

Komatsu Ltd.

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KOMATSU

Semi-Annual Report 2010

April 1, 2009 — September 30, 2009

Global Teamwork



Komatsu embarked on full-scale sales of the PC200-8 hybrid hydraulic excavator (PC200-8 Hybrid) in April 2009.

To All Our Stakeholders



Board of Directors

Back row, from left : Masao Fuchigami, Kenji Kinoshita, Kensuke Hotta, Morio Ikeda, Noriaki Kano, Tetsuji Ohashi
Front row, from left : Yoshinori Komamura, Masahiro Sakane, Kunio Noji, Yasuo Suzuki

During the interim period ended September 30, 2009, world economies began to move away from the path toward a drastic economic recession thanks to economic and financial measures across advanced and many emerging economies. However, the overall economic environment, except for some countries such as China, remained sluggish.

Under such an economic environment, the Komatsu Group continued to adjust production around the world in order to achieve an appropriate level of inventories as its top priority task. At the same time, we also reorganized production of both businesses of the Construction, Mining and Utility Equipment and the Industrial Machinery and Others, while realigning sales of construction equipment and forklift trucks in Japan. We also worked to cut down fixed costs. Meanwhile, we expanded production capacity for hybrid hydraulic excavators and their sales in order to ensure sales and profits. Nevertheless, consolidated sales for the interim period totaled ¥645.9 billion (US\$7,258 million, at US\$1=¥89), down 46.7% from the previous interim period. These sales were partly affected by the Japanese yen's appreciation in addition to a sharp drop in demand worldwide, except for China. Interim profits also declined from the previous interim period. Specifically, operating income declined by

Consolidated < U.S.GAAP >	
For the six months ended September 30, 2009	
Net sales	¥ 645.9 billion (Down 46.7%)
Operating income	¥ 19.7 billion (Down 87.6%)
Income before income taxes	¥ 18.4 billion (Down 88.2%)
Net income attributable to Komatsu Ltd.	¥ 8.1 billion (Down 91.8%)
[Sales by Operation]	
Construction, Mining and Utility Equipment	¥ 571.0 billion (Down 45.8%)
Industrial Machinery and Others	¥ 84.6 billion (Down 51.4%)
Elimination	¥ (9.7) billion
Total	¥ 645.9 billion (Down 46.7%)

Note: Yen figures of less than one hundred million are omitted.

87.6% to ¥19.7 billion (US\$222 million). Income before income taxes and equity in earnings of affiliated companies amounted to ¥18.4 billion (US\$207 million), down 88.2%. Net income for the first six-month period attributable to Komatsu Ltd. decreased by 91.8% to ¥8.1 billion (US\$92 million).

Note : All figures concerning sales and profits represent cumulative sums for six months from April 1 to September 30.

Interim Dividends

Komatsu is building a sound financial position and flexible and agile corporate strengths to increase its corporate value. Concerning cash dividends to shareholders, the Company maintains the policy of redistributing profits by considering consolidated business results and continuing stable dividends.

Specifically, the Company has set the goal of a consolidated payout ratio of 20% or higher, and maintains the policy of not decreasing dividends, as long as a consolidated payout ratio does not surpass 40%.

Concerning interim cash dividends, the Board of Directors of the Company set ¥8 per share, a decrease of ¥14 from ¥22 paid for the previous interim period. This decision was reached at the board meeting held on October 29, 2009. The amount was decided by considering the consolidated

business results for the interim period under review and future business prospects.

Outlook for the Fiscal Year ending March 31, 2010

With respect to the Construction, Mining and Utility Equipment business, we achieved an appropriate level of inventories for market demand by the end of the interim period under review after having engaged in a substantial adjustment of production. Therefore, we are going to shift production in tune with demand changes in the future. However, we cannot expect rapid recovery of market conditions, and uncertainty will remain into the future. Also in the Industrial Machinery and Others business, we cannot look for capital investment by the automobile manufacturing industry, our main client, so that a challenging environment will continue for our presses, sheet metal machines and machine tools.

To further strengthen our competitive and earnings capabilities, we are steadfastly facilitating structural reforms of our two main businesses of Construction, Mining and Utility Equipment as well as Industrial Machinery and Others. At the same time, we are continuing our efforts on the following seven selected tasks of the mid-range management plan "Global Teamwork for 15" which ends at the end of the current fiscal year and we are determined to produce substantial results.

1. Development of DANTOTSU Products
2. Further Enhancement of Market Position in Greater Asia
3. Business Expansion in the Entire Value Chain
4. Establishment of Flexible Manufacturing Operations
5. Expansion of Utility Equipment Business and Improvement of Earnings
6. Reinforcement of Industrial Machinery Business
7. Reduction of Fixed Costs


In addition to reducing CO₂ emissions in our production phase as part of our preventive measures for global warming, we are also determined to make contributions in reducing CO₂


emissions in the phase of machine use by our customers. For the latter, we are working to expand sales of hybrid hydraulic excavators, facilitate the commercialization trials of dump trucks by using biodiesel fuel in Indonesia, and in the industrial machinery business, further increase sales of AC Servo presses which feature an outstanding reduction of energy consumption.

To ensure sound and transparent management, we are further strengthening our corporate governance, while improving management efficiency. While making sure that our compliance is thorough, we will also ensure that all employees of the Komatsu Group share The KOMATSU Way. In addition to improving our business results, we will further improve corporate strength and fulfill social responsibility all in a well balanced manner.

On behalf of the members of the Board, we would like to ask you for your continuing support.

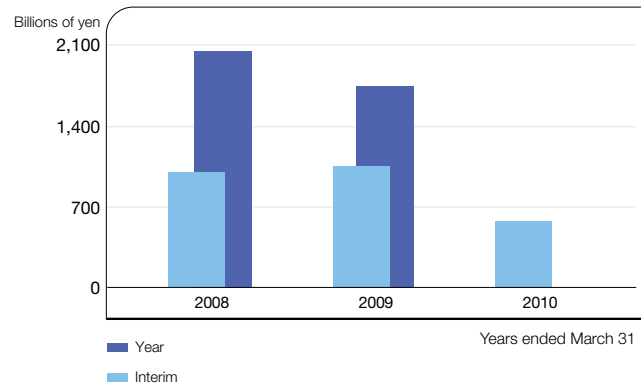
November 2009


Masahiro Sakane
Chairman of the Board


Kunio Noji
President and CEO

Construction, Mining and Utility Equipment

Net Sales

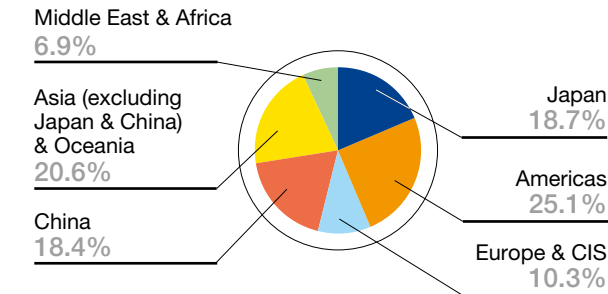


Sales by Region (To outside customers)	
For the six months ended September 30, 2009	
Japan	¥ 106.5 billion (Down 34.0%)
Americas	¥ 143.2 billion (Down 46.9%)
Europe & CIS	¥ 58.8 billion (Down 69.5%)
China	¥ 104.5 billion (Up 2.9%)
Asia (excluding Japan & China) & Oceania	¥ 117.3 billion (Down 39.6%)
Middle East & Africa	¥ 39.0 billion (Down 70.0%)

Note : Yen figures of less than one hundred million are omitted.

Breakdown of Sales by Region

For the six months ended September 30, 2009



While demand upturned in China in the interim period under review, overall demand dropped sharply from the corresponding period a year ago. The Japanese yen also appreciated. Against this backdrop, consolidated net sales of construction, mining and utility equipment totaled ¥571.0 billion (US\$6,416 million), down 45.8% from the previous interim period. Segment profit amounted to ¥20.7 billion (US\$234 million), a decline of 86.0%, and segment profit ratio was 3.6%, a drop of 10.5 percentage points from the interim period a year ago.

As demand remained sluggish, the Komatsu Group continued to carry out substantial production adjustment in order to attain an appropriate level of inventories, including those of distributors. As a result, we achieved the proper inventory level for current demand by the end of the interim period under review. Other efforts extended to optimization of production and sales structures and further improvement of operational efficiency, including reorganization of plants, consolidation/elimination of production lines and reorganization of distributors in Japan and overseas.

Japan

While public-sector investment was firm, resulting from the government's economic measures, private-sector and housing investments remained slack, considerably reducing demand for construction equipment from the interim period a year ago. Interim sales in Japan declined from the corresponding period a year ago. In this environment, we continued our efforts to reorganize production and sales. We also worked to establish a full-scale commercialization setup for hybrid hydraulic excavators and expand their sales. We expect strong sales for their outstanding reduction of fuel consumption and CO₂ emissions. We expanded the production capacity for electric motors and other key components at our Shonan Plant in Hiratsuka City, Kanagawa Prefecture. With respect to sales, we received orders for about 140 units as of September 30 (180 units targeted for the current fiscal year ending March 2010).

Americas

North American demand dropped sharply from the corresponding period a year ago, as affected by sluggish housing starts and delaying recovery of the economy in the United States. In Latin America, demand for construction equipment for use in civil engineering declined reflecting sluggish economies, but demand for equipment for mining applications remained relatively firm. In North America, we focused our efforts on reorganizing production and sales, while reinforcing sales and product support capabilities for mining equipment. However, interim sales in the Americas declined sharply from the corresponding period a year ago, reflecting our efforts in production adjustment to attain an appropriate level of inventories in addition to sluggish market conditions.



Komatsu has completed the production transfer of forestry equipment to the Chattanooga Manufacturing Operation of Komatsu America Corp.

Europe & CIS

Demand continued to decline markedly in Europe & CIS under slack economies. Interim sales in Europe & CIS dropped sharply from the interim period a year ago, as affected by considerable declines of demand in both regions and partly due to our proactive efforts to adjust production to promote an appropriate level of inventories at our distributors and narrow down the models produced by our European plants.

China

Recovery of demand became evident with record-high monthly demand being renewed since June as the Chinese government implemented economic stimulus measures for large-scale public works such as railway and highway construction projects in addition to the post-earthquake reconstruction proj-

ects in Sichuan Province. As a result, interim sales in China increased over the interim period a year ago.

In August this year, we embarked on the pilot market introduction of our hybrid hydraulic excavators by leading other overseas markets.

Asia & Oceania

Demand declined in Asia & Oceania from the corresponding period a year ago, as affected by economic slowdown. However, signs of recovery began to emerge in the mining, agricultural and forestry sectors of Indonesia and mining and infrastructure development sectors of India. In this environment, we continued our efforts to strengthen sales and product support capabilities. However, interim sales decreased from the corresponding period a year ago, as partly affected by production adjustment made to reduce distributors' inventories to an appropriate level.



930E driverless dump truck in an iron ore mine in Australia

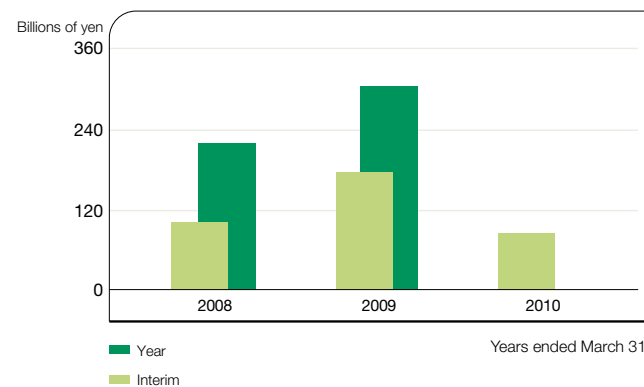
Middle East & Africa

While commodity prices showed upturning signs, demand remained sluggish in the Middle East & Africa as affected by economic recession. In this environment, we worked to strengthen our product support capabilities, for example, by opening a new training center in Dakar, Senegal. However, interim sales declined from the interim period a year ago, reflecting a drop in demand in the Middle East in addition to production adjustment made to reduce inventories to an appropriate level.

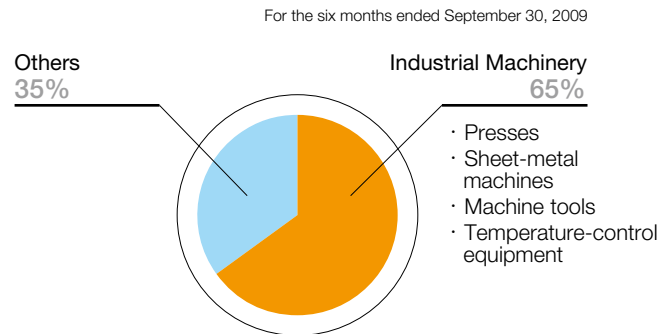
Topics

Industrial Machinery and Others

Net Sales



Breakdown of Sales by Business Domain



Consolidated interim sales of industrial machinery and other operations totaled ¥84.6 billion (US\$952 million), down 51.4% from the interim period a year ago, as the automobile and many other client industries continued to restrain from making capital investment. This resulted in a sizable drop in new orders for industrial machinery. Segment profit amounted to ¥3.6 billion (US\$41 million), a decline of 73.7% and segment profit ratio was 4.3%, down 3.7 percentage points.

As a challenging environment remained, we continued to advance structural reforms such as the reorganization of production, and reinforced our sales and product support capabilities in China which has strong potential for market growth. In Japan, we applied KOMTRAX to industrial machinery, getting ready for market introduction in the second half period of the current fiscal year. KOMTRAX, a Komatsu-original monitoring system for construction equipment, is a market-proven, pacesetter system for the industry.

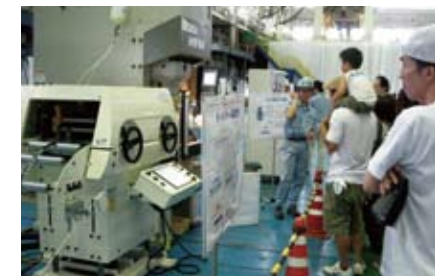


Komatsu Group's booth at the MF-Tokyo 2009, an industrial fair for metal forming and fabricating machines

● ● ● Komatsu Plant: Appreciations to Local Communities

On August 2, 2009, the Komatsu Plant held its memorial open-house event to show appreciations to local communities. While, conventionally, the Awazu Plant has held such open-house events in the Ishikawa area, we decided on the Komatsu Plant to show our appreciations for local communities' support over the years because we are going to close it down in March 2010 as part of our production restructuring project.

For this memorial event, we displayed many photos on panels which show a long history of the plant, demonstrated the operation of a small press machine, and offered trial rides of our construction equipment. Some 16,000 visitors enjoyed our open-house day with these and other programs at the Komatsu Plant.



● ● ● Demining Anti-Personnel Landmines: Community Reconstruction Well Underway in Cambodia and Angola

Since January 2008, we have been supporting demining and community development projects undertaken by Japan Mine Action Service (JMAS), a non-governmental organization, to demine the landmine-infected areas and reconstruct communities.

In March 2009, we completed our first joint project with JMAS, which called for community reconstruction in the village of Reak Smey Sangha in Battambang District in Cambodia.

At present, we are continuing our support in community development projects mainly by using our D85MS demining machines in Cambodia and Angola.

[Cambodia]

In June 2009, we began a safe village development project in the village of Kilo and Chea-Montrei, Battambang District as our second project in Cambodia.

[Angola]

In April 2009, we started demining anti-personnel landmines in the village of Mabubas in Bengo by using the D85DM demining machine.



● ● ● Mina Watanabe of Our Judo Team Wins Bronze Medal at the World Judo Championships

On August 29, Mina Watanabe of the Komatsu Women's Judo Team came into the third place, winning the Bronze medal for the women's 70kg category at the World Judo Championships in Rotterdam, the Netherlands. For our Judo team, this represents three straight winning of medals at this prestigious event, following the silver medal in Cairo in 2005 and the bronze medal in Rio de Janeiro in 2007 (both won by Ayumi Tanimoto in the women's 63kg category). We thank you for your support.



Hybrid Construction Equipment: Full-Scale Sales Launched

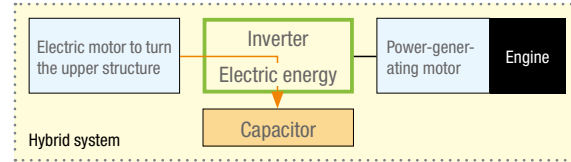
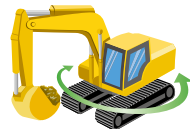
In June 2008 we led the world in introducing the PC200-8 Hybrid hydraulic excavator which combines the use of a diesel engine and electronic motors. We engaged in limited sale of 30 units in Japan last year, collected fuel consumption data at different jobsites and made thorough reviews of their CO₂ emission reduction. Having confirmed a higher level of both advantages than initially anticipated, we embarked on long-awaited, full-scale sales of the PC200-8 Hybrid in April this year.

CO₂ Reduction: Mechanism

Equipped with the PC200-8 Hybrid, the Komatsu Hybrid System converts kinetic energy, which is generated when the upper structure of the excavator slows down its turning speed, into electric energy, stores it in the capacitor which discharges its stored energy to help power the machine for work.

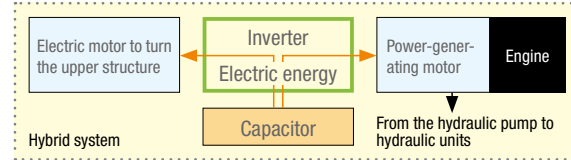
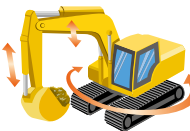
► Figure 1. Recovering Energy

Kinetic energy recovered as the turning structure slows down is converted into electric energy and stored.



► Figure 2. Using electric energy

Electric energy stored in the capacitor is used to assist engine acceleration and turn the upper structure of the excavator.



► Hybrid Going Global

We have set a sales target of 700 units worldwide for fiscal 2010, which include 180 units in Japan and 500 in China. Compared to Japan, in China construction equipment is used twice as long on average as in Japan. Similarly, fuel cost as a percentage of total running costs is much larger. In these regards, we believe that Chinese customers are positioned to enjoy larger merits of the PC200-8 Hybrid. Fifty Hybrid units, exported from Japan to China in August this year as pilot machines, have been in operation at our Chinese customers' jobsites. We are also planning to start test marketing in the United States by the end of this year.



Training our distributors for the PC200-8 Hybrid hydraulic excavator in China.

► Shonan Plant: Expanding Production Capacity for Hybrid Components

We manufacture engines, hydraulic equipment and other key components all in house. Similarly, we also manufacture motors, inverters and capacitors*, i.e., components exclusively for hybrid construction equipment, in house. For our Shonan Plant in Hiratsuka City, Kanagawa Prefecture, where those hybrid components are exclusively produced, we expanded its production capacity in September to ensure a monthly production volume of 100 units of the PC200-8 Hybrid. Looking ahead, we are planning to uplift our production capacity for the Hybrid to 300 units monthly in March 2010.

* Only capacitor cells are outsourced.

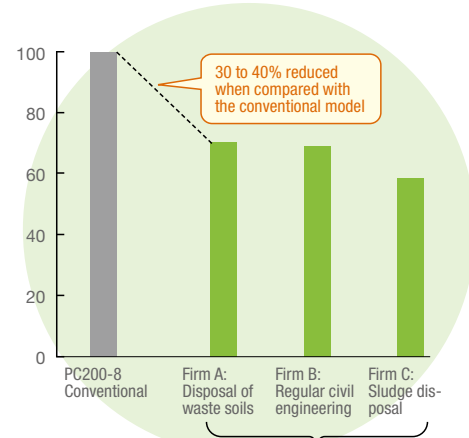


Components for our hybrid equipment are produced at the Shonan Plant.

CO₂ Reduction: Results

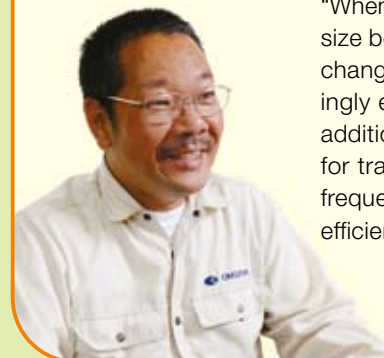
Our PC200-8 Hybrid cuts down more CO₂ emissions and fuel consumption at jobsites which require more turns of its upper structure. Based on the data measured at actual jobsites, we have confirmed the reductions ranging from 30 to 40%. To bring about larger merits to customers, therefore, we are going to emphasize sales of the Hybrid to customers with 1) longer hours of machine use (1,500 hours per year) and 2) engaging in work which requires frequent turns of the upper structure.

► Figure 3. Reducing CO₂ emissions and fuel consumption: Conventional model vs. Hybrid model



Measured data of the PC200-8 Hybrid performance at actual jobsites

(((Reporting PC200-8 Hybrid Performance from Jobsite)))



"When I was operating hydraulic excavators of the same size before, I used to fuel every other day. Since when I changed the machine to the PC200-8 Hybrid, surprisingly enough, I need to fuel every four to five days! In addition to reduced fuel expenses, I can also save time for traveling to the fuel site and fueling itself with less frequent fueling, and thereby, I have improved my work efficiency considerably."

Mr. Mitsuaki Nagato works at Chiba Branch of Ohkura Co., Ltd. and operates the PC200-8 Hybrid.



PC200-8 Hybrid at a jobsite

Consolidated Balance Sheets (Unaudited)

Komatsu Ltd. and subsidiaries

As of September 30, 2009 and 2008, of fiscal 2010 and 2009, respectively

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Assets			
Current assets			
Cash and cash equivalents	¥ 91,687	¥ 77,216	\$ 1,030,191
Time deposits	578	177	6,494
Trade notes and accounts receivable—less allowance for doubtful receivables	353,048	513,450	3,966,831
Inventories	436,450	560,436	4,903,933
Other current assets	106,066	130,304	1,191,753
Total current assets	987,829	1,281,583	11,099,202
Long-term trade receivables	140,490	110,462	1,578,539
Investments	94,214	119,597	1,058,584
Property, plant and equipment—less accumulated depreciation	532,257	527,958	5,980,416
Other assets	157,003	135,597	1,764,079
Total	¥ 1,911,793	¥ 2,175,197	\$ 21,480,820
Liabilities and equity			
Current liabilities			
Short-term debt (including current maturities of long-term debt)	¥ 271,907	¥ 204,004	\$ 3,055,135
Trade notes, accounts payable and bills payable	153,013	379,180	1,719,247
Income taxes payable	6,718	34,705	75,483
Other current liabilities	175,019	197,297	1,966,506
Total current liabilities	606,657	815,186	6,816,371
Long-term liabilities	465,285	370,561	5,227,921
Total liabilities	1,071,942	1,185,747	12,044,292
Komatsu Ltd. Shareholders' equity			
Common stock	67,870	67,870	762,584
Capital surplus	140,111	139,941	1,574,281
Retained earnings	738,461	791,137	8,297,315
Accumulated other comprehensive income (loss)	(109,880)	(38,053)	(1,234,607)
Treasury stock	(34,730)	(5,106)	(390,225)
Total Komatsu Ltd. shareholders' equity	801,832	955,789	9,009,348
Noncontrolling interest	38,019	33,661	427,180
Total equity	839,851	989,450	9,436,528
Total	¥ 1,911,793	¥ 2,175,197	\$ 21,480,820

Note: The translation of Japanese yen amounts into United States dollar amounts is included solely for convenience and has been made at the rate of ¥89 to \$1, the approximate rate of exchange at September 30, 2009.

While inventories declined in tandem with Komatsu's proactive efforts to reduce them to an appropriate level, interest-bearing debt increased mainly due to the inclusion of a retail finance company in Australia as a consolidated subsidiary.

Consolidated Statements of Income (Unaudited)

Komatsu Ltd. and subsidiaries

For the six months ended September 30, 2009 and 2008, of fiscal 2010 and 2009, respectively

	Millions of yen (except per share amounts)		Thousands of U.S. dollars (except per share amounts)
	2010	2009	2010
Net sales	¥ 645,963	¥ 1,211,288	\$ 7,258,011
Cost of sales	505,082	885,675	5,675,079
Selling, general and administrative expenses	119,483	166,224	1,342,505
Other operating income (expenses)	(1,613)	265	(18,124)
Operating income	19,785	159,654	222,303
Other income (expenses)			
Interest and dividend income	3,965	4,414	44,551
Interest expense	(5,125)	(7,565)	(57,584)
Other—net	(173)	225	(1,944)
Other income (expenses)	(1,333)	(2,926)	(14,977)
Income before income taxes and equity in earnings of affiliated companies	18,452	156,728	207,326
Income taxes	6,643	53,401	74,641
Equity in earnings of affiliated companies	41	1,334	461
Net income	11,850	104,661	133,146
Less net income attributable to the noncontrolling interest	(3,652)	(4,320)	(41,034)
Net income attributable to Komatsu Ltd.	¥ 8,198	¥ 100,341	\$ 92,112
Net income attributable to Komatsu Ltd. per share:			
Basic	¥ 8.47	¥ 100.82	9.5¢
Diluted	¥ 8.47	¥ 100.72	9.5¢
Cash dividends per share	¥ 18.00	¥ 22.00	20.2¢

Note: In consolidation, cash dividends per share have been calculated based on dividends paid in each fiscal year. As for fiscal 2010, interim dividend payment of ¥8 per share has been approved by the Board of Directors of the Company.

Net sales declined reflecting not only a big drop in global demand except for China but also adverse effects of the Japanese yen's appreciation. Operating income dropped sharply resulting largely from adverse effects of the Japanese yen's appreciation in addition to reduced sales and a sizable adjustment of production made to achieve an appropriate level of inventories. Nonetheless, Komatsu secured an operating income by reducing fixed costs and making other efforts.

Consolidated Statements of Shareholders' Equity (Unaudited)

Komatsu Ltd. and subsidiaries

For the six months ended September 30, 2009 and 2008, of fiscal 2010 and 2009, respectively

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Common stock			
Balance, beginning of year	¥ 67,870	¥ 67,870	\$ 762,584
Balance, end of period	¥ 67,870	¥ 67,870	\$ 762,584
Capital surplus			
Balance, beginning of year	¥ 140,092	¥ 138,170	\$ 1,574,068
Sales of treasury stock	(84)	1,702	(944)
Issuance and exercise of stock acquisition rights	103	69	1,157
Balance, end of period	¥ 140,111	¥ 139,941	\$ 1,574,281
Retained earnings, appropriated for legal reserve			
Balance, beginning of year	¥ 28,472	¥ 26,714	\$ 319,910
Transfer from unappropriated retained earnings	2,309	276	25,944
Balance, end of period	¥ 30,781	¥ 26,990	\$ 345,854
Unappropriated retained earnings			
Balance, beginning of year	¥ 719,222	¥ 685,986	\$ 8,081,146
Net income attributable to Komatsu Ltd.	8,198	100,341	92,113
Cash dividends paid to Komatsu Ltd. shareholders	(17,431)	(21,904)	(195,854)
Transfer to retained earnings appropriated for legal reserve	(2,309)	(276)	(25,944)
Balance, end of period	¥ 707,680	¥ 764,147	\$ 7,951,461
Accumulated other comprehensive income (loss)			
Balance, beginning of year	¥(105,744)	¥ (28,779)	\$(1,188,135)
Other comprehensive income for the period, net of tax	(4,136)	(9,274)	(46,472)
Balance, end of period	¥(109,880)	¥ (38,053)	\$(1,234,607)
Treasury stock			
Balance, beginning of year	¥ (34,971)	¥ (2,835)	\$ (392,933)
Purchase of treasury stock	(15)	(3,050)	(168)
Sales of treasury stock	256	779	2,876
Balance, end of period	¥ (34,730)	¥ (5,106)	\$ (390,225)
Total Komatsu Ltd. shareholders' equity	¥ 801,832	¥ 955,789	\$ 9,009,348
Noncontrolling interest			
Balance, beginning of year	¥ 33,393	¥ 30,239	\$ 375,202
Net income attributable to the noncontrolling interest	3,652	4,320	41,034
Cash dividends paid to the noncontrolling interest	(1,727)	(2,243)	(19,404)
Other comprehensive income (loss) for the period, net of tax	1,187	(692)	13,337
Other changes in noncontrolling interest	1,514	2,037	17,011
Balance, end of period	¥ 38,019	¥ 33,661	\$ 427,180
Total equity	¥ 839,851	¥ 989,450	\$ 9,436,528

Consolidated Statements of Cash Flows (Unaudited)

Komatsu Ltd. and subsidiaries

For the six months ended September 30, 2009 and 2008, of fiscal 2010 and 2009, respectively

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Operating activities			
Net income	¥ 11,850	¥ 104,661	\$ 133,146
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	44,427	45,914	499,180
Deferred income taxes	(8,845)	51	(99,382)
Net loss (gain) on sale of investment securities and subsidiaries	(252)	1,311	(2,831)
Net loss (gain) on sale of property	(251)	(62)	(2,820)
Loss on disposal of fixed assets	922	1,273	10,360
Pension and retirement benefits—net	199	(42)	2,236
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	21,396	(2,515)	240,404
Decrease (increase) in inventories	69,679	(42,501)	782,910
Increase (decrease) in trade payables	(56,819)	(10,104)	(638,416)
Increase (decrease) in income taxes payable	(4,215)	(18,240)	(47,360)
Other—net	9,363	(21,349)	105,202
Net cash provided by (used in) operating activities	87,454	58,397	982,629
Investing activities			
Capital expenditures	(50,342)	(68,586)	(565,640)
Proceeds from sale of property	7,519	6,894	84,483
Proceeds from sale of available for sale investment securities	74	147	831
Purchases of available for sale investment securities	(3,505)	(9,318)	(39,382)
Proceeds from sale of subsidiaries and equity investees, net of cash disposed	661	—	7,427
Acquisition of subsidiaries and equity investees, net of cash acquired	627	302	7,045
Collection of loan receivables	901	4,959	10,124
Disbursement of loan receivables	(970)	(3,386)	(10,899)
Decrease (increase) in time deposits	(52)	(1,519)	(584)
Net cash provided by (used in) investing activities	(45,087)	(70,507)	(506,595)
Financing activities			
Proceeds from long-term debt	88,685	77,173	996,460
Repayments on long-term debt	(26,566)	(41,148)	(298,494)
Increase (decrease) in short-term debt—net	(61,988)	(3,182)	(696,494)
Repayments of capital lease obligations	(17,902)	(20,378)	(201,146)
Sale (purchase) of treasury stock—net	157	(2,791)	1,764
Dividends paid	(17,431)	(21,904)	(195,854)
Other—net	(3,199)	(1,481)	(35,944)
Net cash provided by (used in) financing activities	(38,244)	(13,711)	(429,708)
Effect of exchange rate change on cash and cash equivalents	(2,999)	1,027	(33,697)
Net increase (decrease) in cash and cash equivalents	1,124	(24,794)	12,629
Cash and cash equivalents, beginning of year	90,563	102,010	1,017,562
Cash and cash equivalents, end of period	¥ 91,687	¥ 77,216	\$ 1,030,191



Net cash provided by operating activities increased from the corresponding period a year ago, mainly due to a decrease in working capital. Net cash used in investing activities declined from the corresponding period a year ago, due largely to restrained investments in Japan and overseas.

Consolidated Business Segment Information (Unaudited)

Komatsu Ltd. and subsidiaries

For the six months ended September 30, 2009 and 2008, of fiscal 2010 and 2009, respectively

<Information by Operating Segment>

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Net sales:			
Construction, Mining and Utility Equipment	¥ 571,022	¥ 1,052,951	\$ 6,415,977
Industrial Machinery and Others	84,689	174,085	951,562
Total	655,711	1,227,036	7,367,539
Elimination	(9,748)	(15,748)	(109,528)
Consolidated	¥ 645,963	¥ 1,211,288	\$ 7,258,011
Segment profit:			
Construction, Mining and Utility Equipment	¥ 20,787	¥ 148,748	\$ 233,562
Industrial Machinery and Others	3,670	13,944	41,236
Total	24,457	162,692	274,798
Corporate expenses and elimination	(3,059)	(3,303)	(34,371)
Consolidated segment profit	21,398	159,389	240,427
Other operating income (expenses)	(1,613)	265	(18,124)
Operating income	19,785	159,654	222,303
Interest and dividend income	3,965	4,414	44,551
Interest expense	(5,125)	(7,565)	(57,584)
Other-net	(173)	225	(1,944)
Income before income taxes and equity in earnings of affiliated companies	¥ 18,452	¥ 156,728	\$ 207,326
Depreciation and amortization:			
Construction, Mining and Utility Equipment	¥ 40,227	¥ 40,708	\$ 451,989
Industrial Machinery and Others	3,726	4,645	41,865
Consolidated	¥ 43,953	¥ 45,353	\$ 493,854
Capital investment:			
Construction, Mining and Utility Equipment	¥ 51,241	¥ 79,992	\$ 575,742
Industrial Machinery and Others	1,580	4,453	17,753
Consolidated	¥ 52,821	¥ 84,445	\$ 593,494

Note: Segment profit is obtained by subtracting cost of sales and selling, general and administrative expenses from net sales.

<Geographic Information>

Net sales to customers recognized by sales destination

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Japan	¥ 150,732	¥ 234,957	\$ 1,693,618
Americas	152,325	300,983	1,711,517
Europe and CIS	62,222	200,521	699,124
China	117,739	134,647	1,322,910
Asia (excluding Japan, China) and Oceania	123,784	210,073	1,390,831
Middle East and Africa	39,161	130,107	440,011
Consolidated	¥ 645,963	¥ 1,211,288	\$ 7,258,011

Net sales and segment profit recognized by geographic origin

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Net sales:			
Japan	¥ 301,704	¥ 719,781	\$ 3,389,933
Americas	162,847	305,535	1,829,742
Europe and CIS	79,953	200,210	898,348
Others	208,868	284,352	2,346,831
Elimination	(107,409)	(298,590)	(1,206,843)
Consolidated	¥ 645,963	¥ 1,211,288	\$ 7,258,011
Segment profit:			
Japan	¥ (24,198)	¥ 68,542	\$ (271,888)
Americas	15,285	37,937	171,742
Europe and CIS	5,012	19,418	56,315
Others	25,604	42,278	287,685
Corporate and elimination	(305)	(8,786)	(3,427)
Consolidated	¥ 21,398	¥ 159,389	\$ 240,427

Notes: 1. Area segments are separated by the geographical proximity.

2. Main countries or areas of each segment above are as follows:

(1) Americas: North America and Latin America

(2) Europe and CIS: Germany, the United Kingdom and Russia

(3) Others: China, Oceania, Southeast Asia, Middle East and Africa

Directors, Auditors and Officers

As of September 30, 2009

Board of Directors

Masahiro Sakane

Chairman of the Board

Kunio Noji

President and Chief Executive Officer

Yoshinori Komamura

Director and Senior Executive Officer
President, Construction & Mining Equipment Marketing Division

Yasuo Suzuki

Director and Senior Executive Officer
President, Industrial Machinery Division

Kenji Kinoshita

Director and Senior Executive Officer
Chief Financial Officer
Supervising CSR and Corporate Communications & Investor Relations

Masao Fuchigami

Director and Senior Executive Officer
Supervising Environment, Research, Design & Development and Quality Assurance

Corporate Auditors

Masaji Kitamura

Standing Corporate Auditor

Kyoji Torii

Standing Corporate Auditor

Makoto Okitsu

Outside Corporate Auditor
Advisor, Teijin Limited

Tetsuji Ohashi

Director and Senior Executive Officer
President, Production Division
Supervising Production and e-KOMATSU

Morio Ikeda

Outside Director
Advisor, Shiseido Company, Limited

Kensuke Hotta

Outside Director
Chairman and Representative Director,
Greenhill & Co. Japan Ltd.

Noriaki Kano

Outside Director
Professor Emeritus,
Tokyo University of Science

Hiroyuki Kamano

Outside Corporate Auditor
Partner, Kamano Sogo Law Offices

Kunihiro Matsuo

Outside Corporate Auditor
Attorney at law

Executive Officers

Hiroyuki Horii

Senior Executive Officer
Vice President, Industrial Machinery Division
President, Komatsu NTC Ltd.

Mamoru Hironaka

Senior Executive Officer
Vice President, Construction & Mining Equipment Marketing Division
President, Product Support Division

Taizo Kayata

Senior Executive Officer
President, Overseas Marketing, Construction & Mining Equipment Marketing Division
Representative of All China Operations

Nobukazu Kotake

Senior Executive Officer
President, Development Division

Susumu Yamanaka

Senior Executive Officer
President, Defense Systems Division

Masakatsu Hioki

Senior Executive Officer
Supervising Compliance, Legal Affairs, Human Resources, Education and Safety & Health Care

Shinichiro Komiya

Executive Officer
President, Japanese Domestic Marketing, Construction & Mining Equipment Marketing Division

Fusao Seki

Executive Officer
General Manager, Corporate Communications and CSR
Supervising General Affairs

Tetsuro Kajiya

Executive Officer
President, Procurement Division

Kazuhiko Iwata

Executive Officer
President, Global Mining Business, Construction & Mining Equipment Marketing Division

Nobuki Hasegawa

Executive Officer
General Manager, Construction Equipment Technical Center 2, Development Division

Mikio Fujitsuka

Executive Officer
General Manager, Corporate Planning Division
President, Global Retail Finance Business Division
Supervising Audit

Ichiro Sasaki

Executive Officer
Awazu Plant Manager, Production Division

Noriyuki Sudo

Executive Officer
President, Rental and Used Equipment Business, Construction & Mining Equipment Marketing Division

Fujitoshi Takamura

Executive Officer
Vice President, Development Division
General Manager, Construction Equipment Technical Center 1

Yoshisada Takahashi

Executive Officer
Vice President, Production Division
Osaka Plant Manager

Tadashi Okada

Executive Officer
Vice President, Industrial Machinery Division
President, Press & Machine Tools Business

Masahiro Uegaki

Executive Officer
Mooka Plant Manager and Ibaraki Plant Manager, Production Division

Kazunori Kuromoto

Executive Officer
President, IT Construction Business, Construction & Mining Equipment Marketing Division

Mitsuru Ueno

Executive Officer
President, Engines & Hydraulics Business Division

Kikuo Ejima

Executive Officer
President, Research Division

Shuji Yamashita

Executive Officer
Oyama Plant Manager, Engines & Hydraulics Business Division

Masanao Mori

Executive Officer
General Manager, Human Resources

Ichiro Nakano

Executive Officer
General Manager, System Development Center, Development Division

Corporate Information

As of September 30, 2009

General

Head Office

2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan

Date of Establishment

May 13, 1921

Common Stock Outstanding

Consolidated: ¥67,870 million (US\$640 million)
Non-consolidated: ¥70,120 million (US\$662 million)

Number of Employees

Consolidated: 39,041 Non-consolidated: 8,190

Stock Related

Business Year

The one (1) year period from April 1 of each year to March 31 of the following year

Ordinary General Meeting of Shareholders

June

Record Dates

Voting Rights at the Ordinary General Meeting of Shareholders: March 31
Year-End Dividend: March 31
Interim Dividend: September 30

One Unit (tangen) of Shares

100

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

Depository

ADRs: The Bank of New York Mellon
101 Barclay Street, New York, NY
10286, U.S.A.
Tel: +1(201)680-6825
U.S.Toll Free: 1-888-269-2377(888-BNY-ADRS)
URL: <http://www.adrbnymellon.com>

Stock Information

As of September 30, 2009

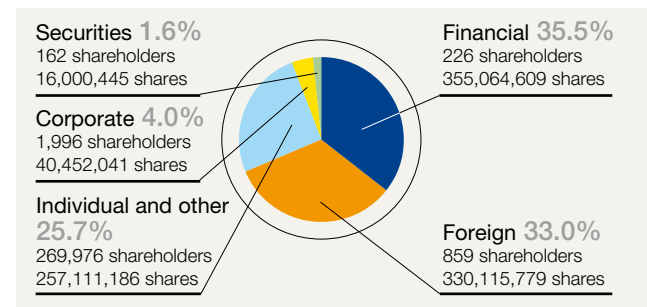
Total Number of Shares Issued and Outstanding

998,744,060 shares

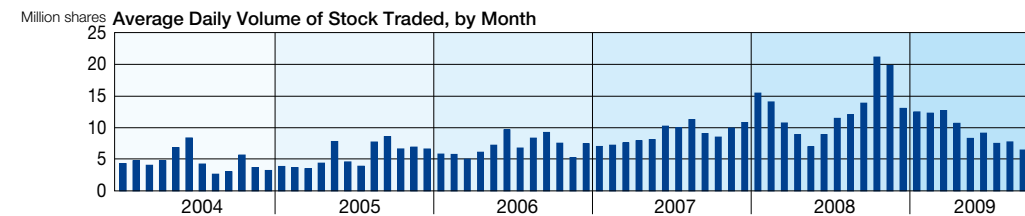
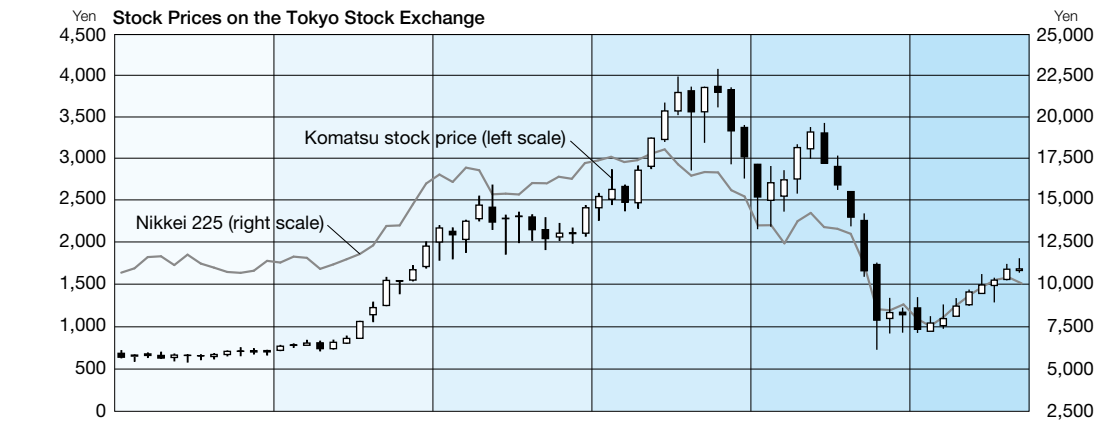
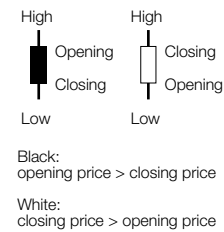
Number of Shareholders

273,219

Breakdown of Shareholders



Tokyo Stock Price Range



Cautionary Statement

This Semi-Annual Report contains forward-looking statements that reflect management's views and assumptions in the light of information currently available 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," "plans," "expects" 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. Any forward-looking statements speak only as of the date of this Semi-Annual Report, and Komatsu assumes no duty to update such statements.

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 costs 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; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

For further information, please contact:

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Investor Relations Group
Corporate Planning Division
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Fax: 81-3-3582-8332
E-mail: ir@komatsu.co.jp