY27.8 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2017

(From April 1, 2016 to March 31, 2017)

Komatsu makes no change in the projection of April 27, 2016, concerning consolidated business results for the fiscal year ending March 31, 2017, which are shown on page 2 of this report.

With respect to the projection of non-consolidated business results, however, we have made changes.

For more information, please refer to the “Announcement: Revision of Projected Non-consolidated Business Results” which was announced today.

(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
 - a) Changes resulting from revisions in accounting standards, etc: Applicable
From the fiscal year ending March 31, 2017, Komatsu has adopted the Accounting Standards Update (“ASU”) 2015-16, “Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments”. This update eliminates the requirement to retrospectively account for adjustments made to provisional amounts during the measurement period recognized in a business combination. This update also requires an acquirer in a business combination to recognize the adjustment to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This adoption did not have any impact on Komatsu’s financial position and results of operations.
 - 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, 2016		As of March 31, 2016	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 134,068		¥ 106,259	
Time deposits	2,298		2,212	
Trade notes and accounts receivable, net	576,893		583,390	
Inventories	592,139		539,611	
Assets held for sale	-		13,388	
Deferred income taxes and other current assets	140,112		141,593	
Total current assets	1,445,510	54.0	1,386,453	53.0
Long-term trade receivables, net	304,064	11.3	291,923	11.2
Investments				
Investments in and advances to affiliated companies	30,418		28,123	
Investment securities	66,163		51,590	
Other	2,498		2,640	
Total investments	99,079	3.7	82,353	3.2
Property, plant and equipment				
- less accumulated depreciation and amortization	686,343	25.6	697,742	26.7
Goodwill	40,107	1.5	40,005	1.5
Other intangible assets				
- less accumulated amortization	60,423	2.3	63,056	2.4
Deferred income taxes and other assets	42,113	1.6	53,122	2.0
Total	¥ 2,677,639	100.0	¥ 2,614,654	100.0

Liabilities and Equity

Millions of yen

	As of December 31, 2016		As of March 31, 2016	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 201,576		¥ 144,552	
Current maturities of long-term debt	103,469		100,364	
Trade notes, bills and accounts payable	213,282		205,411	
Income taxes payable	9,541		29,310	
Liabilities held for sale	-		7,057	
Deferred income taxes and other current liabilities	213,358		214,200	
Total current liabilities	741,226	27.7	700,894	26.8
Long-term liabilities				
Long-term debt	196,464		212,636	
Liability for pension and retirement benefits	66,655		67,972	
Deferred income taxes and other liabilities	50,771		45,392	
Total long-term liabilities	313,890	11.7	326,000	12.5
Total liabilities	1,055,116	39.4	1,026,894	39.3
Komatsu Ltd. shareholders' equity				
Common stock	67,870		67,870	
Capital surplus	138,205		138,243	
Retained earnings:				
Appropriated for legal reserve	45,366		44,018	
Unappropriated	1,312,306		1,300,030	
Accumulated other comprehensive income (loss)	39,414		18,667	
Treasury stock	(51,165)		(51,414)	
Total Komatsu Ltd. shareholders' equity	1,551,996	58.0	1,517,414	58.0
Noncontrolling interests	70,527	2.6	70,346	2.7
Total equity	1,622,523	60.6	1,587,760	60.7
Total	¥ 2,677,639	100.0	¥ 2,614,654	100.0

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

Nine months ended December 31, 2016 and 2015

Consolidated Statements of Income

Millions of yen except per share amounts

	Nine Months ended December 31, 2016		Nine Months ended December 31, 2015	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,226,707	100.0	¥ 1,370,517	100.0
Cost of sales	875,614	71.4	970,106	70.8
Selling, general and administrative expenses	243,256	19.8	253,433	18.5
Other operating income (expenses), net	(812)	(0.1)	7,688	0.6
Operating income	107,025	8.7	154,666	11.3
Other income (expenses), net				
Interest and dividend income	2,602	0.2	2,826	0.2
Interest expense	(5,692)	(0.5)	(6,853)	(0.5)
Other, net	(672)	(0.1)	2,526	0.2
Total other income (expenses)	(3,762)	(0.3)	(1,501)	(0.1)
Income before income taxes and equity in earnings of affiliated companies	103,263	8.4	153,165	11.2
Income taxes	35,189	2.9	46,984	3.4
Income before equity in earnings of affiliated companies	68,074	5.5	106,181	7.7
Equity in earnings of affiliated companies	2,845	0.2	1,904	0.1
Net income	70,919	5.8	108,085	7.9
Less: Net income attributable to noncontrolling interests	2,584	0.2	4,343	0.3
Net income attributable to Komatsu Ltd.	¥ 68,335	5.6	¥ 103,742	7.6
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 72.48		¥ 110.07	
Diluted	¥ 72.39		¥ 109.92	

Consolidated Statements of Comprehensive Income

Millions of yen

	Nine Months ended December 31, 2016	Nine Months ended December 31, 2015
Net income	¥ 70,919	¥ 108,085
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	11,773	(24,592)
Net unrealized holding gains (losses) on securities available for sale	9,624	(10,177)
Pension liability adjustments	1,700	1,344
Net unrealized holding gains (losses) on derivative instruments	(1,955)	468
Total	21,142	(32,957)
Comprehensive income (loss)	92,061	75,128
Less: Comprehensive income (loss) attributable to noncontrolling interests	2,979	1,954
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 89,082	¥ 73,174

Three months ended December 31, 2016 and 2015

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended December 31, 2016		Three Months ended December 31, 2015	
		Ratio (%)		Ratio (%)
Net sales	¥ 430,595	100.0	¥ 478,020	100.0
Cost of sales	306,066	71.1	344,685	72.1
Selling, general and administrative expenses	80,928	18.8	84,760	17.7
Other operating income (expenses), net	(702)	(0.2)	7,070	1.5
Operating income	42,899	10.0	55,645	11.6
Other income (expenses), net				
Interest and dividend income	999	0.2	940	0.2
Interest expense	(1,843)	(0.4)	(1,980)	(0.4)
Other, net	3,113	0.7	681	0.1
Total other income (expenses)	2,269	0.5	(359)	(0.1)
Income before income taxes and equity in earnings of affiliated companies	45,168	10.5	55,286	11.6
Income taxes	14,030	3.3	15,690	3.3
Income before equity in earnings of affiliated companies	31,138	7.2	39,596	8.3
Equity in earnings of affiliated companies	1,033	0.2	707	0.1
Net income	32,171	7.5	40,303	8.4
Less: Net income attributable to noncontrolling interests	1,354	0.3	1,657	0.3
Net income attributable to Komatsu Ltd.	¥ 30,817	7.2	¥ 38,646	8.1
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 32.69		¥ 41.00	
Diluted	¥ 32.64		¥ 40.94	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended December 31, 2016	Three Months ended December 31, 2015
Net income	¥ 32,171	¥ 40,303
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	121,995	(6,079)
Net unrealized holding gains (losses) on securities available for sale	8,509	(1,200)
Pension liability adjustments	520	402
Net unrealized holding gains (losses) on derivative instruments	(2,250)	133
Total	128,774	(6,744)
Comprehensive income (loss)	160,945	33,559
Less: Comprehensive income (loss) attributable to noncontrolling interests	9,181	2,024
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 151,764	¥ 31,535

(3) Consolidated Statements of Cash Flows

Millions of yen

	Nine Months ended December 31, 2016	Nine Months ended December 31, 2015
Operating activities		
Net income	¥ 70,919	¥ 108,085
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	77,367	82,571
Deferred income taxes	5,855	4,843
Impairment loss and net loss (gain) from sale of investment securities	(173)	(3,700)
Net loss (gain) on sale of property	(592)	(8,885)
Loss on disposal of fixed assets	1,504	1,663
Pension and retirement benefits, net	2,131	934
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	8,434	16,449
Decrease (increase) in inventories	(39,237)	26,225
Increase (decrease) in trade payables	7,319	(30,511)
Increase (decrease) in income taxes payable	(19,495)	(20,308)
Other, net	32,559	32,964
Net cash provided by (used in) operating activities	146,591	210,330
Investing activities		
Capital expenditures	(107,997)	(123,281)
Proceeds from sale of property	13,926	24,405
Proceeds from sale of available for sale investment securities	602	5,125
Purchases of available for sale investment securities	(107)	(370)
Proceeds from sale of subsidiaries and equity investees, net of cash disposed	5,485	-
Acquisition of subsidiaries and equity investees, net of cash acquired	(5,905)	(796)
Collection of loan receivables	9	207
Disbursement of loan receivables	(64)	-
Decrease (increase) in time deposits, net	(62)	(1,549)
Net cash provided by (used in) investing activities	(94,113)	(96,259)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	109,443	106,828
Payment on debt (Original maturities greater than three months)	(112,344)	(173,366)
Short-term debt, net (Original maturities three months or less)	38,299	12,398
Repayments of capital lease obligations	(42)	(533)
Sale (purchase) of treasury stock, net	35	67
Dividends paid	(54,711)	(54,696)
Other, net	(2,326)	(3,724)
Net cash provided by (used in) financing activities	(21,646)	(113,026)
Effect of exchange rate change on cash and cash equivalents	(3,023)	(2,148)
Net increase (decrease) in cash and cash equivalents	27,809	(1,103)
Cash and cash equivalents, beginning of year	106,259	105,905
Cash and cash equivalents, end of period	¥ 134,068	¥ 104,802

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Nine Months ended December 31, 2016 and 2015

(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

(For Nine Months ended December 31, 2015)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,179,124	38,510	152,883	1,370,517	-	1,370,517
Intersegment	11,247	2,253	1,573	15,073	(15,073)	-
Total	1,190,371	40,763	154,456	1,385,590	(15,073)	1,370,517
Segment profit	124,670	10,772	11,993	147,435	(457)	146,978

Three Months ended December 31, 2016 and 2015

(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

(For Three Months ended December 31, 2015)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	412,123	12,661	53,236	478,020	-	478,020
Intersegment	5,351	789	436	6,576	(6,576)	-
Total	417,474	13,450	53,672	484,596	(6,576)	478,020
Segment profit	41,441	3,233	4,460	49,134	(559)	48,575

Notes: 1) Komatsu has disclosed information of two operating segments of 1) Construction, Mining and Utility Equipment and 2) Industrial Machinery and Others for fiscal years up through the year ended March 31, 2016. Starting in the three months ended June 30, 2016, and after the reassessment of its management decision-making units, Komatsu has changed to three operating segments of 1) Construction, Mining and Utility Equipment, 2) Retail Finance, and 3) Industrial Machinery and Others. Accordingly, the figures for the nine and three months ended December 31, 2015, were reclassified and restated in agreement with the figures for the nine and three months ended December 31, 2016.

2) 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

3) 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, 2016 and 2015

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2016	273,720	421,341	151,456	78,496	231,349	70,345	1,226,707
FY2015	297,330	486,266	149,540	72,125	257,318	107,938	1,370,517

For Three Months ended December 31, 2016 and 2015

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2016	100,670	144,757	49,990	27,091	84,563	23,524	430,595
FY2015	110,687	179,329	48,226	23,310	84,238	32,230	478,020

Note: * Excluding Japan and China

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

None

(end)