

**Komatsu Ltd.**

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

**1. Results for Three Months Ended June 30, 2017**

(Amounts are rounded to the nearest million yen)

**(1) Consolidated Financial Highlights**

Millions of yen except per share amounts

	Three Months ended June 30, 2017	Three Months ended June 30, 2016	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	<b>561,211</b>	389,252	171,959	44.2 %
Operating income	<b>52,407</b>	29,789	22,618	75.9 %
Income before income taxes and equity in earnings of affiliated companies	<b>48,094</b>	24,202	23,892	98.7 %
Net income attributable to Komatsu Ltd.	<b>36,395</b>	15,588	20,807	133.5 %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	<b>¥ 38.59</b>	¥ 16.54	¥ 22.05	
Diluted	<b>¥ 38.54</b>	¥ 16.52	¥ 22.02	

Note: Comprehensive income for three months ended June 30, 2017 and 2016

2017: 53,864 millions of yen

2016: (81,821) millions of yen

**(2) Consolidated Financial Position**

Millions of yen except per share amounts

	As of June 30, 2017	As of March 31, 2017
Total assets	<b>3,255,520</b>	2,656,482
Total equity	<b>1,673,840</b>	1,648,515
Komatsu Ltd. shareholders' equity	<b>1,599,693</b>	1,576,674
Komatsu Ltd. shareholders' equity ratio	<b>49.1%</b>	59.4%
Komatsu Ltd. shareholders' equity per share (Yen)	<b>¥ 1,696.26</b>	¥ 1,672.01

## 2. Dividends

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

Yen

	2017	2018 Projections
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 July 28, 2017: None

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

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

Millions of yen except per share amounts

	2018	
		Changes Increase (Decrease)
Net sales	<b>2,135,000</b>	18.4 %
Operating income	<b>156,000</b>	(10.4) %
Income before income taxes and equity in earnings of affiliated companies	<b>141,000</b>	(15.3) %
Net income attributable to Komatsu Ltd.	<b>92,000</b>	(18.9) %
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	<b>¥ 97.56</b>	

Notes: 1) Changes in the projected consolidated business results as of July 28, 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 three-month period under review: Applicable

New additions: 4 companies

- 1) Komatsu Mining Corp.
- 2) Joy Global Australia Holding Company Pty Ltd
- 3) Joy Global Longview Operations LLC
- 4) Joy Global Underground Mining LLC

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

(2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None

(3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates

1) Changes resulting from revisions in accounting standards, etc.: Applicable

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

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

(4) Number of common shares outstanding

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

As of June 30, 2017: 971,967,660 shares

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

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

As of June 30, 2017: 28,898,830 shares

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

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

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

Three months ended June 30, 2016: 942,686,613 shares

## Appendix

### Management Performance and Financial Conditions

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

### Consolidated Financial Statements

(1) Consolidated Balance Sheets .....	P.10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	P.12
(3) Consolidated Statements of Cash Flows .....	P.14
(4) Note to the Going Concern Assumption .....	P.15
(5) Business Segment Information .....	P.15
(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity .....	P.16

## **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, 2017) of the fiscal year ending March 31, 2018, consolidated net sales totaled JPY561.2 billion, up 44.2% from the corresponding period a year ago. In the construction, mining and utility equipment business, sales expanded sharply from the corresponding period a year ago, supported by the steadfast capturing of demand in China, Indonesia and many other countries as well as the positive effects of adding Joy Global Inc. (currently, Komatsu Mining Corp.), a leading U.S. manufacturer of mining equipment, to consolidated accounting. Komatsu completed the acquisition of Joy Global Inc. in April this year. In the industrial machinery and others business, sales improved from the corresponding period a year ago, supported by increased sales of presses and machine tools to the automobile manufacturing industry, more than offsetting declined sales of wire saws.

With respect to profits, while Komatsu incurred temporary expenses related to the acquisition of Joy Global Inc., it expanded sales in many regions of the world. As a result, operating income advanced to JPY52.4 billion, registering an increase of 75.9 % from the corresponding period a year ago. The operating income ratio translated into 9.3 %, up 1.6 percentage points. Income before income taxes and equity in earnings of affiliated companies amounted to JPY48.0 billion, up 98.7 %. Net income attributable to Komatsu Ltd. totaled JPY36.3 billion, up 133.5 %.

[Consolidated Financial Highlights]

Millions of yen

	<b>Three Months ended June 30, 2017</b>	Three Months ended June 30, 2016	Changes  Increase (Decrease)
	<b>1USD=JPY111.2 1EUR=JPY121.6 1RMB=JPY16.3</b>	1USD=JPY109.8 1EUR=JPY124.3 1RMB=JPY16.9	[(A-B)/B]
	[A]	[B]	
Net sales	<b>561,211</b>	389,252	44.2 %
Construction, Mining and Utility Equipment	<b>515,063</b>	345,166	49.2 %
Retail Finance	<b>17,552</b>	11,863	48.0 %
Industrial Machinery and Others	<b>38,669</b>	34,775	11.2 %
Elimination	<b>(10,073)</b>	(2,552)	-
Segment profit	<b>52,999</b>	29,000	82.8 %
Construction, Mining and Utility Equipment	<b>47,984</b>	26,387	81.8 %
Retail Finance	<b>3,325</b>	1,885	76.4 %
Industrial Machinery and Others	<b>2,372</b>	1,708	38.9 %
Corporate & elimination	<b>(682)</b>	(980)	-
Operating income	<b>52,407</b>	29,789	75.9 %
Income before income taxes and equity in earnings of affiliated companies	<b>48,094</b>	24,202	98.7 %
Net income attributable to Komatsu Ltd.	<b>36,395</b>	15,588	133.5 %

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

2) Consolidated business results for the three months ended June 30, 2017 include the business results of Komatsu Mining Corp. which was added to consolidated accounting, starting in April this year.

Business results by operation are described below.

### **Construction, Mining and Utility Equipment**

Sales of the construction, mining and utility equipment business grew by 49.2 % from the corresponding period a year ago, to JPY515.0 billion. Segment profit expanded by 81.8 % to JPY47.9 billion.

In April 2017, Komatsu Mining Corp. joined the Komatsu Group. With new product line-ups of super-large equipment for surface mining, and underground and other mining equipment, which Komatsu did not have, Komatsu is now better positioned to expand the mining equipment business.

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 3,300 construction jobsites (cumulative) as of June 30, this year. To further improve customer convenience, Komatsu began joint development with Trimble Inc. of the United States in July this year for the mutual exchange and connection service of 3D site survey data managed by the two. Furthermore, jointly with NTT DOCOMO, INC., SAP Japan Co., Ltd. and OPTiM Corp., Komatsu is working to provide “LANDLOG”, a new open platform to centrally manage and optimize all processes of construction work, in October this year. Komatsu is accelerating its pace of creating safer and high-productivity jobsites of the future.

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

	Three Months ended June 30, 2017			Three Months ended June 30, 2016	Changes Increase (Decrease)	
	[A]	Excl. KMC* <sup>2</sup>	KMC* <sup>2</sup>		[B]	[A-B]
Japan	69,161	69,161	-	59,657	9,504	15.9 %
North America	116,024	84,758	31,266	75,641	40,383	53.4 %
Latin America	72,286	56,726	15,560	49,027	23,259	47.4 %
Americas	188,310	141,484	46,826	124,668	63,642	51.0 %
Europe	43,056	38,560	4,496	35,820	7,236	20.2 %
CIS	27,685	26,808	877	15,603	12,082	77.4 %
Europe & CIS	70,741	65,368	5,373	51,423	19,318	37.6 %
China	38,304	34,378	3,926	18,733	19,571	104.5 %
Asia* <sup>1</sup>	64,103	63,355	748	40,246	23,857	59.3 %
Oceania	45,121	34,852	10,269	24,049	21,072	87.6 %
Asia* <sup>1</sup> & Oceania	109,224	98,207	11,017	64,295	44,929	69.9 %
Middle East	7,403	7,403	-	9,195	(1,792)	(19.5) %
Africa	27,855	21,017	6,838	15,462	12,393	80.2 %
Middle East & Africa	35,258	28,420	6,838	24,657	10,601	43.0 %
Total	510,998	437,018	73,980	343,433	167,565	48.8 %

Notes: 1) Excluding Japan and China

2) KMC: Komatsu Mining Corp.

Komatsu's operations by region are described below.

### Japan

The first three-month sales improved from the corresponding period a year ago, supported by an increase of prebuy demand, especially in the rental industry, before the new emission controls become effective.

### Americas

Demand for construction equipment increased, especially in the energy-related sector, in North America, and in Latin America, centering on Argentina and Mexico. Total three-month sales in the Americas expanded sharply from the corresponding period a year ago, affected also by the addition of Komatsu Mining Corp. to consolidated accounting.

### Europe and CIS

In Europe, demand was steady, centering on the major market of Germany, and the first three-month sales increased from the corresponding period a year ago. In CIS, the first three-month sales advanced substantially, as demand for mining equipment remained strong, centering on gold mines.

### China

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

**Asia and Oceania**

In Asia, demand for mining equipment increased in Indonesia, the largest market of the region, resulting from the growing price of coal, and the first three-month sales increased sharply from the corresponding period a year ago. In Oceania, in addition to an increase in demand for mining equipment, the first three-month sales increased sharply from the corresponding period a year ago, affected also by the addition of Komatsu Mining Corp. to consolidated accounting.

**Middle East and Africa**

In the Middle East, the first three-month sales decreased from the corresponding period a year ago. This was due to a decline in demand for construction equipment in Gulf nations, mainly as the governments reduced their budgets against lowered crude prices. In Africa, in addition to an increase in demand for mining equipment in South Africa, the first three-month sales advanced substantially from the corresponding period a year ago, affected also by the addition of Komatsu Mining Corp. to consolidated accounting.

**Retail Finance**

For the first three-month period, revenues advanced by 48.0 % from the corresponding period a year ago, to JPY17.5 billion, reflecting increased sales in Chile. Segment profit improved by 76.4 % to JPY3.3 billion, as Komatsu had no more adverse effects of increased allowance for doubtful account in China for the previous fiscal year.

**Industrial Machinery and Others**

In the industrial machinery and others business, the first three-month sales increased by 11.2 % from the corresponding period a year ago, to JPY38.6 billion, supported mainly by expanded sales of presses and machine tools to the automobile manufacturing industry, more than offsetting declined sales of wire saws. Segment profit increased to JPY2.3 billion, up 38.9 %.

At the MF-Tokyo 2017, the fifth trade fair for press, sheet-metal and forming machines, held in July 2017, Komatsu Industries Corporation introduced “KOM-MICS” (Komatsu Manufacturing Innovation Cloud System), a Komatsu-original IoT-driven production support platform. It also exhibited leading-edge machines, such as the new 3D fiber laser cutting machine, to continue sales expansion. In June this year, Gigaphoton Inc. opened a new building to accommodate future business growth.

**(2) Financial Conditions**

As of June 30, 2017, total assets increased by JPY599.0 billion from the previous fiscal year-end, to JPY3,255.5 billion, mainly due to the addition of Komatsu Mining Corp. to consolidated accounting. Interest-bearing debt increased by JPY442.5 billion from the previous fiscal year-end, to JPY851.3 billion, mainly due to paying the consideration of the acquisition of Joy Global Inc. Komatsu Ltd. shareholders' equity increased by JPY23.0 billion from the previous fiscal year-end, to JPY1,599.6 billion. As a result, Komatsu Ltd. shareholders' ratio decreased by 10.3 percentage points from the previous fiscal year-end, to 49.1 %.

For the first three-month period under review, net cash provided by operating activities totaled JPY41.6 billion, a decrease of JPY4.3 billion from the previous first three-month period, mainly due to net income and depreciation and amortization, while working capital increased. Net cash used in investing activities increased by 281.7 billion from the previous first three-month period, to JPY306.3 billion, mainly due to paying the acquisition of Joy Global Inc. Net cash provided by financing activities totaled JPY295.6 billion, mainly due to paying the consideration of the acquisition of Joy Global Inc., as compared to JPY25.1 billion used for the previous first three-month period. After



adding the effects of foreign exchange fluctuations, cash and cash equivalents, as of June 30, 2017, totaled JPY150.6 billion, an increase of JPY30.7 billion from the previous fiscal year-end.

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

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

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

### **(4) Others**

- 1) Changes in important subsidiaries during the three-month period under review: Applicable  
Komatsu Mining Corp. and its subsidiaries, Joy Global Australia Holding Company Pty Ltd, Joy Global Longview Operations LLC and Joy Global Underground Mining LLC became specified subsidiaries of the Company through acquisition.
  
- 2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None
  
- 3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates
  - a) Changes resulting from revisions in accounting standards, etc.: Applicable  
From the three months ended June 30, 2017, Komatsu has adopted the Accounting Standards Update (“ASU”) 2015-17, “Income Taxes: Balance Sheet Classification of Deferred Taxes” and classified deferred tax assets and liabilities as noncurrent in the consolidated balance sheets. Prior periods were not retrospectively adjusted. Komatsu’s current deferred tax assets were JPY56,276 million and current deferred tax liabilities were JPY421 million as of March 31, 2017.
  
  - b) Changes in other matters except for a) above: None

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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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## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

#### Assets

Millions of yen

	As of June 30, 2017		As of March 31, 2017	
		Ratio (%)		Ratio (%)
<b>Current assets</b>				
Cash and cash equivalents	¥ 150,650		¥ 119,901	
Time deposits	2,143		2,289	
Trade notes and accounts receivable, net	658,124		619,265	
Inventories	687,053		533,897	
Deferred income taxes and other current assets	119,975		144,169	
<b>Total current assets</b>	<b>1,617,945</b>	<b>49.7</b>	1,419,521	53.4
<b>Long-term trade receivables, net</b>	<b>335,973</b>	<b>10.3</b>	313,946	11.8
<b>Investments</b>				
Investments in and advances to affiliated companies	30,237		30,330	
Investment securities	72,137		67,716	
Other	2,687		2,424	
<b>Total investments</b>	<b>105,061</b>	<b>3.2</b>	100,470	3.8
<b>Property, plant and equipment</b>				
- less accumulated depreciation and amortization	760,439	23.4	679,027	25.6
<b>Goodwill</b>	<b>174,346</b>	<b>5.4</b>	40,072	1.5
<b>Other intangible assets</b>				
- less accumulated amortization	188,626	5.8	61,083	2.3
<b>Deferred income taxes and other assets</b>	<b>73,130</b>	<b>2.2</b>	42,363	1.6
<b>Total</b>	<b>¥ 3,255,520</b>	<b>100.0</b>	¥ 2,656,482	100.0

**Liabilities and Equity**

Millions of yen

	As of June 30, 2017		As of March 31, 2017	
		Ratio (%)		Ratio (%)
<b>Current liabilities</b>				
Short-term debt	¥ 467,491		¥ 128,452	
Current maturities of long-term debt	70,791		89,391	
Trade notes, bills and accounts payable	279,455		240,113	
Income taxes payable	16,033		25,136	
Deferred income taxes and other current liabilities	279,946		217,090	
<b>Total current liabilities</b>	<b>1,113,716</b>	<b>34.2</b>	700,182	26.3
<b>Long-term liabilities</b>				
Long-term debt	313,019		190,859	
Liability for pension and retirement benefits	86,667		65,247	
Deferred income taxes and other liabilities	68,278		51,679	
<b>Total long-term liabilities</b>	<b>467,964</b>	<b>14.4</b>	307,785	11.6
<b>Total liabilities</b>	<b>1,581,680</b>	<b>48.6</b>	1,007,967	37.9
<b>Komatsu Ltd. shareholders' equity</b>				
Common stock	67,870		67,870	
Capital surplus	138,212		138,285	
Retained earnings:				
Appropriated for legal reserve	45,801		45,368	
Unappropriated	1,365,949		1,357,350	
Accumulated other comprehensive income (loss)	32,591		18,682	
Treasury stock	(50,730)		(50,881)	
<b>Total Komatsu Ltd. shareholders' equity</b>	<b>1,599,693</b>	<b>49.1</b>	1,576,674	59.4
<b>Noncontrolling interests</b>	<b>74,147</b>	<b>2.3</b>	71,841	2.7
<b>Total equity</b>	<b>1,673,840</b>	<b>51.4</b>	1,648,515	62.1
<b>Total</b>	<b>¥ 3,255,520</b>	<b>100.0</b>	¥ 2,656,482	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, 2017		Three Months ended June 30, 2016	
		Ratio (%)		Ratio (%)
Net sales	¥ 561,211	100.0	¥ 389,252	100.0
Cost of sales	385,048	68.6	279,517	71.8
Selling, general and administrative expenses	123,164	21.9	80,735	20.7
Other operating income (expenses), net	(592)	(0.1)	789	0.2
<b>Operating income</b>	<b>52,407</b>	<b>9.3</b>	29,789	7.7
<b>Other income (expenses), net</b>				
Interest and dividend income	1,364	0.2	1,025	0.3
Interest expense	(3,572)	(0.6)	(1,958)	(0.5)
Other, net	(2,105)	(0.4)	(4,654)	(1.2)
<b>Total other income (expenses)</b>	<b>(4,313)</b>	<b>(0.8)</b>	(5,587)	(1.4)
<b>Income before income taxes and equity in earnings of affiliated companies</b>	<b>48,094</b>	<b>8.6</b>	24,202	6.2
<b>Income taxes</b>	<b>9,504</b>	<b>1.7</b>	9,215	2.4
<b>Income before equity in earnings of affiliated companies</b>	<b>38,590</b>	<b>6.9</b>	14,987	3.9
<b>Equity in earnings of affiliated companies</b>	<b>762</b>	<b>0.1</b>	1,104	0.3
<b>Net income</b>	<b>39,352</b>	<b>7.0</b>	16,091	4.1
<b>Less: Net income attributable to noncontrolling interests</b>	<b>2,957</b>	<b>0.5</b>	503	0.1
<b>Net income attributable to Komatsu Ltd.</b>	<b>¥ 36,395</b>	<b>6.5</b>	¥ 15,588	4.0
<b>Net income attributable to Komatsu Ltd. per share (Yen)</b>				
<b>Basic</b>	<b>¥ 38.59</b>		¥ 16.54	
<b>Diluted</b>	<b>¥ 38.54</b>		¥ 16.52	

**Consolidated Statements of Comprehensive Income**

Millions of yen

	<b>Three Months ended June 30, 2017</b>	Three Months ended June 30, 2016
<b>Net income</b>	¥ 39,352	¥ 16,091
<b>Other comprehensive income (loss), for the period, net of tax</b>		
Foreign currency translation adjustments	11,014	(96,312)
Net unrealized holding gains (losses) on securities available for sale	3,046	(3,526)
Pension liability adjustments	383	723
Net unrealized holding gains (losses) on derivative instruments	69	1,203
<b>Total other comprehensive income (loss), for the period, net of tax</b>	<b>14,512</b>	(97,912)
<b>Comprehensive income (loss)</b>	<b>53,864</b>	(81,821)
<b>Less: Comprehensive income (loss) attributable to noncontrolling interests</b>	<b>3,560</b>	(6,352)
<b>Comprehensive income (loss) attributable to Komatsu Ltd.</b>	¥ <b>50,304</b>	¥ (75,469)

### (3) Consolidated Statements of Cash Flows

Millions of yen

	Three Months ended June 30, 2017	Three Months ended June 30, 2016
<b>Operating activities</b>		
Net income	¥ 39,352	¥ 16,091
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	32,828	26,736
Deferred income taxes	8,617	1,803
Impairment loss and net loss (gain) from sale of investment securities	97	(125)
Net loss (gain) on sale of property	(14)	(385)
Loss on disposal of fixed assets	462	449
Pension and retirement benefits, net	(2,001)	332
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	12,143	45,886
Decrease (increase) in inventories	(30,337)	(30,035)
Increase (decrease) in trade payables	2,684	(11,329)
Increase (decrease) in income taxes payable	(9,917)	(8,741)
Other, net	(12,263)	5,308
Net cash provided by (used in) operating activities	41,651	45,990
<b>Investing activities</b>		
Capital expenditures	(43,245)	(33,936)
Proceeds from sale of property	9,956	3,646
Proceeds from sale of available for sale investment securities	2	511
Purchases of available for sale investment securities	(22)	(1)
Proceeds from sale of subsidiaries and equity investees, net of cash disposed	-	5,485
Acquisition of subsidiaries and equity investees, net of cash acquired	(273,137)	-
Collection of loan receivables	3	3
Disbursement of loan receivables	(61)	-
Decrease (increase) in time deposits, net	160	(305)
Net cash provided by (used in) investing activities	(306,344)	(24,597)
<b>Financing activities</b>		
Proceeds from debt issued (Original maturities greater than three months)	27,421	35,694
Payment on debt (Original maturities greater than three months)	(5,574)	(42,382)
Short-term debt, net (Original maturities three months or less)	302,074	9,200
Repayments of capital lease obligations	(12)	(17)
Sale (purchase) of treasury stock, net	78	(2)
Dividends paid	(27,363)	(27,354)
Other, net	(937)	(329)
Net cash provided by (used in) financing activities	295,687	(25,190)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(245)	3,479
<b>Net increase (decrease) in cash and cash equivalents</b>	30,749	(318)
<b>Cash and cash equivalents, beginning of year</b>	119,901	106,259
<b>Cash and cash equivalents, end of period</b>	¥ 150,650	¥ 105,941

#### (4) Note to the Going Concern Assumption

None

#### (5) Business Segment Information

##### 1) Information by Operating Segments

(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	47,984	3,325	2,372	53,681	(682)	52,999

(For Three Months ended June 30, 2016)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	343,433	11,305	34,514	389,252	-	389,252
Intersegment	1,733	558	261	2,552	(2,552)	-
Total	345,166	11,863	34,775	391,804	(2,552)	389,252
Segment profit	26,387	1,885	1,708	29,980	(980)	29,000

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

##### a) Construction, Mining and Utility Equipment

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

##### b) Retail Finance

Financing

##### c) Industrial Machinery and Others

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

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

#### 2) Geographic Information

Net sales determined by customer location were as follows:

(For Three Months ended June 30, 2017 and 2016)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2017	84,123	207,787	74,119	41,955	117,927	35,300	561,211
FY2016	75,077	136,870	54,804	26,897	70,932	24,672	389,252

Note: \* Excluding Japan and China

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

None

(end)