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Consolidated Business Results for Six Months of the Fiscal Year Ending March 31, 2020 (U.S. GAAP)

1. Results for Six Months Ended September 30, 2019

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Six Months ended September 30, 2019	Six Months ended September 30, 2018	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	**1,213,485**	1,318,041	(104,556)	(7.9) %
Operating income	**141,982**	200,307	(58,325)	(29.1) %
Income before income taxes and equity in earnings of affiliated companies	**128,212**	192,509	(64,297)	(33.4) %
Net income attributable to Komatsu Ltd.	**90,062**	125,385	(35,323)	(28.2) %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 95.40**	¥ 132.90	¥ (37.50)	
Diluted	**¥ 95.32**	¥ 132.74	¥ (37.42)	

Note: Comprehensive income for six months ended September 30, 2019 and 2018

2019: 27,024 million of yen, down 84.7% from 2018

2018: 176,837 million of yen, up 51.4% from 2017

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of September 30, 2019	As of March 31, 2019
Total assets	**3,637,564**	3,638,219
Total equity	**1,870,378**	1,902,868
Komatsu Ltd. shareholders' equity	**1,787,961**	1,815,582
Komatsu Ltd. shareholders' equity ratio	**49.2%**	49.9%
Komatsu Ltd. shareholders' equity per share (Yen)	**¥ 1,893.26**	¥ 1,923.47

2. Dividends

(For the fiscal years ended March 31, 2019 and ending March 31, 2020)

Yen

	The entire FY ending March 31, 2020		The entire FY ended March 31, 2019
	Results	2020 Projections	
First quarter period			
Second quarter period	55.00		51.00
Third quarter period			
Year-end		55.00	59.00
Total		110.00	110.00

Note: Changes in the projected cash dividend as of October 30, 2019: None

3. Projections for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

Millions of yen except per share amounts

	2020	
		Changes Increase (Decrease)
Net sales	**2,472,000**	(9.3) %
Operating income	**279,000**	(29.9) %
Income before income taxes and equity in earnings of affiliated companies	**257,000**	(31.9) %
Net income attributable to Komatsu Ltd.	**180,000**	(29.8) %
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	**¥ 190.64**	

Note: Changes in the projected consolidated business results as of October 30, 2019: Applicable

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.: Applicable

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

Note: See (4) Others on page 10 for more details.

(4) Number of common shares outstanding

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

As of September 30, 2019: 972,581,230 shares

As of March 31, 2019: 972,252,460 shares

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

As of September 30, 2019: 28,197,825 shares

As of March 31, 2019: 28,343,514 shares

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

Six months ended September 30, 2019: 943,695,386 shares

Six months ended September 30, 2018: 943,381,570 shares

[Reference]

Results for Three Months ended September 30, 2019

Millions of yen except per share amounts

	Three Months ended September 30, 2019	Three Months ended September 30, 2018	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	**603,718**	671,981	(68,263)	(10.2) %
Operating income	**67,222**	104,259	(37,037)	(35.5) %
Income before income taxes and equity in earnings of affiliated companies	**61,302**	99,569	(38,267)	(38.4) %
Net income attributable to Komatsu Ltd.	**42,586**	62,415	(19,829)	(31.8) %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 45.11**	¥ 66.15	¥ (21.04)	
Diluted	**¥ 45.07**	¥ 66.07	¥ (21.00)	

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Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Starting in April this year, Komatsu Ltd. ("Company") and its consolidated subsidiaries (together "Komatsu") have embarked on the new three-year mid-term management plan (FY2019 - 2021), "DANTOTSU Value - *FORWARD* Together for Sustainable Growth" for its 100th anniversary in 2021 and beyond. Under the new mid-term management plan, Komatsu upholds three new pillars of growth strategies of 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth. Komatsu has begun making efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues.

For the first six-month period (April 1 - September 30, 2019) of the fiscal year ending March 31, 2020, the first year of the new mid-term management plan, consolidated net sales totaled JPY1,213.4 billion, down 7.9% from the corresponding period a year ago. In the construction, mining and utility equipment business, while demand remained steady in Traditional Markets, especially in Japan and North America, demand declined in Strategic Markets, centering on Asia. As a result, sales decreased from the corresponding period a year ago. In the industrial machinery and others business, sales declined, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry, as well as declined sales of Excimer laser-related products on the semiconductor market.

With respect to profits for the first six-month period under review, while Komatsu worked to improve selling prices, operating income declined by 29.1% from the corresponding period a year ago, to JPY141.9 billion. This was mainly due to reduced sales volume, and a change in the geographic composition of sales. The operating income ratio decreased by 3.5 percentage points to 11.7%. Income before income taxes and equity in earnings of affiliated companies fell by 33.4% to JPY128.2 billion. Net income attributable to Komatsu Ltd. totaled JPY90.0 billion, down by 28.2%.

In September, Komatsu was selected again as a component of the Dow Jones Sustainability World Index (DJSI World), a leading international corporate social responsibility index, the management target of ESG in the new mid-term management plan. Together with its customers, Komatsu is working to realize safe, highly productive, smart and clean workplaces of the future.

[Consolidated Financial Highlights] Millions of yen

	Six Months ended September 30, 2019 1USD=JPY109.0 1EUR=JPY121.6 1RMB=JPY15.8	Six Months ended September 30, 2018 1USD=JPY109.7 1EUR=JPY129.9 1RMB=JPY16.8	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	**1,213,485**	1,318,041	(7.9) %
Construction, Mining and Utility Equipment	**1,111,674**	1,200,596	(7.4) %
Retail Finance	**34,783**	29,437	18.2 %
Industrial Machinery and Others	**73,729**	97,042	(24.0) %
Elimination	**(6,701)**	(9,034)	-
Segment profit	**140,689**	199,133	(29.3) %
Construction, Mining and Utility Equipment	**129,833**	183,938	(29.4) %
Retail Finance	**6,810**	9,582	(28.9) %
Industrial Machinery and Others	**4,039**	7,514	(46.2) %
Corporate & elimination	**7**	(1,901)	-
Operating income	**141,982**	200,307	(29.1) %
Income before income taxes and equity in earnings of affiliated companies	**128,212**	192,509	(33.4) %
Net income attributable to Komatsu Ltd.	**90,062**	125,385	(28.2) %

Note: 1) 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

For the first six-month period under review, sales of the construction, mining and utility equipment business decreased by 7.4% from the corresponding period a year ago, to JPY1,111.6 billion. Segment profit declined by 29.4% to JPY129.8 billion.

In the area of value creation by means of innovation, one of the three pillars of growth strategies in the mid-term management plan, Komatsu is upholding the Autonomous Haulage System (AHS) as one of the efforts of focus. During the first six-month period, Komatsu prepared to deploy 41 units of the 930E-5 dump truck in the Pilbara region of Western Australia. The 930E-5 is the latest model of super-large dump trucks, capable of adding on AHS features. Komatsu also acquired Immersive Corporation Pty Ltd of Australia, adding a new solution of training mining equipment operators by using its simulators.

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 model to over 8,700 construction jobsites to date (cumulative) in Japan. Overseas, Komatsu has made pilot deployments mainly in the United States and Germany, getting ready for full-scale market introduction.

With respect to growth strategies based on business reforms, one of the three pillars of growth strategies, Komatsu advanced its efforts to enter growth markets, such as Africa, by opening its booth at the Japan-Africa Business Forum & Expo at the 7th Tokyo International Conference on African Development (TICAD7) in August. Komatsu also

worked to strengthen its African distributors' capabilities, especially by training their employees at the Dubai Training & Demonstration Center which opened in the previous fiscal year.

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

		Six Months ended September 30, 2019	Six Months ended September 30, 2018	Changes Increase (Decrease)	
		[A]	[B]	[A-B]	[(A-B)/B]
Japan		**148,738**	137,488	11,250	8.2 %
	North America	**291,405**	289,176	2,229	0.8 %
	Latin America	**148,660**	154,121	(5,461)	(3.5) %
Americas		**440,065**	443,297	(3,232)	(0.7) %
	Europe	**107,747**	100,144	7,603	7.6 %
	CIS	**70,833**	65,680	5,153	7.8 %
Europe & CIS		**178,580**	165,824	12,756	7.7 %
China		**61,444**	81,440	(19,996)	(24.6) %
	Asia*	**115,475**	177,657	(62,182)	(35.0) %
	Oceania	**103,050**	109,946	(6,896)	(6.3) %
Asia* & Oceania		**218,525**	287,603	(69,078)	(24.0) %
	Middle East	**13,634**	14,428	(794)	(5.5) %
	Africa	**48,327**	65,106	(16,779)	(25.8) %
Middle East & Africa		**61,961**	79,534	(17,573)	(22.1) %
Total		**1,109,313**	1,195,186	(85,873)	(7.2) %

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the first six-month period under review, sales increased from the corresponding period a year ago. This was mainly supported by the recovery from reduced sales as affected by the reactionary drop of pre-buy demand in anticipation of the new emission control regulations enforced in September 2017, steady demand in infrastructure development projects, and pre-buy demand before an increase of the consumption tax.

Americas

In North America, while demand remained steady for both construction and mining equipment, sales were flat from the corresponding period a year ago, as Komatsu promoted the inventory adjustment of its distributors. In Latin America, sales declined, mainly affected by reduced demand for construction equipment in Argentina, where economic conditions continued to deteriorate, and in Mexico. Demand for construction equipment was steady in Brazil.

Europe and CIS

In Europe, sales expanded from the corresponding period a year ago, supported by steady demand, centering on the major markets of Germany and France. In CIS, sales advanced, as demand for mining equipment declined in the coal sector but remained steady in the crude oil and natural gas sectors. Komatsu also made successful sales of parts and service for construction equipment.

China

Sales declined from the corresponding period a year ago. This resulted from growing uncertainty of the prospects of the domestic economy against the backdrop of a prolonging United States-China trade war, as well as an increase in sales by domestic manufactures.

Asia and Oceania

In Asia, sales decreased from the corresponding period a year ago, as adversely affected by reduced demand for mining equipment in Indonesia, the largest market of the region, resulting from the declining price of thermal coal. Demand for construction equipment was also adversely affected by elections in Indonesia, Thailand, the Philippines, and India. In Oceania, sales declined, as mainly affected by reduced sales of mining equipment, while Komatsu steadily captured sales of parts and service revenues for mining equipment.

Middle East and Africa

In the Middle East, sales decreased from the corresponding period a year ago, mainly affected predominately by the continued tightening of the budgets of governments in the region, which resulted from the prolonging civil war in Yemen, as well as the adverse effects of the depreciated Turkish currency. In Africa, while demand for mining equipment was steady in Southern Africa, it was sluggish in other regions. As a result, sales decreased from the corresponding period a year ago.

Retail Finance

Revenues increased by 18.2% from the corresponding period a year ago, to JPY34.7 billion, mainly supported by the benefits of increased assets in North America. Segment profit fell by 28.9% to JPY6.8 billion, mainly reflecting no more reversal of allowances for doubtful accounts in China, which were recorded for the corresponding period a year ago.

Industrial Machinery and Others

For the first six-month period under review, sales declined by 24.0% from the corresponding period a year ago, to JPY73.7 billion, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry, as well as declined sales of Excimer laser-related products on the semiconductor market. Segment profit dropped by 46.2% to JPY4.0 billion.

At the MF-TOKYO 2019 (the 6th Metal Forming Fair Tokyo) in July, Komatsu Industries Corp. exhibited the H2FM630-1 high-rigid servo press and the next generation KOM-MICS (KOMatsu Manufacturing Innovation Cloud System) under the theme of "Proposing GEMBA (Workplaces) of the Future." Specifically, Komatsu Industries Corp. introduced its efforts to improve productivity and contribute to predictive maintenance of customers' machines, one of the efforts of focus in the mid-term management plan.

(2) Financial Conditions

As of September 30, 2019, total assets decreased by JPY0.6 billion from the previous fiscal year-end, to JPY3,637.5 billion, mainly as inventories increased, and Komatsu recognized right-of-use assets under operating lease on the consolidated balance sheet in compliance with the new accounting standard which it adopted. Meanwhile, the Japanese yen appreciated against the US dollar, Euro and Renminbi more than the previous fiscal year-end. Interest-bearing debt increased by JPY20.6 billion from the previous fiscal year-end, to JPY951.3 billion. Komatsu Ltd. shareholders' equity decreased by JPY27.6 billion from the previous fiscal year-end, to JPY1,787.9 billion. As a result, Komatsu Ltd. shareholders' equity ratio decreased by 0.7 percentage points from the previous fiscal year-end, to 49.2%.

For the first six-month period under review, while working capital increased from the corresponding period a year ago, net cash provided by operating activities totaled JPY135.7 billion, an increase of JPY62.8 billion from the corresponding period a year ago, due mainly to net income and depreciation. Net cash used in investing activities amounted to JPY106.6 billion, an increase of JPY20.0 billion, due mainly to the purchase of fixed assets. Net cash used in financing activities totaled JPY13.6 billion, mainly due to the payment of cash dividends, as compared to JPY7.3 billion provided for the corresponding period a year ago. After the effects of foreign exchange fluctuations are reflected, cash and cash equivalents totaled JPY163.0 billion as of September 30, 2019, an increase of JPY14.5 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

In the first six-month period (April 1 - September 30, 2019) of the fiscal year ending March 31, 2020, demand slowed down in Strategic Markets, especially in China and Indonesia underperformed the projections. Concerning the second six-month period (October 1, 2019 - March 31, 2020), Komatsu anticipates that demand might weaken more than projected due to uncertainty in the external environment, as represented by the China-United States trade war. Komatsu has reassessed projected foreign exchange rates, which are preconditions for the projection of full-year results. Specifically, Komatsu has changed the average exchange rates in the second six-month period to USD1=JPY100, EUR1=JPY111 and RMB1=JPY14.0. As a result, Komatsu has revised consolidated sales and profits of the full-year projection of April 26, 2019 for FY2019 (April 1, 2019 - March 31, 2020).

Komatsu estimates the average exchange rates for the full year as follows: USD1=JPY104.5, EUR1=JPY116.3 and RMB1=JPY14.9. (Initial assumption: USD1=JPY105, EUR1=JPY119 and RMB1=JPY15.6)

Projection for Consolidated Business Results for FY2019 (April 1, 2019 - March 31, 2020)

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2019
	[A]	[B]	[A-B]	[(A-B)/B]	
Net Sales	2,472,000	2,617,000	(145,000)	(5.5) %	2,725,243
Operating income	279,000	337,000	(58,000)	(17.2) %	397,806
Income before income taxes and equity in earnings of affiliated companies	257,000	317,000	(60,000)	(18.9) %	377,471
Net income attributable to Komatsu Ltd.	180,000	215,000	(35,000)	(16.3) %	256,491
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	190.64	227.78	-	-	271.81

The above-mentioned projections of future business results, plans, estimates and the like reflect the figures which the Komatsu's top management has evaluated as rational based on information currently available. Please be advised in advance that actual business results can significantly change from the projections, plans or estimates in this news release, depending on a variety of factors. Such factors include changes in economic conditions and demand for products in

Komatsu's principal markets, changes in foreign exchange rates, and regulatory changes and accounting principles and practices in Japan or foreign countries.

(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

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

From the three months ended June 30, 2019, Komatsu has adopted the Accounting Standards Update ("ASU") 2016-02 "Leases". This Update requires lessees to recognize most leases as the right-of-use assets and the lease liabilities on their balance sheets. This Update does not substantially change lessor accounting. The Financial Accounting Standards Board ("FASB") also modified the definition of lease. Additionally, the guidance expands qualitative and quantitative disclosures related to lease. Concerning accounting in relation to this Update, Komatsu has adopted the rule in which an entity does not separate lease and non-lease components and regards all components as those of a single lease, and the exceptional rule in which an entity does not recognize short-term leases on the balance sheet. Concerning the transition methods in relation to this Update, Komatsu has adopted a series of practical expedients in which an entity does not reassess whether any expired or existing lease contracts are or contain leases, the lease classification for them and initial direct costs for them. Komatsu has also adopted the additional transition methods in which an entity does not retrospectively restate presentation or disclosure of comparative years at the period of the application of the new accounting standards and an entity does not assess whether existing or expired land easements that were not previously accounted for as leases. The application of the provision has no significant impact on Komatsu's financial position and results of operations.

From the three months ended June 30, 2019, Komatsu has adopted the ASU 2017-12, "Targeted Improvements to Accounting for Hedging Activities". This Update improves the application of hedge accounting under certain circumstances to reflect the economic consequences of an entity's risk management activities in financial statements more appropriately. The Update eliminates the requirement to separately measure and present effective portion and ineffective portion of hedging and requires an entity to record the full amount of change in fair value of the hedging instrument in the same income statement line as gain or loss arising from the hedged item. The application of the provision has no significant impact on Komatsu's financial position and results of operations.

b) Changes in other matters except for a) above: None

Cautionary Statement

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

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

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of September 30, 2019		As of March 31, 2019	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	**¥ 163,002**		¥ 148,479	
Time deposits	**1,745**		2,331	
Trade notes and accounts receivable, net	**739,890**		842,183	
Inventories	**894,214**		837,552	
Other current assets	**133,327**		138,415	
Total current assets	**1,932,178**	**53.1**	1,968,960	54.1
Long-term trade receivables, net	**420,762**	**11.6**	416,363	11.4
Investments				
Investments in and advances to affiliated companies	**37,769**		37,321	
Investment securities	**7,374**		7,473	
Other	**2,324**		2,528	
Total investments	**47,467**	**1.3**	47,322	1.3
Property, plant and equipment - less accumulated depreciation and amortization	**756,828**	**20.8**	776,422	21.3
Operating lease right-of-use assets	**48,411**	**1.3**	-	-
Goodwill	**165,980**	**4.6**	161,921	4.5
Other intangible assets - less accumulated amortization	**169,091**	**4.6**	166,406	4.6
Deferred income taxes and other assets	**96,847**	**2.7**	100,825	2.8
Total	**¥ 3,637,564**	**100.0**	¥ 3,638,219	100.0

Liabilities and Equity

Millions of yen

	As of September 30, 2019		As of March 31, 2019	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	**¥ 427,797**		¥ 404,659	
Current maturities of long-term debt	**116,711**		53,556	
Trade notes, bills and accounts payable	**247,964**		266,951	
Income taxes payable	**25,720**		43,022	
Current operating lease liabilities	**14,115**		-	
Other current liabilities	**315,214**		313,951	
Total current liabilities	**1,147,521**	**31.5**	1,082,139	29.7
Long-term liabilities				
Long-term debt	**406,870**		472,485	
Liability for pension and retirement benefits	**88,325**		90,187	
Long-term operating lease liabilities	**33,974**		-	
Deferred income taxes and other liabilities	**90,496**		90,540	
Total long-term liabilities	**619,665**	**17.1**	653,212	18.0
Total liabilities	**1,767,186**	**48.6**	1,735,351	47.7
Komatsu Ltd. shareholders' equity				
Common stock	**68,689**		68,311	
Capital surplus	**136,872**		136,798	
Retained earnings:				
Appropriated for legal reserve	**46,580**		46,028	
Unappropriated	**1,687,896**		1,654,105	
Accumulated other comprehensive income (loss)	**(102,498)**		(39,792)	
Treasury stock	**(49,578)**		(49,868)	
Total Komatsu Ltd. shareholders' equity	**1,787,961**	**49.2**	1,815,582	49.9
Noncontrolling interests	**82,417**	**2.2**	87,286	2.4
Total equity	**1,870,378**	**51.4**	1,902,868	52.3
Total	**¥ 3,637,564**	**100.0**	¥ 3,638,219	100.0

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

Six months ended September 30, 2019 and 2018

Consolidated Statements of Income

Millions of yen except per share amounts

	Six Months ended September 30, 2019		Six Months ended September 30, 2018	
		Ratio (%)		Ratio (%)
Net sales	**¥ 1,213,485**	**100.0**	¥ 1,318,041	100.0
Cost of sales	**855,318**	**70.5**	900,519	68.3
Selling, general and administrative expenses	**217,478**	**17.9**	218,389	16.6
Other operating income, net	**1,293**	**0.1**	1,174	0.1
Operating income	**141,982**	**11.7**	200,307	15.2
Other income (expenses), net				
Interest and dividend income	**3,732**	**0.3**	3,683	0.3
Interest expense	**(13,108)**	**(1.1)**	(11,410)	(0.9)
Other, net	**(4,394)**	**(0.4)**	(71)	(0.0)
Total other income (expenses)	**(13,770)**	**(1.1)**	(7,798)	(0.6)
Income before income taxes and equity in earnings of affiliated companies	**128,212**	**10.6**	192,509	14.6
Income taxes	**35,618**	**2.9**	57,539	4.4
Income before equity in earnings of affiliated companies	**92,594**	**7.6**	134,970	10.2
Equity in earnings of affiliated companies	**1,730**	**0.1**	2,262	0.2
Net income	**94,324**	**7.8**	137,232	10.4
Less: Net income attributable to noncontrolling interests	**4,262**	**0.4**	11,847	0.9
Net income attributable to Komatsu Ltd.	**¥ 90,062**	**7.4**	¥ 125,385	9.5
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 95.40**		¥ 132.90	
Diluted	**¥ 95.32**		¥ 132.74	

Consolidated Statements of Comprehensive Income

Millions of yen

	Six Months ended September 30, 2019	Six Months ended September 30, 2018
Net income	**¥ 94,324**	¥ 137,232
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	**(66,214)**	41,705
Pension liability adjustments	**145**	590
Net unrealized holding gains (losses) on derivative instruments	**(1,231)**	(2,690)
Total other comprehensive income (loss), for the period, net of tax	**(67,300)**	39,605
Comprehensive income	**27,024**	176,837
Less: Comprehensive income (loss) attributable to noncontrolling interests	**(361)**	13,701
Comprehensive income attributable to Komatsu Ltd.	**¥ 27,385**	¥ 163,136

KOMATSU

Three months ended September 30, 2019 and 2018

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended September 30, 2019		Three Months ended September 30, 2018	
		Ratio (%)		Ratio (%)
Net sales	**¥ 603,718**	**100.0**	¥ 671,981	100.0
Cost of sales	**427,961**	**70.9**	459,270	68.3
Selling, general and administrative expenses	**107,811**	**17.9**	109,488	16.3
Other operating income (expenses), net	**(724)**	**(0.1)**	1,036	0.2
Operating income	**67,222**	**11.1**	104,259	15.5
Other income (expenses), net				
Interest and dividend income	**1,986**	**0.3**	1,710	0.3
Interest expense	**(6,458)**	**(1.1)**	(5,987)	(0.9)
Other, net	**(1,448)**	**(0.2)**	(413)	(0.1)
Total other income (expenses)	**(5,920)**	**(1.0)**	(4,690)	(0.7)
Income before income taxes and equity in earnings of affiliated companies	**61,302**	**10.2**	99,569	14.8
Income taxes	**17,787**	**2.9**	29,516	4.4
Income before equity in earnings of affiliated companies	**43,515**	**7.2**	70,053	10.4
Equity in earnings of affiliated companies	**1,062**	**0.2**	1,164	0.2
Net income	**44,577**	**7.4**	71,217	10.6
Less: Net income attributable to noncontrolling interests	**1,991**	**0.3**	8,802	1.3
Net income attributable to Komatsu Ltd.	**¥ 42,586**	**7.1**	¥ 62,415	9.3
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥ 45.11**		¥ 66.15	
Diluted	**¥ 45.07**		¥ 66.07	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended September 30, 2019	Three Months ended September 30, 2018
Net income	**¥ 44,577**	¥ 71,217
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	**(32,903)**	23,709
Pension liability adjustments	**(183)**	364
Net unrealized holding gains (losses) on derivative instruments	**(517)**	(997)
Total other comprehensive income (loss), for the period, net of tax	**(33,603)**	23,076
Comprehensive income	**10,974**	94,293
Less: Comprehensive income attributable to noncontrolling interests	**86**	10,058
Comprehensive income attributable to Komatsu Ltd.	**¥ 10,888**	¥ 84,235

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six Months ended September 30, 2019	Six Months ended September 30, 2018
Operating activities		
Net income	**¥ 94,324**	¥ 137,232
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**64,683**	65,338
Deferred income taxes	**(330)**	1,815
Impairment loss and net loss (gain) on valuation of investment securities	**(101)**	443
Net loss (gain) on sale of property	**(620)**	(426)
Loss on disposal of fixed assets	**1,618**	976
Pension and retirement benefits, net	**(796)**	(672)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	**56,322**	(12,844)
Decrease (increase) in inventories	**(88,414)**	(85,014)
Increase (decrease) in trade payables	**(12,440)**	(32,093)
Increase (decrease) in income taxes payable	**(17,030)**	(24,423)
Other, net	**38,540**	22,558
Net cash provided by (used in) operating activities	**135,756**	72,890
Investing activities		
Capital expenditures	**(91,837)**	(86,350)
Proceeds from sale of property	**6,979**	7,673
Proceeds from sale of investment securities	**525**	1,708
Purchases of investment securities	**(492)**	(171)
Acquisition of subsidiaries and equity investees, net of cash acquired	**(21,606)**	(9,228)
Other, net	**(267)**	(310)
Net cash provided by (used in) investing activities	**(106,698)**	(86,678)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	**230,299**	169,632
Payment on debt (Original maturities greater than three months)	**(228,337)**	(80,228)
Short-term debt, net (Original maturities three months or less)	**45,511**	(23,816)
Dividends paid	**(55,719)**	(45,301)
Other, net	**(5,417)**	(12,923)
Net cash provided by (used in) financing activities	**(13,663)**	7,364
Effect of exchange rate change on cash and cash equivalents	**(872)**	(11,629)
Net increase (decrease) in cash and cash equivalents	**14,523**	(18,053)
Cash and cash equivalents, beginning of year	**148,479**	144,397
Cash and cash equivalents, end of period	**¥ 163,002**	¥ 126,344

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Six Months ended September 30, 2019 and 2018

(For Six Months ended September 30, 2019) Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	**1,109,313**	**31,144**	**73,028**	**1,213,485**	**-**	**1,213,485**
Intersegment	**2,361**	**3,639**	**701**	**6,701**	**(6,701)**	**-**
Total	**1,111,674**	**34,783**	**73,729**	**1,220,186**	**(6,701)**	**1,213,485**
Segment profit	**129,833**	**6,810**	**4,039**	**140,682**	**7**	**140,689**

(For Six Months ended September 30, 2018) Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,195,186	26,625	96,230	1,318,041	-	1,318,041
Intersegment	5,410	2,812	812	9,034	(9,034)	-
Total	1,200,596	29,437	97,042	1,327,075	(9,034)	1,318,041
Segment profit	183,938	9,582	7,514	201,034	(1,901)	199,133

Three Months ended September 30, 2019 and 2018

(For Three Months ended September 30, 2019) Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	**548,715**	**15,678**	**39,325**	**603,718**	**-**	**603,718**
Intersegment	**1,482**	**1,826**	**383**	**3,691**	**(3,691)**	**-**
Total	**550,197**	**17,504**	**39,708**	**607,409**	**(3,691)**	**603,718**
Segment profit	**61,144**	**3,406**	**3,485**	**68,035**	**(89)**	**67,946**

(For Three Months ended September 30, 2018) Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	603,063	13,654	55,264	671,981	-	671,981
Intersegment	3,322	1,524	533	5,379	(5,379)	-
Total	606,385	15,178	55,797	677,360	(5,379)	671,981
Segment profit	95,620	4,090	4,470	104,180	(957)	103,223

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

a) Construction, Mining and Utility Equipment

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

b) Retail Finance

Financing

c) Industrial Machinery and Others

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

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

2) Geographic Information

Net sales determined by customer location were as follows:

For Six Months ended September 30, 2019 and 2018

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2019	**183,835**	**471,643**	**183,373**	**74,145**	**238,305**	**62,184**	**1,213,485**
FY2018	178,909	482,022	174,309	93,506	309,684	79,611	1,318,041

For Three Months ended September 30, 2019 and 2018

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2019	**105,759**	**238,461**	**88,402**	**30,855**	**108,997**	**31,244**	**603,718**
FY2018	97,095	248,502	85,120	37,658	162,184	41,422	671,981

Note: * Excluding Japan and China

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

None

(end)