

For Immediate Release

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KOMATSU ANNOUNCES CONSOLIDATED RESULTS FOR FISCAL 2002 AND OUTLOOK FOR FISCAL 2003

The accompanying consolidated financial information is prepared in accordance with generally accepted accounting principles in the United States of America.

Komatsu Ltd. posted consolidated net sales of ¥1,035 billion (US\$7,789 million, at US\$1=¥133) for fiscal 2002 ended March 31, 2002, down 5.5% from the previous fiscal year. Loss before income taxes for the fiscal year registered ¥106 billion (US\$802 million). Net loss for the fiscal year amounted to ¥80 billion (US\$606 million).

	Millions of yen and US dollar, except per share amounts		
	2002	2001	2002
Net sales	¥ 1,035,891	¥ 1,096,369	\$7,789
Japan	478,187	586,865	3,596
Overseas	557,704	509,504	4,193
Income (loss) before income taxes	(106,724)	20,064	(802)
Net income (loss)	(80,621)	6,913	(606)
Net income (loss) per share --- Basic	¥ (84.46)	¥ 7.24	¢ (63.5)

1. Management Environment

During the fiscal year under review, Japanese capital investment and industrial production sharply dropped as accompanied by eroded corporate earnings against the backdrop of sluggish conditions of IT-related markets and deflationary trend of the economy. Japan's unemployment rate remained at a record-high level. As such, it is projected that the Japanese economy will register real negative growth for the year. The U.S. economy began to generate steady momentum for recovery later in the year. Nevertheless, it was on a declining trend when viewed for the whole year. European economies also weakened for the year. All combined, world economies slowed down simultaneously.

The business environment for construction and mining equipment became very serious in Japan with over 20% decline of demand from the previous year, which was impacted by reduced construction investment. Overseas, while the Chinese market continued to expand during the year, demand in the major markets of North America and Europe declined, reflecting economic slowdown in these regions. As a result, overall overseas demand was slack for the year under review.

The electronics business of the Company witnessed a record-breaking drop of the international semiconductor market in 2001, resulting in a drastic fall in demand for silicon wafers and their raw materials, polycrystalline silicon. Demand for thermoelectric modules for use in fiber optic communication networks took a sharp downturn during the year, partly in reaction to surging growth in demand during the previous year.

In these difficult conditions, Komatsu Ltd. embarked on the Reform of Business Structure in order to transform its corporate structure into a new one capable of expanding profits. As part of this reform commitment, the Company consolidated some operations, restructured its organizations, improved operational efficiency and cut back expenses. Particularly in Japan, the Company solicited voluntary retirees and transferred employees to affiliated companies in order to reduce personnel expenses.

For its construction and mining equipment business, the Company made aggressive market launchings of the new GALEO series machines equipped with IT and other latest technological features in Japan, leading other markets of the world. At the same time, the Company worked to further expand business involvement in after-sales downstream markets. Overseas, the Company concerted efforts to secure profits by carrying out different measures according to regions and products.

In response to deteriorated profitability of its electronics business, the Company made thorough reassessment of the business structure and recorded impairment losses on fixed assets of two U.S. subsidiaries.

While Komatsu is determined to bring about positive results from these measures above, the Company recorded an extra loss by including expenses associated with voluntary retirement, transfers to affiliated companies and impairment losses of fixed assets for the electronics business for the year under review.

2. Business Results by Operation

Construction and Mining Equipment

Sales of construction and mining equipment for fiscal 2002 increased 1.8% from the previous fiscal year, to ¥731.3 billion (US\$5,499 million), consisting of ¥260.3 billion (US\$1,958 million), down 14.8% in Japan and ¥470.9 billion (US\$3,541 million), up 14.2% outside of Japan.

Japanese demand for construction equipment fell sharply from the previous year, as customers' desire for investment was critically influenced by cutback in public investments by the government as part of its urgent measures to accelerate structural reforms and reduced private-sector construction investment under the sluggish economy. In addition, customers' reluctant attitudes for investment were compounded by uncertainty caused by bankruptcies of large-scale general contractors. In particular, with demand rapidly faltering in the last half period, fiscal 2002 demand registered over a 50% drop in the value of factory shipment of construction equipment for Japanese market when compared to the last peak period of fiscal 1997.

Komatsu worked to expand sales by teaming up with its distributors nationwide for aggressive sales promotion timely with the market launchings of over 20 new models under the GALEO series, including a renewed model of its flagship PC200 hydraulic excavator. The Company also stepped up its involvement in the downstream markets, however, its efforts fell short of making up for the sizable fall in demand for new equipment, and Japanese sales declined sharply from the previous year.

Overseas sales improved over the previous year, supported by expanded sales generated in regions other than North America and Europe. In North America, while construction investment and housing starts remained steady, demand for construction equipment declined for three successive years from the peak year of 1998. While carrying out well-defined measures according to products and distributors, Komatsu implemented aggressive sales activities for the GALEO series and other machines. The Company also facilitated inventory reduction of its distributors, and began to see their orders increase later in the year. For the mining equipment business, demand for coal hit bottom, reflecting increased price and other factors, and Komatsu expanded sales of large bulldozers to coal mines and achieved steady sales of super-large, electric-drive dump trucks to copper mines. For the utility equipment business, the Company embarked on production of backhoe loaders at a new plant in Newberry, South Carolina during the last half period, while launching sales of new

skidsteer loaders developed by Komatsu Utility Europe S.p.A. As a result, the Company became better prepared to capture future recovery of demand in North America, the world's largest market for utility equipment.

In Europe, market demand remained strong in the United Kingdom and Italy during the year under review. Meanwhile, in addition to Germany, the largest European market for construction equipment, demand turned downward in France, Spain and other countries. As a result, overall European market for construction equipment including utility equipment contracted after continued expansion for the last few years. Under such an environment, Komatsu secured sales at the same level as the previous year by capitalizing on increased demand in east European nations and introducing renewed models of skidsteer and wheel loaders.

In China where market demand continued to grow, Komatsu expanded sales for the year centering on hydraulic excavators produced by Komatsu Shantui Construction Machinery Co., Ltd., a joint venture with a Chinese company. To further reinforce its Chinese business, the Company concerted its efforts to strengthen its distributors through training programs under coordination of Komatsu (China) Ltd.

As to the business in other regions of the world, Komatsu expanded sales in the Pacific region with 930E super-large dump trucks delivered to coal mines. In Southeast Asia, demand for equipment from the logging industry slowed down but sales of mining equipment expanded in Indonesia. In the Near & Middle East, the Company accelerated sales of large bulldozers for use in agricultural land development. Sales in Africa were also buoyant centering on mining equipment.

Electronics

Sales from the electronics business declined 34.8% from the previous year, to ¥76.7 billion (US\$577 million). Nonconsolidated sales in this business also decreased with slower sales of FA equipment and LAN-related peripherals, reflecting sluggish conditions of IT-related markets.

For the silicon wafer business of Komatsu, Komatsu Electronic Metals Co., Ltd. has focused production in Japan and Taiwan since 1999 and enhanced its market presence in these two regions as its basic policy. The company placed all-out efforts on reinforcement of corporate strength by enhancing product competitiveness mainly for 200mm wafers and production efficiency and reducing capacity costs. As a result, the company sustained ordinary profit, when it registered a drastic decline in sales as adversely affected by sluggish demand. Formosa Komatsu Silicon Corporation, a joint-venture entity with a local partner, experienced a sharp fall of demand at the time of its full-scale production start-up and recorded the results in need for great improvement. Concerning Komatsu Silicon America, Inc. which had ceased manufacturing operation, Komatsu decided not to use it as a manufacturing plant for silicon wafers and changed its policy to sell or dispose of the fixed assets of the company. Accordingly, the Company re-evaluated the fixed assets of Komatsu Silicon America, Inc. and recorded an impairment loss of ¥24.9 billion. Business results of Advanced Silicon Materials LLC. worsened from those for the previous year reflecting a loss resulting from an impairment loss of fixed assets in addition to reduced sales of polycrystalline silicon. Concerning its Butte Plant in Montana, the company determined that it would be difficult to sustain a sufficient rate of operation for the time being, and recorded an impairment loss of ¥13.4 billion. The company also decided to discontinue production at the Moses Lake Plant in Washington during the year and recorded an impairment loss and other related cost totaling to ¥15.9 billion. The company has reached a basic agreement with Renewable Energy Corporation of Norway to establish a joint-venture company to convert the plant into one dedicated to producing polycrystalline silicon for solar applications. The two have begun discussions for more specific matters.

Performance of Komatsu Electronics, Inc. worsened from the previous year, as sales of thermoelectric modules for use in fiber optic communication networks suffered from a drastic drop in demand and those of temperature-control semiconductor manufacturing equipment were adversely affected by reduced capital investment of the industry.

Others

Consolidated net sales from other businesses declined 12.6% over the previous year, ¥227.7 billion (US\$1,713 million).

On a nonconsolidated basis, sales of large presses advanced, supported by expanded investment by Japanese automobile manufacturers mainly in their overseas plants. Sales to Japan Defense Agency remained steady in spite of a decline in sales resulting from partial completion of commissioned research projects. Sales of recycling plants and other environmental equipment declined sharply from the previous year.

Komatsu Forklift Co., Ltd. implemented aggressive sales activities including market launchings of battery-driven Arion Plus renewed models. Also during the year under review, the company further reinforced its cooperative relationship with Linde AG of Germany. While the company's U.S. manufacturing subsidiary began OEM supply of forklift trucks to Linde's U.S. subsidiary, Linde's Chinese subsidiary embarked on production of Komatsu Forklift-brand forklift trucks. However, the company registered a considerable decline in sales from the previous year, due to reduced demand for industrial vehicles in Japan and overseas.

Komatsu Industries Corporation, a manufacturer of sheet metal forming machinery and small and medium-sized presses, stepped up customer-tailored, proposal-oriented sales and service activities based on products with unique features, including transfer presses of the E2W Series, Twister Fine Plasma cutting machines, and laser cutting machines made by TRUMPF GmbH of Germany, an alliance partner. In spite of the extremely tough market conditions, the company expanded both sales and profits for the year, after becoming profitable last fiscal year.

Komatsu Zenoah Co. made strong sales of EZ Start brushcutters which feature significantly improved ignition as well as brush-cutting tractors in Japan. The company also received increased orders for blowers developed for the U.S. market. As a result, the company sustained sales at about the same level from the previous year.

3. Conditions of Consolidated Cash Flows

Net cash provided by operating activities for fiscal 2002 amounted to ¥60.3 billion (US\$454 million), primarily supported by concerted efforts to reduce receivables and inventories. Net cash used in investing activities was kept to ¥16.9 billion (US\$127 million) largely as a result of focused investment in facilities and sale of non-performing assets. Net cash used in financing activities totaled ¥40.4 billion (US\$304 million), reflecting repayment of interest-bearing debts with cash provided by operating activities. As a result, cash and cash equivalents at the end of fiscal 2002 totaled ¥45.3 billion (US\$341 million), up ¥5.6 billion (US\$42 million) over the previous year, which includes an addition of ¥1.8 billion (US\$14 million) resulting from changed consolidation periods of subsidiaries.

4. Important Decisions Made or Important Occurrences during the Year and Important Subsequent Events

Implementation of the Reform of Business Structure

Komatsu is earnestly implementing the Reform of Business Structure program in order to overcome the current difficult conditions and accomplish early recovery of business results after transforming its corporate structure into one that is capable of expanding profits even under a low-growth business environment.

[Substantial Reduction of Capacity Costs]

While the Company initially planned to generate approximately ¥30 billion annually as an effect of capacity cost reduction by the end of fiscal 2004, it expects to accomplish this target by one year ahead of schedule. For fiscal 2004, the Company projects reduction of about ¥38 billion by adding

¥8 billion of capacity costs. Extra expenses associated with early retirement program and transfers of employees to affiliated companies in Japan totaled ¥23.7 billion for the year.

[Impairment Losses of Fixed Assets of Subsidiaries in Electronics Business]

As described in the Business Performance above, the Company thoroughly reassessed its electronics business in response to worsening profits and future expectations. Komatsu Silicon America, Inc. and Advanced Silicon Materials LLC recorded impairment losses of ¥24.9 billion and ¥27.2 billion, respectively, thereby alleviating future risks.

Reinforcement of Alliances

[Cooperation with Volvo Construction Equipment in the Areas of Production and Development]

To strengthen the cost competitiveness of Komatsu and Volvo CE and heighten customer satisfaction, the Company began discussions with Volvo CE in November 2001 concerning cooperation in production and development of components for construction equipment, and reached a basic agreement with Volvo CE in March 2002. As the first step, the Company has decided to consign to Volvo CE the production of cabs for four models of Komatsu's small wheel loaders which are produced in North America and Europe.

[Cooperation with Hitachi Construction Machinery Co., Ltd. in the Areas of Production and Joint Procurement]

To strengthen cost competitiveness by means of reducing production costs for Komatsu and Hitachi Construction Machinery, the Company began discussions with Hitachi Construction Machinery in April 2002 primarily concerning reciprocal supply and joint procurement of components for construction equipment. For those measures perceived as beneficial for both parties, the two will materialize them timely in the second half period of fiscal 2003 and thereafter.

The Company will aggressively build cooperative relationships with Volvo CE and Hitachi Construction Equipment Machinery and promote cost reduction and efficient utilization of management resources. However, matters related to sales, service or equity participation are not considered by the three. Under an intensified global competition, Komatsu is determined to promote a new form of alliance designed to reinforce cost competitiveness, while maintaining its original brand and sales network.

5. Outlook for Fiscal 2003

There are signs of recovery in market demand for construction equipment in North America along with economic signs of bottoming out as a result of the inventory adjustment in progress. While it is projected that demand for construction equipment will remain sluggish in Europe, there are signs of recovery in overall overseas markets with the rapidly growing Chinese market and other regions with promising potential demand. Meanwhile, in Japan, it is difficult to anticipate definite developments for economic recovery, and it is projected that reduction of construction investment will continue. In this light, the Company anticipates a difficult and challenging business environment for fiscal 2003.

Under such an environment, Komatsu will promptly and boldly carry out the following measures of capacity cost reduction, self-driven reconstruction of the electronics business and reform based on the "Spirits of Manufacturers." The Company will also continue to decisively propel the new "Growth Strategy for the Construction and Mining Equipment Business." All employees of the Komatsu Group are ready to converge their knowledge to improve profitability of all businesses and accomplish a V-shaped recovery of performance.

Consolidated and nonconsolidated results for fiscal 2003 are projected as follows as of today.

1) Consolidated

Net sales:	¥ 1,070 billion (up 3.3%)
Income before income taxes:	¥ 11 billion (up ¥117.7 billion)
Net income:	¥ 7 billion (up ¥87.6 billion)

2) Nonconsolidated (Japanese GAAP)

Net sales:	¥ 375 billion (down 2.1%)
Ordinary profit:	¥ 7 billion (up 84.5%)
Net income:	¥ 6 billion (up ¥47.8 billion)

Foreign exchange rates are premised at ¥130 to US\$1 and ¥115 to EUR1 for fiscal 2003.

6. Redistribution of Profits for Fiscal 2002

The Company recorded net loss of ¥80.6 billion due to deteriorated market conditions and temporary expenses associated with the Reform of Business Structure activities which were undertaken to ensure the generation of profits in next fiscal year and thereafter. The Company plans to set ¥3 cash dividends per share for fiscal year-end, because it anticipates positive results from the reform activities should contribute to the recovery of profits for next fiscal year and thereafter. Combined with ¥3 for interim cash dividends per share already paid, annual cash dividends per share amount to ¥6.

Management Policy

1. Basic Management Policy

The cornerstone of Komatsu's management lies in its commitment to Quality and Reliability in order to maximize the corporate value of the Company. This commitment is not limited to delivering safe and innovative products and services which incorporate the viewpoints of customers. Komatsu is continuing its efforts to enhance the Quality and Reliability of all organizations, businesses, employees and management of the entire Komatsu Group. It is the top management task of Komatsu to continue improving the Quality and Reliability of these mentioned above.

2. Mid- and Long-Range Management Strategy and Issues Ahead

We have developed the "G" to the 21st mid-range management strategy for a period of three years from fiscal 2001 to fiscal 2003, defined the following four basic strategies, and are aggressively implementing a variety of measures to facilitate growth and strengthen our corporate structure.

- 1) New growth strategy for the construction and mining equipment business,
- 2) Reduction of environmental stress and expansion of environmental business,
- 3) Focused attention to businesses in which Komatsu can maintain a technological edge on a global scale, and
- 4) Attainment of competitive advantage by deploying IT or e-KOMATSU

However, world economies slowed down simultaneously during the year under review. Under such a difficult environment, we have embarked on the Reform of Business Structure which underscores a cutback of capacity costs, a substantial reduction of production costs, and new growth for its mainstay business of construction and mining equipment as priority commitments. We will work on the following tasks in order to improve profitability and accomplish a V-shaped recovery of business results.

- 1) To accelerate the implementation of the new Growth Strategy of the Construction and Mining Equipment Business

We will focus our involvement on the following two areas in order to ensure our growth with the construction and mining equipment business.

First, in the Japanese market, we are going to place more efforts on the after-sale downstream markets such as rental, used equipment, spare parts, service and other business areas. To generate positive results in these markets, we need to change conventional ways of doing business and develop new business models. Based on innovative machines as represented by the GALEO series equipment, we will develop solutions-centered businesses and reinforce our used equipment business, and thus differentiate ourselves from competitors.

Second, in overseas markets, we are going to heighten our presence based on new products. Overseas demand is on a growth track when viewed from a long-range perspective. We have recently revised the organizations related to marketing of construction and mining equipment and assigned directors to four international regions of the Americas, Europe, Southeast Asia & Pacific, and China. We are now positioned for closer cooperation among all regional operations and the best use of our strength of globalization. Specifically, we are going to improve our position and profitability in each region by expanding our business centering on the GALEO series equipment and enhancing our cost competitiveness of each production base.

- 2) To reinforce the base of our competitiveness by reducing capacity costs in all businesses

As to capacity cost reduction, we are ahead of the initial plan, and intend to build on more results as we move on. In the construction and mining equipment business, we are working on a sizable reduction in production costs from an early phase of development in addition to consolidation of models.

We are also going to establish alliances actively and thus reduce costs and facilitate efficiency of management resources. At present, we are discussing with Volvo Construction Equipment and Hitachi Construction Machinery Co., Ltd. separately to collaborate in production and development or joint procurement of components for construction equipment, while remaining as competitors in sales and services. As the first step with Volvo CE, we have agreed to consign local production of cabs for our wheel loaders to Volvo CE.

3) To facilitate self-driven reconstruction of the electronics business

Our electronics businesses will work to reconstruct by themselves in their own fields. As to silicon wafer and polycrystalline silicon businesses, we alleviated their future risks during the year under review. Therefore, they are going to strive for reinforcement of their competitiveness by working on productivity enhancement and capacity cost reduction, while further advancing their efforts for technological differentiation. Concerning the operations of thermoelectric modules and Excimer laser, they will work to expand business under the respective alliance based on their technological advantage.

4) To promote the reform based on the “Spirits of Manufacturers”

For Komatsu, a manufacturer to enhance competitiveness, the reform based on the “Spirits of Manufacturers” is extremely important. By the “Spirits of Manufacturers,” we mean that manufacturers must provide products (hardware and software) that customers are happy to own and we generate profits. We also believe these spirits are our power of challenge to constantly produce the best possible products by a unified team of all employees from research and development, procurement, production and sales to service. This power is the foundation of Komatsu’s competitive strength. By reinforcing our original system of manufacturing, we will develop products, services and systems with outstanding features which overwhelm our competitors, and our production bases worldwide will strive to achieve the top-level product competitiveness in respective regions.

What we have to do, as a top of priority, is to recover the profit-making capability of our businesses and to upturn business results. All employees, including management officers, of course, are determined to work for the early recovery of Komatsu’s performance by converging their knowledge and inspirations and speedily working on these tasks above.

3. Basic Policy for Dividends

Komatsu works to build a sound and stable financial position and flexible and agile corporate strength. Concerning cash dividends to shareholders, the Company maintains the basic policy of redistributing profits by taking payout ratios into account and reflecting business results, as it secures sufficient internal reserve for reinvestment.

4. Stance on the Lowering of Trading Unit of Shares

Komatsu has a policy to decide on the trading unit of shares of the Company after considering the shareholder composition, liquidity, invested amounts and the like. The Company will continue to study the matter while closely monitoring developments on the stock market.

5. Measures to Strengthen Corporate Governance

Komatsu reorganized its Board of Directors and introduced the system of Executive Officers and Global Officers in June 1999, with an eye to strengthening corporate governance and establishing a system capable of quickly responding to the changes and fierce competition in its business environment. In order to facilitate sufficient deliberation and quick decision making on important management matters, we minimized the number of members of the board. An external board director was also appointed to ensure the transparency and objectivity of management.

We publish the Komatsu's Code of Worldwide Business Conduct and ensure all employees of Komatsu Group companies around the world understand how important it is to observe the Rules of the Business Community. Komatsu created an organization to manage and lead our group-wide compliance activities during the year. By assigning this work to exclusive staff members, Komatsu is diligently improving the compliance program.

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 Highlights

(For the fiscal years ended March 31, 2002 and 2001)

Millions of yen & US dollars
except per share amounts

	2002		2001	Changes (2002-2001) Increase (Decrease)	
	Yen	Dollar	Yen	Yen	(%)
Net sales	1,035,891	7,789	1,096,369	(60,478)	(5.5)
Japan	478,187	3,596	586,865	(108,678)	(18.5)
Overseas	557,704	4,193	509,504	48,200	9.5
Income (loss) before Income taxes	(106,724)	(802)	20,064	(126,788)	---
Net income (loss)	(80,621)	(606)	6,913	(87,534)	---
Net income (loss) per share					
Basic	¥(84.46)	¢ (63.5)	¥ 7.24	¥ (91.70)	---
Diluted	---	---	---	---	---

Notes:

- Number of consolidated subsidiaries : 121 companies
• Number of companies accounted for by the equity method : 42 companies
- The translation of Japanese yen amounts into US dollar amounts is included solely for convenience and has been made for fiscal 2002 at the rate of ¥133 to \$1, the approximate rate of exchange at March 29, 2002.

Financial Position

(As of March 31, 2002 and 2001)

	2002	2001
Total assets (Millions of yen)	1,340,282	1,403,195
Shareholders' equity (Millions of yen)	395,143	474,257
Equity ratio (%)	29.5	33.8
Shareholders' equity per share (Yen)	414.02	497.12

Projections for FY2003

(From April 1, 2002 to March 31, 2003)

Millions of yen

	Net sales	Income before income taxes	Net income
The first half of FY2003	515,000	0	0
The entire FY2003	1,070,000	11,000	7,000

Condensed Consolidated Balance Sheets

(As of March 31, 2002 and 2001)

	Millions of yen		
	2002	2001	Changes Increase (Decrease)
	(A)	(B)	(A)-(B)
Assets			
Current assets:			
Cash and cash equivalents	¥ 45,392	¥ 39,760	¥ 5,632
Time deposits	1,076	1,110	(34)
Trade notes and accounts receivable	337,093	394,658	(57,565)
Inventories	266,952	255,801	11,151
Other current assets	109,429	94,799	14,630
Total current assets	759,942	786,128	(26,186)
Investments	74,092	95,179	(21,087)
Property, plant, and equipment - Less accumulated depreciation	405,301	438,795	(33,494)
Other assets	100,947	83,093	17,854
Total	1,340,282	1,403,195	(62,913)
Liabilities and Shareholders' Equity			
Current liabilities:			
Short-term debt (including current maturities of long-term debt)	219,717	230,137	(10,420)
Trade notes and accounts payable	196,069	209,526	(13,457)
Income taxes payable	6,011	11,598	(5,587)
Other current liabilities	170,564	131,634	38,930
Total current liabilities	592,361	582,895	9,466
Long-term liabilities	306,525	296,776	9,749
Minority interests	46,253	49,267	(3,014)
Shareholders' equity:			
Common stock	67,870	67,870	---
Capital surplus	117,439	117,418	21
Retained earnings	231,161	321,217	(90,056)
Accumulated other comprehensive income (loss) (*)	(18,393)	(29,204)	10,811
Treasury stock	(2,934)	(3,044)	110
Total shareholders' equity – net	395,143	474,257	(79,114)
Total	¥ 1,340,282	¥ 1,403,195	¥ (62,913)

	2002	2001	Changes Increase (Decrease)
(*) Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	¥ (10,344)	¥ (29,340)	¥ 18,996
Net unrealized holding gains on securities available for sale	3,055	7,249	(4,194)
Pension liability adjustments	(10,927)	(7,113)	(3,814)
Net unrealized holding gains (losses) on derivative instruments	(177)	---	(177)

Condensed Consolidated Statements of Income
(For the fiscal years ended March 31, 2002 and 2001)

	Millions of yen			
	2002	2001	Changes Increase (Decrease)	
	(A)	(B)	(A)-(B)	%
Revenues				
Net sales	¥ 1,035,891	¥ 1,096,369	¥ (60,478)	(5.5)
Interest and other income	34,278	30,718	3,560	
Total	1,070,169	1,127,087	(56,918)	(5.1)
Costs and expenses				
Cost of sales	792,748	804,700	(11,952)	
Selling, general and administrative expenses	256,364	263,854	(7,490)	
Interest expense	16,842	22,194	(5,352)	
Other expense	110,939	16,275	94,664	
Total	1,176,893	1,107,023	69,870	6.3
Income (loss) before income taxes, minority interests, and equity in earnings	(106,724)	20,064	(126,788)	---
Income taxes	(21,930)	13,715	(35,645)	
Minority interests in income of consolidated subsidiaries – net	3,775	179	3,596	
Equity in earnings of affiliated companies – net	398	385	13	
Net income (loss)	¥ (80,621)	¥ 6,913	¥ (87,534)	---

Note: Aggregated net comprehensive loss for the years ended March 31, 2002 and 2001 were 79,257 million yen and 2,701 million yen, respectively.

Condensed Consolidated Statements of Cash Flows
(For the fiscal years ended March 31, 2002 and 2001)

	Millions of yen		
	2002	2001	Changes
			Increase (Decrease)
	(A)	(B)	(A)-(B)
Operating activities			
Net income (loss)	¥ (80,621)	¥ 6,913	¥ (87,534)
Depreciation and amortization	61,581	65,106	(3,525)
Impairment loss on long-lived assets	52,242	4,337	47,905
Decrease in trade receivables	62,551	3,874	58,677
Decrease (increase) in inventories	20,611	(3,899)	24,510
Increase (decrease) in trade payables	(37,942)	8,652	(46,594)
Others, net	(18,101)	(15,007)	(3,094)
Net cash provided by operating activities	60,321	69,976	(9,655)
Investing activities			
Capital expenditures	(54,118)	(60,046)	5,928
Proceeds from sales of property	32,377	20,452	11,925
Others, net	4,808	4,452	356
Net cash used in investing activities	(16,933)	(35,142)	18,209
Financing activities			
Decrease in short – and long-term debt	(34,905)	(62,416)	27,511
Sales (repurchase) of common stock, net	180	(7,677)	7,857
Dividends paid	(5,730)	(5,770)	40
Net cash used in financial activities	(40,455)	(75,863)	35,408
Effect of exchange rate change on cash and cash equivalents	881	313	568
Net increase (decrease) in cash and cash equivalents	3,814	(40,716)	44,530
Cash and cash equivalents, beginning of year	39,760	80,476	(40,716)
Adjustments for change of fiscal period on consolidated subsidiaries	1,818	-	1,818
Cash and cash equivalents, end of year	¥ 45,392	¥ 39,760	¥ 5,632

Basis of Financial Statements (Consolidated)

1) Changes in group of entities

Consolidated subsidiaries

Addition: Komatsu Cummins Chile LTDA., Komatsu (China) LTD., and one other company

Removal: Komatsu Utility Corporation (merger), KEM America Inc. (liquidation), and eight other companies

Companies accounted for by the equity-method

Addition: one company

Removal: Komatsu Cummins Chile LTDA., Komatsu Kobe LTD.(merger), and two other companies

2) Impact to integration of fiscal year end

Certain consolidated subsidiaries changed the fiscal year end from December 31 to March 31. The change resulted in a decrease to retained earnings of ¥3.7 billion and an increase to other comprehensive income of ¥9.4 billion, respectively.

3) Derivative Instruments and Hedging Activities

The Company adopted Statement of Financial Accounting Standards (SFAS) No.133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No.138, "Accounting for Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No.133," for the year beginning April 1, 2001.

Business Information

1. Information by Business Unit

(1) Sales and Operating Profit (Loss)
(For the fiscal years ended March 31, 2002 and 2001)

Millions of yen

	2002			2001		
	Sales	Operating Profit (Loss)	Margin %	Sales	Operating Profit(Loss)	Margin %
Construction & Mining Equipment	738,358	881	0.1	725,547	22,203	3.1
Electronics	77,005	(14,925)	(19.4)	118,237	2,887	2.4
Others	264,973	4,976	1.9	309,698	6,450	2.1
Subtotal	1,080,336	(9,068)	(0.8)	1,153,482	31,540	2.7
Corporate & Elimination	(44,445)	(4,153)	---	(57,113)	(3,725)	---
Total	1,035,891	(13,221)	(1.3)	1,096,369	27,815	2.5

Notes: Sales amount of each business unit includes inter-unit transactions.

(2) Assets, Depreciation, and Capital Expenditures

Millions of yen

	2002			2001		
	As of Mar. 31, 2002	For the fiscal year ended Mar. 31, 2002		As of Mar. 31, 2001	For the fiscal year ended Mar. 31, 2001	
	Assets	Depreciation and Amortization	Capital Expenditures	Assets	Depreciation and Amortization	Capital Expenditures
Construction & Mining Equipment	879,732	36,442	46,354	868,611	32,317	47,380
Electronics	181,746	17,235	18,927	240,592	20,210	16,476
Others	231,287	6,217	9,187	254,960	11,388	15,454
Subtotal	1,292,765	59,894	74,468	1,364,163	63,915	79,310
Corporate & Elimination	47,517	---	---	39,032	---	---
Total	1,340,282	59,894	74,468	1,403,195	63,915	79,310

Note: In fiscal 2002 and 2001, the Company recorded impairment losses on assets in the electronics segment.

2. Information by Region

(1) Sales and Operating Profit (Loss)

(For the fiscal years ended March 31, 2002 and 2001)

Millions of yen

	2002			2001		
	Sales	Operating Profit (Loss)	Margin %	Sales	Operating Profit (Loss)	Margin %
Japan	690,062	130	0.0	804,670	29,253	3.6
Americas	284,181	(10,562)	(3.7)	252,376	(2,302)	(0.9)
Europe	117,873	3,077	2.6	125,808	5,945	4.7
Others	102,921	(354)	(0.3)	83,557	364	0.4
Subtotal	1,195,037	(7,709)	(0.6)	1,266,411	33,260	2.6
Corporate & Elimination	(159,146)	(5,512)	---	(170,042)	(5,445)	---
Total	1,035,891	(13,221)	(1.3)	1,096,369	27,815	2.5

Note: Sales amount of each region segment includes inter-segment transactions.

(2) Assets

(As of March 31, 2002 and 2001)

Millions of yen

	2002		2001	
	Assets	Ratio (%)	Assets	Ratio (%)
Japan	948,294	70.8	1,030,872	73.5
Americas	354,438	26.4	343,967	24.5
Europe	82,102	6.1	83,389	5.9
Others	106,626	8.0	98,057	7.0
Subtotal	1,491,460	111.3	1,556,285	110.9
Corporate & Elimination	(151,178)	(11.3)	(153,090)	(10.9)
Total	1,340,282	100.0	1,403,195	100.0

3. Overseas Sales

(1) For the fiscal year ended March 31, 2002

Millions of yen

	Americas	Europe	Others	Total
Overseas sales	262,341	128,029	167,334	557,704
Consolidated net sales	---	---	---	1,035,891
Ratio of overseas sales to consolidated net sales (%)	25.3	12.4	16.1	53.8

(2) For the fiscal year ended March 31, 2001

Millions of yen

	Americas	Europe	Others	Total
Overseas sales	241,091	126,479	141,934	509,504
Consolidated net sales	---	---	---	1,096,369
Ratio of overseas sales to consolidated net sales (%)	22.0	11.5	13.0	46.5

Note: Overseas sales represent the sales of the Company and its consolidated subsidiaries to areas other than Japan.

Consolidated Sales by Operation

(For the fiscal years ended March 31, 2002 and 2001)

Millions of yen

		2002		2001		Changes Increase (Decrease)	
		Sales	Ratio (%)	Sales	Ratio (%)	Sales	(%)
Construction & Mining	Japan	260,351	25.1	305,593	27.9	(45,242)	(14.8)
	Overseas	470,989	45.5	412,554	37.6	58,435	14.2
Equipment		731,340	70.6	718,147	65.5	13,193	1.8
Electronics	Japan	43,085	4.2	74,455	6.8	(31,370)	(42.1)
	Overseas	33,684	3.2	43,290	3.9	(9,606)	(22.2)
		76,769	7.4	117,745	10.7	(40,976)	(34.8)
Others	Japan	174,751	16.9	206,817	18.8	(32,066)	(15.5)
	Overseas	53,031	5.1	53,660	5.0	(629)	(1.2)
		227,782	22.0	260,477	23.8	(32,695)	(12.6)
Total	Japan	478,187	46.2	586,865	53.5	(108,678)	(18.5)
	Overseas	557,704	53.8	509,504	46.5	48,200	9.5
		1,035,891	100.0	1,096,369	100.0	(60,478)	(5.5)

Financial Instruments
(As of March 31, 2002 and 2001)

1. Derivative Financial Instruments

Millions of yen

	2002			2001		
	Contract, Notional Amounts	Carrying Amounts	Estimated Fair Value	Contract, Notional Amounts	Carrying Amounts	Estimated Fair Value
Foreign exchange contracts and option contracts	4,713	326	326	7,941	25	(367)
FY 2001						
Purchase of foreign currencies						
The equivalent of yen	28,528					
Sale of foreign currencies						
The equivalent of yen	33,074					
Option contracts (Purchased)						
The equivalent of yen	3,395					
FY 2002						
Purchase of foreign currencies						
The equivalent of yen	27,328					
Sale of foreign currencies						
The equivalent of yen	28,870					
Option contracts (Purchased)						
The equivalent of yen	3,171					
Interest rate swap, currency swap and Interest rate cap agreements	308,477	(10,086)	(10,086)	295,448	(738)	(564)

2. Marketable Securities

Millions of yen

	2002	2001
Investment Securities available for sale		
Marketable equity securities		
Cost	26,094	39,876
Fair value	33,468	54,574
Net unrealized holding gains	7,374	14,698
Marketable debt securities		
Cost	981	965
Fair value	981	965
Net unrealized holding gains	0	0

Financial Highlights of the Parent Company

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

(For the fiscal years ended March 31, 2002 and 2001)

Millions of yen & US dollars
except per share amounts

	2002		2001	Changes (2002-2001) Increase (Decrease)	
	Yen	Dollar	Yen	Yen	(%)
Net sales	382,908	2,879	430,270	(47,361)	(11.0)
Japan	234,607	1,764	283,148	(48,541)	(17.1)
Overseas	148,301	1,115	147,122	1,179	0.8
Operating income	8,708	65	14,181	(5,473)	(38.6)
Ordinary income	3,794	29	11,281	(7,487)	(66.4)
Net income (loss)	(41,828)	(314)	7,222	(49,050)	---
Earnings (Loss) per share					
Basic	¥(43.81)	¢(32.9)	¥ 7.52	¥(51.33)	---
Diluted	---	---	---	---	---

Notes: 1) The translation of Japanese yen amounts into United States dollar amounts is included solely for convenience and has been made for 2002 at the rate of ¥133 to \$1, the approximate rate of exchange at March 29, 2002.

2) The average numbers of shares for fiscal 2002 and 2001 are as follows:

Fiscal 2002: 954,720,148

Fiscal 2001: 960,181,975

Dividends

(For the fiscal years ended March 31, 2002 and 2001)

	2002	2001
Cash dividends per share (yen) per annum	6.00	6.00

Financial Position

(As of March 31, 2002 and 2001)

	2002	2001
Total assets (¥ million)	685,922	765,446
Shareholders' equity (¥ million)	418,818	473,794
Equity ratio (%)	61.1	61.9
Shareholders' equity per share (Yen)	438.83	494.09

Note: The numbers of shares issued and outstanding as of the end of fiscal 2002 and 2001 are as follows:

Fiscal 2002: 954,401,729

Fiscal 2001: 958,921,701

Sales by Operation

(For the fiscal years ended March 31, 2002 and 2001)

Millions of yen

		2002		2001		Changes Increase(Decrease)	
		Sales	Ratio (%)	Sales	Ratio (%)	Sales	(%)
Construction & Mining	Japan	182,942	47.8	221,757	51.5	(38,815)	(17.5)
	Overseas	140,045	36.6	139,177	32.3	867	0.6
Equipment		322,987	84.4	360,935	83.9	(37,947)	(10.5)
Electronics	Japan	3,358	0.9	8,484	2.0	(5,125)	(60.4)
	Overseas	393	0.1	58	0.0	334	573.6
		3,751	1.0	8,542	2.0	(4,791)	(56.1)
Others	Japan	48,306	12.6	52,906	12.3	(4,599)	(8.7)
	Overseas	7,862	2.1	7,886	1.8	(23)	(0.3)
		56,169	14.7	60,792	14.1	(4,623)	(7.6)
Total	Japan	234,607	61.3	283,148	65.8	(48,541)	(17.1)
	Overseas	148,301	38.7	147,122	34.2	1,179	0.8
		382,908	100.0	430,270	100.0	(47,361)	(11.0)

Projection for FY2003

(From April 1, 2002 to March 31, 2003)

Millions of yen

	Net Sales	Ordinary Income	Net Income
The first half of FY2003	175,000	2,000	3,000
The entire FY2003	375,000	7,000	6,000