Komatsu Ltd.
Corporate Communications Dept.
Tel: +81-(0)3-5561-2616
Date: October 31, 2014
URL: http://www.komatsu.com/

Consolidated Business Results for Six Months of the Fiscal Year Ending March 31, 2015 (U.S. GAAP)

1. Results for Six Months Ended September 30, 2014

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Six Months ended September 30, 2014	Six Months ended September 30, 2013	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	**942,552**	925,121	17,431	1.9 %
Operating income	**125,659**	108,946	16,713	15.3 %
Income before income taxes and equity in earnings of affiliated companies	**123,596**	112,461	11,135	9.9 %
Net income attributable to Komatsu Ltd.	**77,986**	78,810	(824)	(1.0)%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 81.81**	¥ 82.69	¥ (0.88)	
Diluted	**¥ 81.71**	¥ 82.60	¥ (0.89)	

Note: Comprehensive income for six months ended September 30, 2014 and 2013

2014: 117,836 millions of yen, up 5.6% from 2013

2013: 111,632 millions of yen, up 375.4% from 2012

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of September 30, 2014	As of March 31, 2014
Total assets	**2,720,718**	2,651,556
Total equity	**1,525,908**	1,441,111
Komatsu Ltd. shareholders' equity	**1,461,335**	1,376,391
Komatsu Ltd. shareholders' equity ratio	**53.7%**	51.9%
Komatsu Ltd. shareholders' equity per share (Yen)	**¥ 1,532.74**	¥ 1,443.97

2. Dividends

(For the fiscal years ended March 31, 2014 and ending March 31, 2015) Yen

	The entire FY ending March 31, 2015		The entire FY ended March 31, 2014
	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 October 31, 2014: None

3. Projection for the Fiscal Year Ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

Millions of yen except per share amounts

	The full fiscal year	
		Changes
Net sales	**1,925,000**	(1.5)%
Operating income	**255,000**	6.0 %
Income before income taxes and equity in earnings of affiliated companies	**249,000**	2.9 %
Net income attributable to Komatsu Ltd.	**157,000**	(1.6)%
Net income attributable to Komatsu Ltd. Per share – Basic (Yen)	**¥ 164.68**	

Notes: 1) Changes in the projected consolidated business results as of October 31, 2014: Applicable

2) Percentages shown above represent the rates of change compared with the business results for the corresponding period a year ago.

4. Others

(1) Changes in important subsidiaries during the six-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: None

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

(4) Number of common shares outstanding

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

As of September 30, 2014: 983,130,260 shares

As of March 31, 2014: 983,130,260 shares

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

As of September 30, 2014: 29,715,048 shares

As of March 31, 2014: 29,933,292 shares

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

Six months period ended September 30, 2014: 953,272,355 shares

Six months period ended September 30, 2013: 953,073,969 shares

[Reference]

Results for Three Months Ended September 30, 2014

Millions of yen except per share amounts

	Three Months ended September 30, 2014	Three Months ended September 30, 2013	Changes	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	**482,331**	469,962	12,369	2.6 %
Operating income	**62,181**	56,533	5,648	10.0 %
Income before income taxes and equity in earnings of affiliated companies	**62,249**	60,872	1,377	2.3 %
Net income attributable to Komatsu Ltd.	**40,303**	41,519	(1,216)	(2.9)%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 42.28**	¥ 43.56	¥ (1.28)	
Diluted	**¥ 42.22**	¥ 43.51	¥ (1.29)	

[Reference]

Projection for Non-consolidated Business Results for the Fiscal Year Ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

Millions of yen except per share amounts

	The full fiscal year	
		Changes
Net sales	**760,000**	0.3 %
Ordinary profit	**152,000**	(5.5) %
Net income	**125,000**	(6.6) %
Net income per share (Yen)	**¥ 131.04**	

Notes: 1) Changes in the projected non-consolidated business results as of October 31, 2014: Applicable

2) Percentages shown above represent the rates of change compared with the business results for the corresponding period a year ago.

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, 2015 …… P.8

Consolidated Financial Statements

(1) Consolidated Balance Sheets ……. P.11

(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income…… P.13

(3) Consolidated Statements of Cash Flows …… P.17

(4) Note to the Going Concern Assumption …… P.18

(5) Business Segment Information …….. P.18

(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity ….. P.19

Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Komatsu Ltd. ("Company") and its consolidated subsidiaries (together "Komatsu") embarked on the "Together We Innovate GEMBA Worldwide" three-year mid-range management plan in April 2013. Under this plan toward the fiscal year ending March 31, 2016, Komatsu is focusing efforts on 1) growth strategies based on innovation, 2) growth strategies of existing businesses, and 3) structural reform designed to reinforce its business foundation.

For the first six-month period (April 1 – September 30, 2014) of the fiscal year ending March 31, 2015, consolidated net sales totaled JPY 942.5 billion, up 1.9% from the corresponding period a year ago. In the construction, mining and utility equipment business, the six-month sales increased, supported by steady growth in demand for construction equipment mainly in North America and Europe and the Japanese yen's depreciation against the U.S. dollar, euro and renminbi, which compensated for sluggish demand for mining equipment and reduced demand in China. In the industrial machinery and others business, the six-month sales advanced from the corresponding period a year ago, supported by expanded sales of sheet-metal and press machines against the backdrop of firm capital investment especially in the automobile manufacturing industry.

With respect to profits, operating income increased by 15.3% from the corresponding period a year ago, to JPY 125.6 billion, reflecting Komatsu's continuous efforts to improve selling prices, in addition to the Japanese yen's depreciation. Operating income ratio translated into 13.3%, up 1.5 percentage points. Income before income taxes and equity in earnings of affiliated companies totaled JPY 123.5 billion, up 9.9%. Net income attributable to Komatsu Ltd. amounted to JPY 77.9 billion, down 1.0%.

[Consolidated Financial Highlights] Millions of yen

	Six Months ended September 30, 2014 **1USD=JPY102.6** **1EUR=JPY139.3** **1RMB=JPY16.5**	Six Months ended September 30, 2013 1USD=JPY98.0 1EUR=JPY128.2 1RMB=JPY15.9	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	**942,552**	925,121	1.9 %
Construction, Mining and Utility Equipment	**843,661**	830,071	1.6 %
Industrial Machinery and Others	**102,412**	99,599	2.8 %
Elimination	**(3,521)**	(4,549)	-
Segment profit	**122,689**	109,093	12.5 %
Construction, Mining and Utility Equipment	**116,752**	105,793	10.4 %
Industrial Machinery and Others	**7,809**	4,808	62.4 %
Corporate & elimination	**(1,872)**	(1,508)	-
Operating income	**125,659**	108,946	15.3 %
Income before income taxes and equity in earnings of affiliated companies	**123,596**	112,461	9.9 %
Net income attributable to Komatsu Ltd.	**77,986**	78,810	(1.0)%

Note: Sales and profit figures in this report show the respective sums of six months from April 1 to September 30, 2014. 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 six-month sales of the construction, mining and utility equipment business increased by 1.6% from the corresponding period a year ago, to JPY 843.6 billion. Segment profit was JPY 116.7 billion, up 10.4%.

Komatsu broadened the model range of the intelligent Machine Control (iMC) dozers, with which Komatsu led the world last year, marketing them as a next-generation product to drive its growth strategies based on innovation. Komatsu also advanced the preparations of launching iMC hydraulic excavators in Europe, North America and Japan. (Komatsu began their market introduction in Europe and Japan in October 2014.) 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 the United States, Europe and Japan since the start of 2014, Komatsu have launched PC490LC-11 hydraulic excavators, HM300-5 articulated dump trucks and some other models in North America and Europe. At the same time, Komatsu has also continued its development efforts for other compliant models.

To reinforce its parts supply operation, Komatsu opened the new Kanto Spare Parts Distribution Center at the Oyama Plant in Tochigi Prefecture, Japan in August 2014. Designed as the global model for 18 main parts distribution centers around the world, the new distribution center features a new operation system and leading-edge logistics facilities and equipment. Furthermore, to steadfastly capture aftermarket demand in Myanmar with promising growth in demand, Komatsu established a new Reman (Remanufacturing) center for construction and mining equipment in July 2014.

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

	Six Months ended September 30, 2014	Six Months ended September 30, 2013	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	**151,709**	150,071	1,638	1.1 %
North America	**142,616**	136,324	6,292	4.6 %
Latin America	**122,342**	121,054	1,288	1.1 %
Americas	**264,958**	257,378	7,580	2.9 %
Europe	**74,410**	57,247	17,163	30.0 %
CIS	**27,942**	35,760	(7,818)	(21.9)%
Europe & CIS	**102,352**	93,007	9,345	10.0 %
China	**62,383**	72,758	(10,375)	(14.3)%
Asia*	**103,957**	91,923	12,034	13.1 %
Oceania	**72,595**	87,177	(14,582)	(16.7)%
Asia* & Oceania	**176,552**	179,100	(2,548)	(1.4)%
Middle East	**30,588**	27,225	3,363	12.4 %
Africa	**54,348**	49,236	5,112	10.4 %
Middle East & Africa	**84,936**	76,461	8,475	11.1 %
Total	**842,890**	828,775	14,115	1.7 %

* Excluding Japan and China

Komatsu's operations by region are described below.

Japan

While demand for construction equipment ran its course in rental companies, Komatsu steadfastly captured demand from an increase in construction investment and reconstruction in the Great East Japan Earthquake-destroyed regions. Komatsu also expanded sales of used equipment. As a result, the six-month sales improved from the corresponding period a year ago.

Americas

In North America, demand for mining equipment remained slack, centering on coal mines. Demand for construction equipment advanced in the residential construction and infrastructure development sectors, including highway construction, as well as in the rental industry. As a result, the six-month increased from the corresponding period a year ago.

In Latin America, while demand for mining equipment remained slack, the six-month sales increased due to the Japanese yen's depreciation.

Europe & CIS

In Europe, the six-month sales improved from the corresponding period a year ago, reflecting the recovery of demand centering on the major markets of Germany and the United Kingdom.

In CIS, the six-month sales declined against the backdrop of prolonging sluggish demand for equipment in gold mines and the energy sector.

China

The six-month sales declined from the corresponding period a year ago, reflecting a drastic drop in demand for equipment caused by slack prices of real estate and coal in spite of ongoing public works, such as railway construction.

Asia & Oceania

While demand for construction and mining equipment remained sluggish in Asia, including Indonesia, the largest market of the region, Thailand and Malaysia, Komatsu captured demand in Philippines, Myanmar and some other countries. As a result, the six-month sales in Asia improved from the corresponding period a year ago.

In Oceania, the six-month sales declined, as demand for mining equipment remained sluggish in iron ore mines.

Middle East & Africa

In the Middle East, while demand in Turkey, the major market of the region, was slack, that of other areas advanced steadily, centering on some Gulf nations, such as Saudi Arabia, Qatar and United Arab Emirates. The six-month sales increased from the corresponding period a year ago.

In Africa, the six-month sales improved from the corresponding period a year ago, supported by steady progress on the delivery of mining equipment in South Africa.

Industrial Machinery and Others

The six-month sales of the industrial machinery and others business totaled JPY 102.4 billion, up 2.8% from the corresponding period a year ago. Segment profit amounted to JPY 7.8 billion, up 62.4%.

To make machine operations "visible" and help customers reduce their running costs, Komatsu began sales of industrial machinery, such as sheet metal and press machines, equipped with KOMTRAX (Komatsu Machine Tracking System) as the standard feature in China, Southeast Asia, North America and some other overseas markets in July 2014.

(2) Financial Conditions

As of September 30, 2014, total assets increased by JPY69.1 billion from the previous fiscal year-end, to JPY2,720.7 billion, mainly due to the Japanese yen's depreciation against the U.S. dollar, renminbi and some other currencies from the previous fiscal-year end. Interest-bearing debt declined by JPY30.3 billion from the previous fiscal year-end, to JPY574.7 billion. Komatsu Ltd. shareholders' equity increased by JPY84.9 billion from the previous fiscal year-end, to JPY1,461.3 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 1.8 percentage points from the previous fiscal year-end, to 53.7%. Net debt-to-equity ratio* was 0.32, compared to 0.37 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 first six-month period under review, net cash provided by operating activities totaled JPY188.7 billion, an increase of JPY25.1 billion from the corresponding period a year ago, mainly due to the collection of trade receivables. Net cash used in investing activities amounted to JPY84.0 billion, an increase of JPY7.9 billion from the corresponding period a year ago, mainly due to the purchase of fixed assets. Net cash used in financing activities totaled JPY82.6 billion, mainly due to the repayment of debt, as compared to JPY91.9 billion used for the corresponding period a year ago. After adding the effects of foreign exchange fluctuations, cash and cash equivalents, as of September 30, 2014, totaled JPY112.3 billion, an increase of JPY21.5 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

For the reasons below, Komatsu has revised its projections of April 25, 2014 concerning consolidated sales and profits for the fiscal year, ending March 31, 2015 (From April 1, 2014 to March 31, 2015). In the construction, mining and utility equipment business, 1) sales of mining equipment are better than anticipated at the beginning of the current fiscal year; 2) sales in North America are brisk; and 3) Komatsu has reassessed foreign exchange rates, which are the preconditions of the projections, and changed to JPY105/USD and JPY17.0/RMB as the average rates, respectively, for the second half period of the current fiscal year.

As preconditions for its current projection, Komatsu is assuming the foreign exchange rates as follows: USD1=JPY103.8, EUR1=JPY138.2 and RMB1=JPY16.8. (Preconditions for its initial projection: USD1=JPY100, EUR1=JPY137 and RMB1=JPY16.2.)

Projection for Consolidated Business Results for the Fiscal Year Ending March 31, 2015

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2014
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	**1,925,000**	1,880,000	45,000	2.4%	1,953,657
Operating income	**255,000**	243,000	12,000	4.9%	240,495
Income before income taxes and equity in earnings of affiliated companies	**249,000**	237,000	12,000	5.1%	242,056
Net income attributable to Komatsu Ltd.	**157,000**	154,000	3,000	1.9%	159,518
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	**164.68**	161.56	--	--	167.36

[Reference]

Projection for Non-consolidated Business Results for the Fiscal Year Ending March 31, 2015

Similarly, for the reasons below, the Company has revised its projection of April 25, 2014 for non-consolidated net sales and profits for the fiscal year, ending March 31, 2015 (From April 1, 2014 to March 31, 2015). Sales in North America are better than anticipated initially, and the Company has reassessed and adjusted foreign exchange rates, which are the preconditions of the projections.

Projection for Non-consolidated Business Results for the Fiscal Year Ending March 31, 2015

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2014
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	**760,000**	710,000	50,000	7.0%	757,766
Ordinary profit	**152,000**	120,000	32,000	26.7%	160,887
Net income	**125,000**	105,000	20,000	19.0%	133,876
Net income per share - Basic (Yen)	**131.04**	110.09	--	--	140.38

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 September 30, 2014		As of March 31, 2014	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	**¥ 112,376**		¥ 90,872	
Time deposits	**455**		277	
Trade notes and accounts receivable, net	**573,362**		617,334	
Inventories	**653,567**		625,077	
Deferred income taxes and other current assets	**169,049**		159,872	
Total current assets	**1,508,809**	**55.5**	1,493,432	56.3
Long-term trade receivables, net	**272,151**	**10.0**	260,904	9.8
Investments				
Investments in and advances to affiliated companies	**25,977**		23,192	
Investment securities	**66,844**		67,175	
Other	**1,932**		2,020	
Total investments	**94,753**	**3.5**	92,387	3.5
Property, plant and equipment - less accumulated depreciation and amortization	**702,846**	**25.8**	667,347	25.2
Goodwill	**36,475**	**1.3**	36,020	1.4
Other intangible assets - less accumulated amortization	**58,437**	**2.2**	58,532	2.2
Deferred income taxes and other assets	**47,247**	**1.7**	42,934	1.6
Total	**¥ 2,720,718**	**100.0**	¥ 2,651,556	100.0

Liabilities and Equity

Millions of yen

	As of September 30, 2014		As of March 31, 2014	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	**¥ 144,819**		¥ 176,515	
Current maturities of long-term debt	**79,451**		117,485	
Trade notes, bills and accounts payable	**243,414**		234,231	
Income taxes payable	**30,060**		42,211	
Deferred income taxes and other current liabilities	**235,870**		221,789	
Total current liabilities	**733,614**	**27.0**	792,231	29.9
Long-term liabilities				
Long-term debt	**350,460**		311,067	
Liability for pension and retirement benefits	**55,071**		49,428	
Deferred income taxes and other liabilities	**55,665**		57,719	
Total long-term liabilities	**461,196**	**16.9**	418,214	15.8
Total liabilities	**1,194,810**	**43.9**	1,210,445	45.7
Komatsu Ltd. shareholders' equity				
Common stock	**67,870**		67,870	
Capital surplus	**139,168**		138,984	
Retained earnings:				
Appropriated for legal reserve	**40,898**		39,962	
Unappropriated	**1,191,142**		1,141,751	
Accumulated other comprehensive income (loss)	**64,163**		30,035	
Treasury stock	**(41,906)**		(42,211)	
Total Komatsu Ltd. shareholders' equity	**1,461,335**	**53.7**	1,376,391	51.9
Noncontrolling interests	**64,573**	**2.4**	64,720	2.4
Total equity	**1,525,908**	**56.1**	1,441,111	54.3
Total	**¥ 2,720,718**	**100.0**	¥ 2,651,556	100.0

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

Six months ended September 30, 2014 and 2013

Consolidated Statements of Income

Millions of yen except per share amounts

	Six Months ended September 30, 2014		Six Months ended September 30, 2013	
		Ratio (%)		Ratio (%)
Net sales	**¥ 942,552**	**100.0**	¥ 925,121	100.0
Cost of sales	**659,069**	**69.9**	660,541	71.4
Selling, general and administrative expenses	**160,794**	**17.1**	155,487	16.8
Other operating income (expenses), net	**2,970**	**0.3**	(147)	(0.0)
Operating income	**125,659**	**13.3**	108,946	11.8
Other income (expenses), net				
Interest and dividend income	**1,506**	**0.2**	2,286	0.2
Interest expense	**(4,656)**	**(0.5)**	(4,363)	(0.5)
Other, net	**1,087**	**0.1**	5,592	0.6
Total other income (expenses)	**(2,063)**	**(0.2)**	3,515	0.4
Income before income taxes and equity in earnings of affiliated companies	**123,596**	**13.1**	112,461	12.2
Income taxes	**44,011**	**4.7**	30,120	3.3
Income before equity in earnings of affiliated companies	**79,585**	**8.4**	82,341	8.9
Equity in earnings of affiliated companies	**1,868**	**0.2**	944	0.1
Net income	**81,453**	**8.6**	83,285	9.0
Less: Net income attributable to noncontrolling interests	**3,467**	**0.4**	4,475	0.5
Net income attributable to Komatsu Ltd.	**¥ 77,986**	**8.3**	¥ 78,810	8.5
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 81.81**		¥ 82.69	
Diluted	**¥ 81.71**		¥ 82.60	

Consolidated Statements of Comprehensive Income

Millions of yen

	Six Months ended September 30, 2014	Six Months ended September 30, 2013
Net income	**¥ 81,453**	¥ 83,285
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	**39,397**	23,268
Net unrealized holding gains (losses) on securities available for sale	**658**	3,793
Pension liability adjustments	**(2,599)**	502
Net unrealized holding gains (losses) on derivative instruments	**(1,073)**	784
Total	**36,383**	28,347
Comprehensive income (loss)	**117,836**	111,632
Less: Comprehensive income (loss) attributable to noncontrolling interests	**5,722**	4,318
Comprehensive income (loss) attributable to Komatsu Ltd.	**¥ 112,114**	¥ 107,314

Three months ended September 30, 2014 and 2013

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended September 30, 2014		Three Months ended September 30, 2013	
		Ratio (%)		Ratio (%)
Net sales	**¥ 482,331**	**100.0**	¥ 469,962	100.0
Cost of sales	**337,116**	**69.9**	335,175	71.3
Selling, general and administrative expenses	**82,294**	**17.1**	78,240	16.6
Other operating income (expenses), net	**(740)**	**(0.2)**	(14)	(0.0)
Operating income	**62,181**	**12.9**	56,533	12.0
Other income (expenses), net				
Interest and dividend income	**628**	**0.1**	884	0.2
Interest expense	**(2,419)**	**(0.5)**	(2,116)	(0.5)
Other, net	**1,859**	**0.4**	5,571	1.2
Total other income (expenses)	**68**	**0.0**	4,339	0.9
Income before income taxes and equity in earnings of affiliated companies	**62,249**	**12.9**	60,872	13.0
Income taxes	**21,524**	**4.5**	17,576	3.7
Income before equity in earnings of affiliated companies	**40,725**	**8.4**	43,296	9.2
Equity in earnings of affiliated companies	**1,181**	**0.2**	653	0.1
Net income	**41,906**	**8.7**	43,949	9.4
Less: Net income attributable to noncontrolling interests	**1,603**	**0.3**	2,430	0.5
Net income attributable to Komatsu Ltd.	**¥ 40,303**	**8.4**	¥ 41,519	8.8
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 42.28**		¥ 43.56	
Diluted	**¥ 42.22**		¥ 43.51	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended September 30, 2014	Three Months ended September 30, 2013
Net income	**¥ 41,906**	¥ 43,949
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	**51,309**	(5,377)
Net unrealized holding gains (losses) on securities available for sale	**(707)**	2,122
Pension liability adjustments	**346**	207
Net unrealized holding gains (losses) on derivative instruments	**(1,421)**	(103)
Total	**49,527**	(3,151)
Comprehensive income (loss)	**91,433**	40,798
Less: Comprehensive income (loss) attributable to noncontrolling interests	**4,541**	2,131
Comprehensive income (loss) attributable to Komatsu Ltd.	**¥ 86,892**	¥ 38,667

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six Months ended September 30, 2014	Six Months ended September 30, 2013
Operating activities		
Net income	**¥ 81,453**	¥ 83,285
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**47,921**	43,231
Deferred income taxes	**1,890**	1,376
Impairment loss and net loss (gain) from sale of investment securities	**(861)**	(1,498)
Net loss (gain) on sale of property	**(3,785)**	(1,346)
Loss on disposal of fixed assets	**1,697**	1,858
Pension and retirement benefits, net	**1,755**	1,397
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	**63,529**	73,959
Decrease (increase) in inventories	**(6,649)**	(32,488)
Increase (decrease) in trade payables	**7,868**	6,829
Increase (decrease) in income taxes payable	**(12,056)**	(8,153)
Other, net	**6,011**	(4,794)
Net cash provided by (used in) operating activities	**188,773**	163,656
Investing activities		
Capital expenditures	**(93,957)**	(85,134)
Proceeds from sale of property	**11,313**	9,311
Proceeds from sale of available for sale investment securities	**1,705**	4,203
Purchases of available for sale investment securities	**(2)**	(33)
Acquisition of subsidiaries and equity investees, net of cash acquired	**(3,081)**	(4,539)
Collection of loan receivables	**113**	201
Disbursement of loan receivables	**(2)**	(16)
Decrease (increase) in time deposits, net	**(162)**	(147)
Net cash provided by (used in) investing activities	**(84,073)**	(76,154)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	**132,526**	83,745
Payment on debt (Original maturities greater than three months)	**(152,712)**	(111,077)
Short-term debt - net (Original maturities three months or less)	**(24,611)**	(34,894)
Repayments of capital lease obligations	**(3,187)**	(1,849)
Sale (purchase) of treasury stock, net	**275**	(16)
Dividends paid	**(27,659)**	(22,880)
Other, net	**(7,282)**	(5,011)
Net cash provided by (used in) financing activities	**(82,650)**	(91,982)
Effect of exchange rate change on cash and cash equivalents	**(546)**	2,535
Net increase (decrease) in cash and cash equivalents	**21,504**	(1,945)
Cash and cash equivalents, beginning of year	**90,872**	93,620
Cash and cash equivalents, end of period	**¥ 112,376**	¥ 91,675

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Six Months ended September 30, 2014 and 2013

(For Six Months ended September 30, 2014) Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	**842,890**	**99,662**	**942,552**	**--**	**942,552**
Intersegment	**771**	**2,750**	**3,521**	**(3,521)**	**--**
Total	**843,661**	**102,412**	**946,073**	**(3,521)**	**942,552**
Segment profit	**116,752**	**7,809**	**124,561**	**(1,872)**	**122,689**

(For Six Months ended September 30, 2013) Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	828,775	96,346	925,121	--	925,121
Intersegment	1,296	3,253	4,549	(4,549)	--
Total	830,071	99,599	929,670	(4,549)	925,121
Segment profit	105,793	4,808	110,601	(1,508)	109,093

Three Months ended September 30, 2014 and 2013

(For Three Months ended September 30, 2014) Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	**424,733**	**57,598**	**482,331**	**--**	**482,331**
Intersegment	**413**	**1,475**	**1,888**	**(1,888)**	**--**
Total	**425,146**	**59,073**	**484,219**	**(1,888)**	**482,331**
Segment profit	**58,800**	**4,656**	**63,456**	**(535)**	**62,921**

(For Three Months ended September 30, 2013) Millions of yen

	Construction, Mining and Utility Equipment	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:					
Customers	412,870	57,092	469,962	--	469,962
Intersegment	564	2,129	2,693	(2,693)	--
Total	413,434	59,221	472,655	(2,693)	469,962
Segment profit	53,182	3,985	57,167	(620)	56,547

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.

2) Geographic Information

Net sales determined by customer location were as follows:

For Six Months ended September 30, 2014 and 2013

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2014	**196,042**	**290,570**	**107,016**	**69,954**	**194,015**	**84,955**	**942,552**
FY2013	193,608	272,858	96,179	87,722	198,278	76,476	925,121

For Three Months ended September 30, 2014 and 2013

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2014	**115,461**	**153,137**	**50,227**	**31,009**	**92,594**	**39,903**	**482,331**
FY2013	113,574	140,959	44,692	39,966	92,854	37,917	469,962

*Excluding Japan and China

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

None

(end)