

**Komatsu Ltd.**

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**Consolidated Business Results for the Fiscal Year Ended March 31, 2016 (U.S. GAAP)**

**1. Results for the Fiscal Year Ended March 31, 2016**

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

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

Millions of yen except per share amounts

	2016	2015	Changes	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	<b>1,854,964</b>	1,978,676	(123,712)	(6.3)%
Operating income	<b>208,577</b>	242,062	(33,485)	(13.8)%
Income before income taxes and equity in earnings of affiliated companies	<b>204,881</b>	236,074	(31,193)	(13.2)%
Net income attributable to Komatsu Ltd.	<b>137,426</b>	154,009	(16,583)	(10.8)%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	<b>¥ 145.80</b>	¥ 162.07	¥ (16.27)	
Diluted	<b>¥ 145.61</b>	¥ 161.86	¥ (16.25)	
Return on equity	<b>9.0%</b>	10.6%	(1.6)%	
Return on total assets	<b>7.6%</b>	8.7%	(1.1)%	
Return on sales	<b>11.2%</b>	12.2%	(1.0)%	

Notes: 1) Comprehensive income:

2016: 42,570 millions of yen, down 82.9% from 2015

2015: 249,335 millions of yen, up 1.5% from 2014

2) Equity in earnings of affiliated companies:

2016: 1,973 millions of yen

2015: 3,869 millions of yen

3) Return on equity is calculated by using net income attributable to Komatsu Ltd. and total Komatsu Ltd. shareholders' equity.

4) Return on total assets is calculated by using income before income taxes and equity in earnings of affiliated companies.

5) Return on sales is calculated by using operating income.

(2) Consolidated Financial Position

(As of March 31, 2016 and 2015)

Millions of yen except per share amounts

	2016	2015
Total assets	<b>2,614,654</b>	2,798,407
Total equity	<b>1,587,760</b>	1,598,500
Komatsu Ltd. shareholders' equity	<b>1,517,414</b>	1,528,966
Komatsu Ltd. shareholders' equity ratio	<b>58.0%</b>	54.6%
Komatsu Ltd. shareholders' equity per share (Yen)	<b>¥ 1,609.69</b>	¥ 1,622.48

(3) Consolidated Cash Flows

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

Millions of yen

	2016	2015
Net cash provided by (used in) operating activities	<b>319,634</b>	343,654
Net cash provided by (used in) investing activities	<b>(148,642)</b>	(181,793)
Net cash provided by (used in) financing activities	<b>(173,079)</b>	(143,983)
Cash and cash equivalents, end of year	<b>106,259</b>	105,905

**2. Dividends**

(For the fiscal years ended March 31, 2016 and 2015, and ending March 31, 2017)

	2016	2015	2017 Projections
Cash dividends per share (Yen)			
Interim	<b>29.00</b>	29.00	<b>29.00</b>
Year-end	<b>29.00</b>	29.00	<b>29.00</b>
Total	<b>58.00</b>	58.00	<b>58.00</b>
Annual dividends (Millions of yen)	<b>54,704</b>	55,010	-
Payout ratio (Consolidated basis) (%)	<b>39.8%</b>	35.8%	<b>59.4%</b>
Dividends as percentage of equity (Consolidated basis) (%)	<b>3.6%</b>	3.8%	-

### 3. Projections 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	<b>1,685,000</b>	(9.2) %
Operating income	<b>150,000</b>	(28.1) %
Income before income taxes and equity in earnings of affiliated companies	<b>145,000</b>	(29.2) %
Net income attributable to Komatsu Ltd.	<b>92,000</b>	(33.1) %
Net income attributable to Komatsu Ltd. per share (basic) (Yen)	<b>¥ 97.59</b>	

Notes: 1) Percentages shown above represent the rates of change compared with the corresponding periods a year ago.

2) Refer to “Management Performance and Financial Conditions” for preconditions of the projections above and other related issues.

### 4. Others

(1) Changes in important subsidiaries during the year under review: None

(2) Changes in accounting standards, procedures and presentations

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

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

Note: See “Basis of Consolidated Financial Statements” on page 24 for more details.

(3) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) as of March 31 were as follows:

2016: 971,967,660 shares

2015: 971,967,660 shares

2) The numbers of shares of treasury as of March 31 were as follows:

2016: 29,292,304 shares

2015: 29,602,836 shares

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

2016: 942,538,069 shares

2015: 950,276,336 shares

Note: See “Net Income per Share” on page 26 for the number of common shares, which was used as the basis for calculating the amount of net income attributable to Komatsu Ltd. per share.

[Reference]

**Financial Highlights of Komatsu Ltd. (“Company”)**

The following financial information is prepared based on the non-consolidated financial results of the Company in accordance with generally accepted accounting principles and practices in Japan.

**1. Results for the Fiscal Year Ended March 31, 2016**

(1) Non-Consolidated Financial Highlights

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

Millions of yen except per share amounts

	2016	2015	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	<b>692,482</b>	789,867	(97,384)	(12.3) %
Ordinary profit	<b>78,629</b>	164,446	(85,816)	(52.2) %
Net income	<b>75,756</b>	134,434	(58,678)	(43.6) %
Net income per share (Yen)				
Basic	¥ <b>80.33</b>	¥ 141.39	¥ (61.06)	
Diluted	¥ <b>80.23</b>	¥ 141.20	¥ (60.97)	

(2) Non-Consolidated Financial Position

(As of March 31, 2016 and 2015)

Millions of yen except per share amounts

	2016	2015
Total assets	<b>1,137,971</b>	1,213,401
Net assets	<b>744,523</b>	736,118
Equity ratio (%)	<b>65.2%</b>	60.4%
Net assets per share (Yen)	¥ <b>786.65</b>	¥ 777.51

Note: Shareholders' equity: 2016: 741,983 million yen 2015: 733,136 million yen

**2. Projections 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	<b>617,000</b>	(10.9) %
Ordinary profit	<b>46,000</b>	(41.5) %
Net income	<b>42,000</b>	(44.6) %
Net income per share (basic) (Yen)	¥ <b>44.53</b>	

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

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## Management Performance and Financial Conditions

### (1) Outline of Operations and Business Results

For the fiscal year under review (April 1, 2015 – March 31, 2016), consolidated net sales totaled JPY 1,854.9 billion, down 6.3% from the previous fiscal year. In the construction, mining and utility equipment business, while Komatsu steadfastly captured demand for construction equipment in North America, sales decreased from the previous fiscal year, as affected by declining sales of mining equipment against the backdrop of slack demand as well as drastically reduced demand in China and other emerging countries. In the industrial machinery and others business, while GIGAPHOTON INC. expanded sales, supported by stable machine utilization of the semiconductor industry, overall sales declined from the previous fiscal year.

With respect to profits, as the Japanese yen depreciated particularly against the U.S. dollar, Komatsu continued to promote structural reforms on a global scale and reduced fixed costs in response to changing demand for construction and mining equipment. However, operating income decreased by 13.8% from the previous fiscal year, to JPY 208.5 billion, as affected by reduced volume of sales of the construction, mining and utility equipment business. The operating income ratio translated into 11.2%, down 1.0 percentage point. Income before income taxes and equity in earnings of affiliated companies totaled JPY 204.8 billion, down 13.2%. Net income attributable to Komatsu Ltd. amounted to JPY 137.4 billion, down 10.8%.

[Consolidated Financial Highlights]

Millions of yen

	<b>2016</b> USD1=JPY120.8 EUR1=JPY132.4 RMB1=JPY19.0	2015 USD1=JPY109.7 EUR1=JPY139.6 RMB1=JPY17.7	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	<b>1,854,964</b>	1,978,676	(6.3) %
Construction, Mining and Utility Equipment	<b>1,641,042</b>	1,763,423	(6.9) %
Industrial Machinery and Others	<b>220,165</b>	221,517	(0.6) %
Elimination	<b>(6,243)</b>	(6,264)	-
Segment profit	<b>202,058</b>	240,977	(16.2) %
Construction, Mining and Utility Equipment	<b>184,168</b>	227,272	(19.0) %
Industrial Machinery and Others	<b>19,386</b>	16,257	19.2 %
Corporate & elimination	<b>(1,496)</b>	(2,552)	-
Operating income	<b>208,577</b>	242,062	(13.8) %
Income before income taxes and equity in earnings of affiliated companies	<b>204,881</b>	236,074	(13.2) %
Net income attributable to Komatsu Ltd.	<b>137,426</b>	154,009	(10.8) %

Note: 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**

Sales of the construction, mining and utility equipment business amounted to JPY 1,641.0 billion, down 6.9% from the previous fiscal year. Segment profit declined by 19.0% to JPY 184.1 billion.

With respect to “SMARTCONSTRUCTION”, a solutions business for construction jobsites, which

Komatsu launched in Japan in February last year, Komatsu has achieved good grasp of all areas of the jobsites in 3D data by using “KomConnect”, a cloud platform, which began service in September last year, and by installing “stereo cameras” on intelligent Machine Control construction equipment. As a result, Komatsu steadily increased deployment of SMARTCONSTRUCTION to more construction sites. In addition to broadening the range of its intelligent Machine Control models, Komatsu began their market introduction to Australia, following Japan, North America and Europe.

With respect to products designed to comply with new emission standards (such as Tier 4 Final in the United States), which have been introduced steadily in Japan, North America and Europe since 2014, Komatsu has developed a total of 33 models and worked to expand their sales.

Against the backdrop of dropping demand for new construction and mining equipment, Komatsu steadfastly capitalized on aftermarket demand, and achieved the record-high sales of spare parts for the year under review, renewing the previous record-high figure a year ago. To reinforce its business in Asia with a big growth potential, Komatsu opened a new plant for hydraulic excavators in India in May last year and began operation at a new manufacturing subsidiary in Myanmar in August last year, which remanufactures components of construction and mining equipment and manufactures generators.

[Sales of Construction, Mining and Utility Equipment by Region]

Millions of yen

	2016	2015	Changes Increase(Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	<b>309,908</b>	330,573	(20,665)	(6.3) %
North America* <sup>1</sup>	<b>400,395</b>	325,851	74,544	22.9 %
Latin America* <sup>1</sup>	<b>219,465</b>	270,143	(50,678)	(18.8) %
Americas	<b>619,860</b>	595,994	23,866	4.0 %
Europe	<b>141,668</b>	148,294	(6,626)	(4.5) %
CIS	<b>47,766</b>	54,317	(6,551)	(12.1) %
Europe & CIS	<b>189,434</b>	202,611	(13,177)	(6.5) %
China	<b>74,641</b>	110,220	(35,579)	(32.3) %
Asia* <sup>2</sup>	<b>190,789</b>	212,380	(21,591)	(10.2) %
Oceania	<b>112,612</b>	137,014	(24,402)	(17.8) %
Asia* <sup>2</sup> & Oceania	<b>303,401</b>	349,394	(45,993)	(13.2) %
Middle East	<b>58,697</b>	60,814	(2,117)	(3.5) %
Africa	<b>82,469</b>	111,785	(29,316)	(26.2) %
Middle East & Africa	<b>141,166</b>	172,599	(31,433)	(18.2) %
Total	<b>1,638,410</b>	1,761,391	(122,981)	(7.0) %

\*<sup>1</sup> Along with the acquisition of a distributor in Mexico, a part of sales in Mexico was reclassified from “North America” into “Latin America”, starting in the fiscal year under review. Please note that the sales of the previous fiscal year were restated according to the reclassification.

\*<sup>2</sup> Excluding Japan and China

Komatsu’s operations by region are described below.

### Japan

While demand for utility equipment expanded temporarily before new emission standards become effective, demand for hydraulic excavators dropped sharply in rental companies. As a result, sales declined from the previous fiscal year.

**Americas**

In North America, while demand for equipment remained slack in the mining industry and the energy sector, it increased firmly in the U.S. residential construction and infrastructure development sectors, including highway construction. As a result, sales advanced from the previous fiscal year.

In Latin America, demand for mining equipment remained sluggish and that for construction equipment was slack in Brazil. As a result, sales decreased from the previous fiscal year.

**Europe & CIS**

In Europe, while sales advanced in tandem with growth of demand, the Japanese yen further appreciated. As a result, sales declined from the previous fiscal year.

In CIS, Komatsu advanced sales of mining equipment. However, sales declined from the previous fiscal year, as adversely affected by reduced demand for construction equipment and the Russian ruble's depreciation.

**China**

While demand increased somewhat after Chinese New Year in February 2016 partly due to reinforced emission control regulations, economic measures to underpin the economy, such as monetary easing, of the Chinese government fell short of bringing about clear outcomes from sluggish demand for construction equipment. As a result, sales fell sharply from the previous fiscal year.

**Asia & Oceania**

While Komatsu was able to capture demand in India and some other countries, demand remained sluggish in Indonesia, the largest market of the region. As a result, sales declined from the previous fiscal year.

In Oceania, sales declined, as demand for mining equipment remained sluggish.

**Middle East & Africa**

In the Middle East, while Komatsu capitalized on demand in infrastructure development projects in some Gulf nations, such as Oman and Qatar, demand remained slack in Saudi Arabia, a major market of the region, as mainly affected by falling crude prices. As a result, sales decreased from the previous fiscal year.

In Africa, sales decreased from the previous fiscal year, as adversely affected by a drop in demand for mining equipment in South Africa, the major market of the region.

**Industrial Machinery and Others**

While GIGAPHOTON INC. advanced sales, supported by stable machine utilization of the semiconductor industry, sales of presses declined. As a result, total sales decreased by 0.6% from the previous fiscal year, to JPY 220.1 billion. Segment profit increased by 19.2% from the previous fiscal year, to JPY 19.3 billion.

To further enhance the competitiveness of its industrial machinery business, Komatsu restructured it to streamline operations from development and production to sales and service by consolidating the machine tools unit in the Toyama area and the sheet-metal and press machines unit in the Ishikawa area in October last year.

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

**[Projections for the Fiscal Year Ending March 31, 2017]**

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

In April this year, Komatsu started a new three-year, mid-range management plan, "Together We Innovate GEMBA Worldwide: Growth Toward Our 100<sup>th</sup> Anniversary (2021) and Beyond"\*. While Komatsu is going



to concert efforts to accelerate the speed of growth especially by expanding IoT (Internet of Things) applications, it projects a decline in both consolidated sales and profits for the fiscal year, ending March 31, 2017, as follows.

In the construction, mining and utility equipment business, while Komatsu will receive benefits from new consolidated subsidiaries, including a distributor in Mexico, which it acquired in FY2015, it projects a decline in both sales and profit, affected by the effects of the Japanese yen's appreciation and decreasing demand for construction and mining equipment.

In the retail finance business, a new operating segment starting next fiscal year, Komatsu also projects a decline in both revenues and profit, reflecting decreasing assets especially in China and Oceania as well as the effects of the Japanese yen's appreciation.

In the industrial machinery and others business, although Komatsu expects steady sales of presses and machine tools, both sales and profit will decline, as it will sell Komatsu House Ltd., a wholly owned subsidiary.

As preconditions for our projection, we are assuming the foreign exchange rates as follows: USD1=JPY105, EUR1=JPY119 and RMB1=JPY16.2.

\*Refer to the Management Policy, which begins on page 14, for the outline of the new mid-range management plan.

[Projections]

Millions of yen

	2017 Projection [A] USD1=JPY105.0 EUR1=JPY119.0 RMB1=JPY16.2	2016 Results [B] USD1=JPY120.8 EUR1=JPY132.4 RMB1=JPY19.0	Changes Increase (Decrease) [(A-B)/(B)]
Net sales	1,685,000	1,854,964	(9.2) %
Construction, Mining and Utility Equipment	1,445,000	1,602,046	(9.8) %
Retail Finance	43,000	53,941	(20.3) %
Industrial Machinery and Others	212,000	220,165	(3.7) %
Elimination	(15,000)	(21,188)	-
Segment profit	155,000	202,058	(23.3) %
Construction, Mining and Utility Equipment	129,000	169,001	(23.7) %
Retail Finance	11,000	13,321	(17.4) %
Industrial Machinery and Others	18,000	19,386	(7.1) %
Corporate & elimination	(3,000)	350	-
Operating income	150,000	208,577	(28.1) %
Income before income taxes and equity in earnings of affiliated companies	145,000	204,881	(29.2) %
Net income attributable to Komatsu Ltd.	92,000	137,426	(33.1) %

Note: Komatsu has disclosed information of two operating segments of 1) Construction, Mining and Utility Equipment and 2) Industrial Machinery and Others up through the fiscal year ended March 31, 2016. Starting in the fiscal year, ending March 31, 2017, and after the reassessment of its management decision-making units, Komatsu is changing 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 fiscal year, ended March 31, 2016, were reclassified and restated in agreement with the figures for the fiscal year, ending March 31, 2017.

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

## (2) Financial Conditions

As of March 31, 2016, total assets decreased by JPY 183.7 billion from the previous fiscal year-end, to JPY 2,614.6 billion, mainly due to the Japanese yen's appreciation against the U.S. dollar, euro, renminbi and some other currencies as well as reduced inventories from the previous fiscal-year end. Interest-bearing debt decreased by JPY 131.5 billion from the previous fiscal year-end, to JPY 457.5 billion, mainly due to effective use of funds within the Komatsu Group. Komatsu Ltd. shareholders' equity decreased by JPY 11.5 billion from the previous fiscal year-end, to JPY 1,517.4 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 3.4 percentage points from the previous fiscal year-end, to 58.0%. Net debt-to-equity ratio\* was 0.23, compared to 0.32 as of the previous fiscal year-end.

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

For the fiscal year under review, net cash provided by operating activities totaled JPY 319.6 billion, a decrease of JPY 24.0 billion from the previous fiscal year, mainly due to reduced inventories in addition to net income of JPY 143.1 billion. Net cash used in investing activities amounted to JPY 148.6 billion, a decrease of JPY 33.1 billion from the previous fiscal year, mainly due to the purchase of fixed assets. Net cash used in financing activities totaled JPY 173.0 billion, mainly due to the repayment of debt and payment of cash dividends, as compared to JPY 143.9 billion used for the previous fiscal year. After adding the effects of foreign exchange fluctuations, cash and cash equivalents, as of March 31, 2016, totaled JPY 106.2 billion, an increase of JPY 0.3 billion from the previous fiscal year-end.

[Trends of Financial Conditions Indicators]

(Fiscal years ended March 31, 2016, 2015 and 2014)

	2016	2015	2014
Komatsu Ltd. shareholders' equity ratio (%)	58.0	54.6	51.9
Komatsu Ltd. shareholders' equity ratio at aggregate market value (%)	69.1	79.6	76.9
Years of debt redemption	1.4	1.7	1.9

\* Komatsu Ltd. shareholders' equity ratio: Komatsu Ltd. shareholders' equity/Total assets

\* Komatsu Ltd. shareholders' equity ratio at aggregate market value: Aggregate market value of outstanding shares of common stock/Total assets

\* Years of debt redemption: Interest-bearing debt/Net cash provided by operating activities

## (3) Basic Policy for Redistribution of Profits and Dividends for the Fiscal Year under Review and Next Fiscal Year

Komatsu is building a sound financial position as well as flexible and agile corporate strengths to increase its corporate value. Concerning the policy for cash dividends to shareholders, the Company redistributes profits by considering consolidated business results and continues to pay stable dividends.

Concerning the year-end cash dividend from surplus funds, the Company is planning to pay JPY 29 per share in accordance with its policy of redistribution which sets the goal of a consolidated payout ratio of 30% or higher and no decrease of dividends, as long as the consolidated payout ratio does not surpass 50%.

The Company has determined the dividend amount based on this policy and by reviewing the business results for the fiscal year under review, as well as current and future business prospects. (This dividend amount will be proposed to the 147th ordinary general meeting of shareholders scheduled for June 22, 2016.)

Annual cash dividends for the year under review, including the interim dividend of JPY 29 per share, amount to JPY 58 per share (the same amount for the previous fiscal year). This amount translates into a consolidated payout ratio of 39.8%.

Regarding annual cash dividends for the fiscal year ending March 31, 2017, the Company plans to set them at JPY 58 per share, the same amount for the fiscal year ended March 31, 2016. In its new mid-range management plan, “Together We Innovate GEMBA Worldwide: Growth Toward Our 100<sup>th</sup> Anniversary (2021) and Beyond”\*, which began in April this year, the Company has revised the policy of redistribution, setting the goal of a consolidated payout ratio of 40% or higher and no decrease of dividends, as long as the consolidated payout ratio does not surpass 60%.

\*Refer to the Management Policy, which begins on page 14, for the outline of the new mid-range management plan.

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**Cautionary Statement**

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects" and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

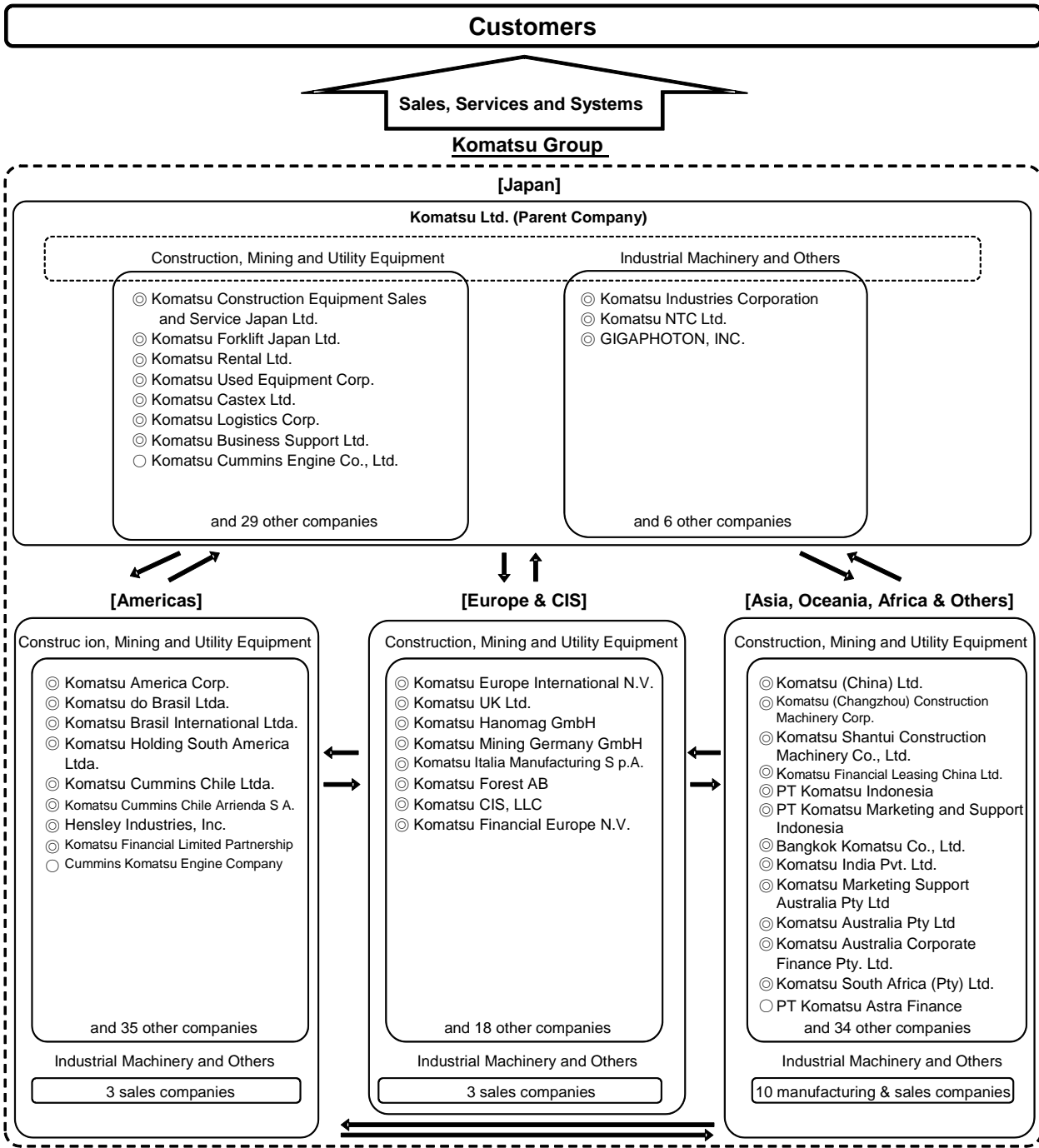
Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

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<b>Business Categories and Principal Products &amp; Services</b>	
<b>Construction, Mining and Utility Equipment</b>	
Excavating Equipment	Hydraulic excavators, mini excavators and backhoe loaders
Loading Equipment	Wheel loaders, mini wheel loaders and skid steer loaders
Grading and Roadbed Preparation Equipment	Bulldozers, motor graders and vibratory rollers
Hauling Equipment	Off-highway dump trucks, articulated dump trucks and crawler carriers
Forestry Equipment	Harvesters, forwarders and feller-bunchers
Tunneling Machines	Shield machines, tunnel-boring machines and small-diameter pipe jacking machines
Recycling Equipment	Mobile debris crushers, mobile soil recyclers and mobile tub grinders
Industrial Vehicles	Forklift trucks
Other Equipment	Railroad maintenance equipment
Engines and Components	Diesel engines, diesel generator sets and hydraulic equipment
Casting Products	Steel castings and iron castings
Logistics	Packing, warehousing and transport
<b>Industrial Machinery and Others</b>	
Metal Forging and Stamping Presses	Servo and mechanical presses
Sheet-Metal Machines	Laser cutting machines, fine-plasma cutting machines, press brakes and shears
Machine Tools	Transfer machines, machining centers, crankshaft millers, grinding machines and wire saws
Defense Systems	Ammunition and armored personnel carriers
Temperature-control equipment	Thermoelectric modules and temperature-control equipment for semiconductor manufacturing
Others	Commercial-use prefabricated structures and excimer laser for lithography tools in semiconductor manufacturing

**Komatsu Group (Chart)**

(As of March 31, 2016)



[Legend Symbols]

- ◎ Consolidated Subsidiaries
- Affiliated Companies Accounted for by the Equity Method

→ Supply of Products & Components

## Management Policy

### (1) Basic Management Policy

The cornerstone of Komatsu's management principles is to maximize its corporate value through commitment to Quality and Reliability. Komatsu believes its corporate value is the total sum of trust given to Komatsu by society and all stakeholders. Based on this belief, Komatsu is further strengthening its corporate governance to ensure sound and transparent management, while improving management efficiency. Komatsu will also ensure all employees share The KOMATSU Way and continue to constantly address the fundamentals of safety, environmental conservation, compliance and quality assurance. In addition to improving its business performance, Komatsu will facilitate both the development of corporate strengths and the achievement of social responsibility in a well-balanced manner.

### (2) Mid to Long-Range Management Plan, Indicators and Issues Ahead

For three years from April 2013 to March 2016, Komatsu worked on the “Together We Innovate GEMBA Worldwide” mid-range management plan designed to drive its own growth by innovating customers’ Gemba (workplace). In this period, demand for construction and mining equipment continued to drop drastically since FY2014, as adversely affected by slowing growth of emerging countries and sluggish prices of commodities, such as crude oil. In particular, demand for mining equipment has dropped to about one third from FY2012. Demand down turned sharply from our projection of a slight increase in three years, when we developed the plan. However, we diligently carried out focused efforts with no change, as we placed “sowing the seeds for future growth” in the center of the basic policy of the plan. We also promoted a business model designed to appeal customers’ comprehensive merits, including reduced lifecycle costs of their machines, while making continuous efforts to cut down production and fixed costs and improve selling prices. As a result, we maintained top-level profitability of the industry.

We project that demand for construction and mining equipment will remain standing still for a while, as it has stayed in an adjustment phase, centering on Strategic Markets. However, we understand that it will grow in the long term, reflecting the growth of the global population and urbanization rate. Concerning demand for industrial machinery, we expect that it will grow firmly in a few years, albeit with small changes, as we can look forward to an increase of facilities investment in the automobile and semiconductor manufacturing industries, our main clients. To welcome our 100<sup>th</sup> anniversary in 2021 and continue to grow beyond 2021, we launched the new three-year (FY2016 – FY2018) mid-range management plan, “Together We Innovate GEMBA Worldwide: Growth Toward Our 100<sup>th</sup> Anniversary (2021) and Beyond” in April this year.

The new mid-range management plan continues to center on 1) Growth strategies based on innovation, 2) Growth strategies of existing businesses, and 3) Structural reforms designed to reinforce the business foundation. In this framework, we will strive to accelerate growth by not only working to sow the seeds for future growth, but also taking further advantage of our group-wide strength of IoT (Internet of Things), even while demand for construction and mining equipment will remain sluggish. With our IoT commitment, including the KOMTRAX (Komatsu Machine Tracking System), SMARTCONSTRUCTION, Autonomous Haulage System (AHS) and KOM-MICS (Komatsu Manufacturing Innovation Cloud System), we will work to connect customers’ and distributors’ workplaces as well as our production workplaces, including suppliers. In this manner, we will strive to improve safety and productivity of all workplaces and become an indispensable partner of our customers with a greater degree of their dependence on us more than ever before.

We are going to separate the retail finance business as a new independent operating segment in order to increase the transparency of the financial position of the retail finance business. We will further

develop the retail finance business which originally applies information about machine operations and locations via KOMTRAX to crediting.

In the final three years, we reduced our debt of all operations, except for the retail finance business, as planned. Concerning the future use of funds, we will further consider the redistribution of profits to shareholders, including stock buybacks, while keeping investment for growth in the center. Specifically, we have set the policy of a consolidated payout ratio of 40% or higher and no decrease of dividends, as long as the consolidated payout ratio does not surpass 60%

The cornerstone of Komatsu's management lies in commitment to Quality and Reliability and maximization of its corporate value. We at Komatsu define our corporate value as the total sum of trust given to us by society and all stakeholders. In this new mid-range management plan as well, all of us at the Komatsu Group will work to improve business performance, further strengthen our corporate foundation and achieve our social mission in a well-balanced manner, as we make teamwork efforts in the following focused activities by sharing The KOMATSU Way and paying more attention to ESG (Environment, Society and Governance).

■ Markets as Positioned by Komatsu

Traditional Markets	Japan, North America and Europe
Strategic Markets	China, Latin America, Asia, Oceania, Africa, Middle East and CIS

【 Targets】

We have newly added Growth to the previous targets of Profitability, Efficiency, Redistribution of Profits to Shareholders and Financial position. Retail finance business as an independent operating segment, has set its own targets in light of management efficiency and financial position.

Growth	Aim at a growth rate above the industry's average.
Profitability	Aim at an Industry's top-level operating income ratio.
Efficiency	Aim at 10%-level ROE.
Shareholder return	<ol style="list-style-type: none"> <li>1. Keep a fair balance between investment for growth and shareholder return (incl. stock buyback), while placing main priority on investment.</li> <li>2. Set the goal of a consolidated payout ratio of 40% or higher, and maintain the policy of not decreasing dividends as long as the ratio does not surpass 60%.</li> </ol>
Financial position	Aim at industry's top-level financial position.

Retail finance business	<ol style="list-style-type: none"> <li>1. ROA: 2.0% or above</li> <li>2. 5.0 or under for net debt-to-equity ratio</li> </ol>
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Notes:

\*ROE=Net income attributable to Komatsu Ltd. for the year/[(Komatsu Ltd. shareholders' equity at the beginning + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

\*ROA=Income before income taxes and equity in earnings of affiliated companies/[(total assets at the beginning + total assets at the end of the fiscal year)/2]

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

## **【 Three Strategies and Focused Efforts】**

### **1. Growth strategies based on innovation**

We will develop DANTOTSU products, DANTOTSU service and DANTOTSU solutions based on our proprietary competitive manufacturing aimed at Quality and Reliability and by proactively incorporating technologies, which we cannot obtain in the Komatsu Group, through industrial-academic and industrial-industrial collaborations. Accordingly we will continue to generate innovation in a speedy manner, which is designed to create new value to customers' jobsite operations.

In the construction, mining and utility equipment business, to substantially improve safety, environmental friendliness and productivity of customers' jobsite operations, we will develop and launch next-generation equipment which will achieve further automation and unmanned operation by means of cutting-edge ICT utilization. At the same time, we will also work to develop next-generation components designed to dynamically uplift basic mechanical performance of equipment itself and will mount them on new products, including forklift trucks.

To thoroughly "visualize" machine and jobsite operations, which is indispensable for improvement of jobsite operations, while further advancing KOMTRAX versions, we will also develop and provide a platform where we can share information about personnel, "things" (construction equipment, trucks, etc.) and topography of construction and mining jobsites.

Our two DANTOTSU solutions, namely SMARTCONSTRUCTION for construction jobsites and Autonomous Haulage System (AHS) for mining jobsites, are designed to contribute to solving problems of customers' jobsite operations based on "visualized" information. We will nurture the growth of these two solution models by further improving our service contents and expanding the areas and scale of their deployment.

In the industrial machinery and others business, we will promote in-house production of key components of machine tools and sheet-metal and press machines and develop DANTOTSU products which will feature outstanding productivity. GIGAPHOTON INC. will work to commercialize cutting-edge Extreme Ultraviolet (EUV) light sources used for lithography tools in the near future.

### **2. Growth strategies of existing businesses**

In addition to developing, producing and selling new products, we will expand our entire value chain, consisting of the aftermarket business which distributes spare parts and provides service, the rental-to-used equipment business and the retail finance business, by strengthening business, including mergers and acquisitions. By converging Komatsu Group's integrated strengths, we will propose to customers our recommendations to reduce their lifecycle costs of construction and mining equipment as well as industrial machinery, thereby promoting our existing businesses by staying away from pricing competition.

Development of new products is the most important of all in our value chain. While making more efforts than before to develop DANTOTSU products, we will not only work to develop models compliant to new emission controls in Traditional Markets, and construction and mining equipment designed to meet different needs of Strategic Markets, but also broaden our product mix for use in demolition, industrial waste management, agricultural engineering and dredging. In the forklift truck business, we will work to expand the range of FE series electric models and FH series hydrostatic drive models. To establish DANTOTSU No. 1 position in Asia, where we expect big market growth, we will newly open development and training centers to develop locally-tailored products and distributors' human resource.

Focusing our efforts on quarry and cement industries, where their machines are classified between construction and mining equipment according to their size and applications, we will capitalize on our know-how accumulated in construction and mining solutions and help customers solve problems of their



jobsite operations in order to enhance our presence in these industries around the world. With respect to forest machinery, we will not only broaden our offering of products and attachments, but also offer solutions to the industry for growing and tending forest crops in addition to felling.

### **3. Structural reforms designed to reinforce the business foundation**

While we have about doubled sales of Komatsu from the early FY2000s, we have controlled fixed costs at about a constant level. By separating costs from growth as our policy, we will strive to aggressively cut down on production costs and maintain an appropriate level of fixed costs, while investing for growth.

With respect to development, we will work for 30% reduction of time and costs from conventional amounts, partly by improving measurement, computation and simulation technologies. We will also promote production reforms by means of KOM-MICS, which networks manufacturing equipment of not only Komatsu plants but also suppliers for real-time “visualization” of production on the shop floor. Furthermore, we will increase the speed of supplying products and parts and optimize inventories by connecting market information directly to plants.

When each and every employee of the Komatsu Group refines individual talents and demonstrates their strengths in an environment where all respect each other, we will be able to create our next DANTOTSU products and promote the sustainable growth of each company of the Group. By recognizing diversity as the source of individual and corporate growth, we will continue to emphasize human resource development while providing a work environment and framework where each and every employee can maximize performance through full motivation and with pride.

#### **Basic Stance on Selection of Accounting Standards**

The Company has been preparing its consolidated financial statements in accordance with U.S. GAAP since before the Japanese government enacted “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” pursuant to the provisions of Article 193 of the Securities and Exchange Act of Japan.

The Company is gathering the trend information in Japan and Overseas in relation to the International Financial Reporting Standards (IFRS).

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

#### Assets

Millions of yen

	As of March 31, 2016		As of March 31, 2015	
		Ratio (%)		Ratio (%)
<b>Current assets</b>				
Cash and cash equivalents	¥ 106,259		¥ 105,905	
Time deposits	2,212		1,407	
Trade notes and accounts receivable, net	583,390		620,076	
Inventories	539,611		622,876	
Assets held for sale	13,388		-	
Deferred income taxes and other current assets	141,593		171,171	
<b>Total current assets</b>	<b>1,386,453</b>	<b>53.0</b>	1,521,435	54.4
<b>Long-term trade receivables, net</b>	<b>291,923</b>	<b>11.2</b>	280,138	10.0
<b>Investments</b>				
Investments in and advances to affiliated companies	28,123		28,358	
Investment securities	51,590		73,420	
Other	2,640		1,731	
<b>Total investments</b>	<b>82,353</b>	<b>3.2</b>	103,509	3.7
<b>Property, plant and equipment</b>				
- Less accumulated depreciation and amortization	697,742	26.7	743,919	26.6
<b>Goodwill</b>	<b>40,005</b>	<b>1.5</b>	36,266	1.3
<b>Other intangible assets</b>				
- Less accumulated amortization	63,056	2.4	58,715	2.1
<b>Deferred income taxes and other assets</b>	<b>53,122</b>	<b>2.0</b>	54,425	1.9
<b>Total</b>	<b>¥ 2,614,654</b>	<b>100.0</b>	¥ 2,798,407	100.0

**Liabilities and Equity**

Millions of yen

	As of March 31, 2016		As of March 31, 2015	
		Ratio (%)		Ratio (%)
<b>Current liabilities</b>				
Short-term debt	¥ 144,552		¥ 191,937	
Current maturities of long-term debt	100,364		117,922	
Trade notes, bills and accounts payable	205,411		225,093	
Income taxes payable	29,310		39,396	
Liabilities held for sale	7,057		-	
Deferred income taxes and other current liabilities	214,200		230,563	
<b>Total current liabilities</b>	<b>700,894</b>	<b>26.8</b>	804,911	28.8
<b>Long-term liabilities</b>				
Long-term debt	212,636		279,270	
Liability for pension and retirement benefits	67,972		55,396	
Deferred income taxes and other liabilities	45,392		60,330	
<b>Total long-term liabilities</b>	<b>326,000</b>	<b>12.5</b>	394,996	14.1
<b>Total liabilities</b>	<b>1,026,894</b>	<b>39.3</b>	1,199,907	42.9
<b>Komatsu Ltd. shareholders' equity</b>				
Common stock	67,870		67,870	
Capital surplus	138,243		138,696	
Retained earnings:				
Appropriated for legal reserve	44,018		40,980	
Unappropriated	1,300,030		1,220,338	
Accumulated other comprehensive income (loss)	18,667		113,018	
Treasury stock	(51,414)		(51,936)	
<b>Total Komatsu Ltd. shareholders' equity</b>	<b>1,517,414</b>	<b>58.0</b>	1,528,966	54.6
<b>Noncontrolling interests</b>	<b>70,346</b>	<b>2.7</b>	69,534	2.5
<b>Total equity</b>	<b>1,587,760</b>	<b>60.7</b>	1,598,500	57.1
<b>Total</b>	<b>¥ 2,614,654</b>	<b>100.0</b>	¥ 2,798,407	100.0

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

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

### Consolidated Statements of Income

Millions of yen

	2016		2015	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,854,964	100.0	¥ 1,978,676	100.0
Cost of sales	1,315,773	70.9	1,401,193	70.8
Selling, general and administrative expenses	337,133	18.2	336,506	17.0
Impairment loss on long-lived assets	3,032	0.2	1,124	0.1
Other operating income (expenses), net	9,551	0.5	2,209	0.1
<b>Operating income</b>	<b>208,577</b>	<b>11.2</b>	<b>242,062</b>	<b>12.2</b>
<b>Other income (expenses), net</b>				
Interest and dividend income	3,689	0.2	3,266	0.2
Interest expense	(8,771)	(0.5)	(9,328)	(0.5)
Other, net	1,386	0.1	74	0.0
<b>Total other income (expenses)</b>	<b>(3,696)</b>	<b>(0.2)</b>	<b>(5,988)</b>	<b>(0.3)</b>
<b>Income before income taxes and equity in earnings of affiliated companies</b>	<b>204,881</b>	<b>11.0</b>	<b>236,074</b>	<b>11.9</b>
<b>Income taxes</b>	<b>63,717</b>	<b>3.4</b>	<b>78,495</b>	<b>4.0</b>
<b>Income before equity in earnings of affiliated companies</b>	<b>141,164</b>	<b>7.6</b>	<b>157,579</b>	<b>8.0</b>
<b>Equity in earnings of affiliated companies</b>	<b>1,973</b>	<b>0.1</b>	<b>3,869</b>	<b>0.2</b>
<b>Net income</b>	<b>143,137</b>	<b>7.7</b>	<b>161,448</b>	<b>8.2</b>
<b>Less: Net income attributable to noncontrolling interests</b>	<b>5,711</b>	<b>0.3</b>	<b>7,439</b>	<b>0.4</b>
<b>Net income attributable to Komatsu Ltd.</b>	<b>¥ 137,426</b>	<b>7.4</b>	<b>¥ 154,009</b>	<b>7.8</b>

Consolidated Statements of Comprehensive Income

Millions of yen

	<b>2016</b>	2015
<b>Net income</b>	¥ 143,137	¥ 161,448
<b>Other comprehensive income (loss), for the period, net of tax</b>		
Foreign currency translation adjustments	(82,127)	85,360
Net unrealized holding gains (losses) on securities available for sale	(13,595)	4,547
Pension liability adjustments	(5,635)	(2,185)
Net unrealized holding gains (losses) on derivative instruments	790	165
<b>Total other comprehensive income (loss), for the period, net of tax</b>	<b>(100,567)</b>	87,887
<b>Comprehensive income</b>	<b>42,570</b>	249,335
<b>Less: Comprehensive income (loss) attributable to noncontrolling interests</b>	<b>(112)</b>	12,343
<b>Comprehensive income attributable to Komatsu Ltd.</b>	<b>¥ 42,682</b>	¥ 236,992

### (3) Consolidated Statements of Equity

(For the fiscal year ended March 31, 2016)

Millions of yen

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd shareholders' equity	Noncontrolling interests	Total equity
			Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2015	¥67,870	¥138,696	¥40,980	¥1,220,338	¥113,018	¥(51,936)	¥1,528,966	¥69,534	¥1,598,500
Cash dividends				(54,696)			(54,696)	(3,429)	(58,125)
Transfer to retained earnings appropriated for legal reserve			3,038	(3,038)			-		-
Other changes		(512)			393		(119)	4,353	4,234
Net income				137,426			137,426	5,711	143,137
Other comprehensive income (loss), for the period, net of tax					(94,744)		(94,744)	(5,823)	(100,567)
Issuance and exercise of stock acquisition rights		(5)					(5)		(5)
Purchase of treasury stock						(36)	(36)		(36)
Sales of treasury stock		64				558	622		622
Balance at March 31, 2016	¥67,870	¥138,243	¥44,018	¥1,300,030	¥18,667	¥(51,414)	¥1,517,414	¥70,346	¥1,587,760

(For the fiscal year ended March 31, 2015)

Millions of yen

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd shareholders' equity	Noncontrolling interests	Total equity
			Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2014	¥67,870	¥138,984	¥39,962	¥1,141,751	¥30,035	¥(42,211)	¥1,376,391	¥64,720	¥1,441,111
Cash dividends				(55,324)			(55,324)	(7,534)	(62,858)
Transfer to retained earnings appropriated for legal reserve			1,018	(1,018)			-		-
Other changes		(59)					(59)	5	(54)
Net income				154,009			154,009	7,439	161,448
Other comprehensive income (loss), for the period, net of tax					82,983		82,983	4,904	87,887
Issuance and exercise of stock acquisition rights		115					115		115
Purchase of treasury stock						(30,041)	(30,041)		(30,041)
Sales of treasury stock		384				508	892		892
Retirement of treasury stock		(728)		(19,080)		19,808	-		-
Balance at March 31, 2015	¥67,870	¥138,696	¥40,980	¥1,220,338	¥113,018	¥(51,936)	¥1,528,966	¥69,534	¥1,598,500

#### (4) Consolidated Statements of Cash Flows

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

Millions of yen

	2016	2015
<b>Operating activities</b>		
Net income	¥ 143,137	¥ 161,448
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	112,467	102,239
Deferred income taxes	1,416	986
Impairment loss and net loss (gain) from sale of investment securities	(3,751)	(1,446)
Net loss (gain) on sale of property	(10,091)	(4,652)
Loss on disposal of fixed assets	3,015	2,939
Impairment loss on long-lived assets	3,032	1,124
Pension and retirement benefits, net	1,809	3,411
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(23,877)	46,531
Decrease (increase) in inventories	53,867	47,178
Increase (decrease) in trade payables	(13,446)	(13,522)
Increase (decrease) in income taxes payable	(9,640)	(2,640)
Other, net	61,696	58
Net cash provided by (used in) operating activities	319,634	343,654
<b>Investing activities</b>		
Capital expenditures	(166,479)	(200,080)
Proceeds from sale of property	30,786	19,671
Proceeds from sale of available for sale investment securities	5,353	2,682
Purchases of available for sale investment securities	(440)	(361)
Proceeds from sale of subsidiaries and equity investees, net of cash disposed	210	-
Acquisition of subsidiaries and equity investees, net of cash acquired	(16,198)	(3,081)
Collection of loan receivables	210	408
Disbursement of loan receivables	-	(2)
Decrease (increase) in time deposits, net	(2,084)	(1,030)
Net cash provided by (used in) investing activities	(148,642)	(181,793)
<b>Financing activities</b>		
Proceeds from debt issued (Original maturities greater than three months)	140,743	241,372
Payment on debt (Original maturities greater than three months)	(240,626)	(315,316)
Short-term debt, net (Original maturities three months or less)	(13,039)	28,279
Repayments of capital lease obligations	(669)	(4,322)
Sale (purchase) of treasury stock, net	64	(29,574)
Dividends paid	(54,696)	(55,324)
Other, net	(4,856)	(9,098)
Net cash provided by (used in) financing activities	(173,079)	(143,983)
<b>Effect of exchange rate change on cash and cash equivalents</b>	2,441	(2,845)
<b>Net increase (decrease) in cash and cash equivalents</b>	354	15,033
<b>Cash and cash equivalents, beginning of year</b>	105,905	90,872
<b>Cash and cash equivalents, end of year</b>	¥ 106,259	¥ 105,905

**(5) Note to the Going Concern Assumption**

None

**(6) Basis of Consolidated Financial Statements**

1) Changes in important subsidiaries during the Year under Review: None

2) The number of consolidated subsidiaries and affiliated companies accounted for by the equity method

Number of consolidated subsidiaries: 141 companies

Number of affiliated companies accounted for by the equity method: 38 companies

3) Changes resulting from revisions in accounting standards, etc. None



## (7) Notes to Consolidated Financial Statements

### 1) Business Segment Information

#### < Information by Operating Segment >

(For the fiscal year ended March 31, 2016)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	1,638,410	216,554	1,854,964	-	1,854,964
Intersegment	2,632	3,611	6,243	(6,243)	-
Total	1,641,042	220,165	1,861,207	(6,243)	1,854,964
Segment profit	184,168	19,386	203,554	(1,496)	202,058
Assets	2,334,057	241,614	2,575,671	38,983	2,614,654
Depreciation and Amortization	104,151	7,023	111,174	-	111,174
Capital investment	153,026	7,025	160,051	-	160,051

(For the fiscal year ended March 31, 2015)

Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	1,761,391	217,285	1,978,676	-	1,978,676
Intersegment	2,032	4,232	6,264	(6,264)	-
Total	1,763,423	221,517	1,984,940	(6,264)	1,978,676
Segment profit	227,272	16,257	243,529	(2,552)	240,977
Assets	2,472,244	252,078	2,724,322	74,085	2,798,407
Depreciation and Amortization	93,794	6,872	100,666	-	100,666
Capital investment	186,726	5,998	192,724	-	192,724

Notes: 1) Business categories and principal products & services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment

Excavating equipment, loading equipment, grading & roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, recycling equipment, industrial vehicles, other equipment, engines & components, casting products, and logistics

b) Industrial Machinery and Others

Metal forging & stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment, and others

2) Transfers between segments are made at estimated arm's-length prices.

## < Geographic Information >

Net sales determined by customer location were as follows:

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

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
<b>2016</b>	<b>414,762</b>	<b>661,805</b>	<b>202,934</b>	<b>100,004</b>	<b>333,928</b>	<b>141,531</b>	<b>1,854,964</b>
2015	424,381	650,171	213,187	132,417	385,865	172,655	1,978,676

\*Excluding Japan and China

## 2) Net Income per Share

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

Millions of yen

	<b>2016</b>	2015
Net income attributable to Komatsu Ltd.	<b>137,426</b>	154,009

Number of shares

	<b>2016</b>	2015
Weighted average common shares outstanding, less treasury stock	<b>942,538,069</b>	950,276,336
Dilutive effect of: Stock options	<b>1,239,059</b>	1,222,234
Weighted average diluted common shares outstanding	<b>943,777,128</b>	951,498,570

Yen

	<b>2016</b>	2015
Net income attributable to Komatsu Ltd. per share:		
Basic	<b>145.80</b>	162.07
Diluted	<b>145.61</b>	161.86

## 3) Significant Subsequent Events

None

## 4) Others

Other notes are omitted in this release of Consolidated Business Results for the Fiscal Year Ended March 31, 2016 (U.S. GAAP), because the need for their disclosure is considered insignificant.

(end)