

## Business Results for Three Months, ended June 30, 2008

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July 29, 2008

Corporate Planning, Komatsu Ltd.

## Highlights of Three Months, ended June 30, 2008

1. Both sales and profits hit new record-highs for three months, ended June 30, with record-high net income for all three-month periods.

Net sales	606.8 bil yen, up 12.2% from Three Months ended June 30, 2007
Operating income	83.2 bil yen, up 4.5%
Operating income ratio	13.7%, down 1.0 point
Net income	57.7 bil yen, up 2.2%

### 2. Review of two business segment:

#### - Construction, Mining & Utility Equipment:

Sales expanded, reflecting strong sales of large equipment for mining use and thriving demand in emerging markets, which offset negative factors, such as sluggish market demand in Japan and North America, slowing demand in Western Europe, the Japanese yen's appreciation and delayed shipment.

#### - Industrial Machinery & Others:

Sales advanced, as affected by including NIPPEI TOYAMA Corp. as a consolidated subsidiary in addition to good sales of continuing operations.

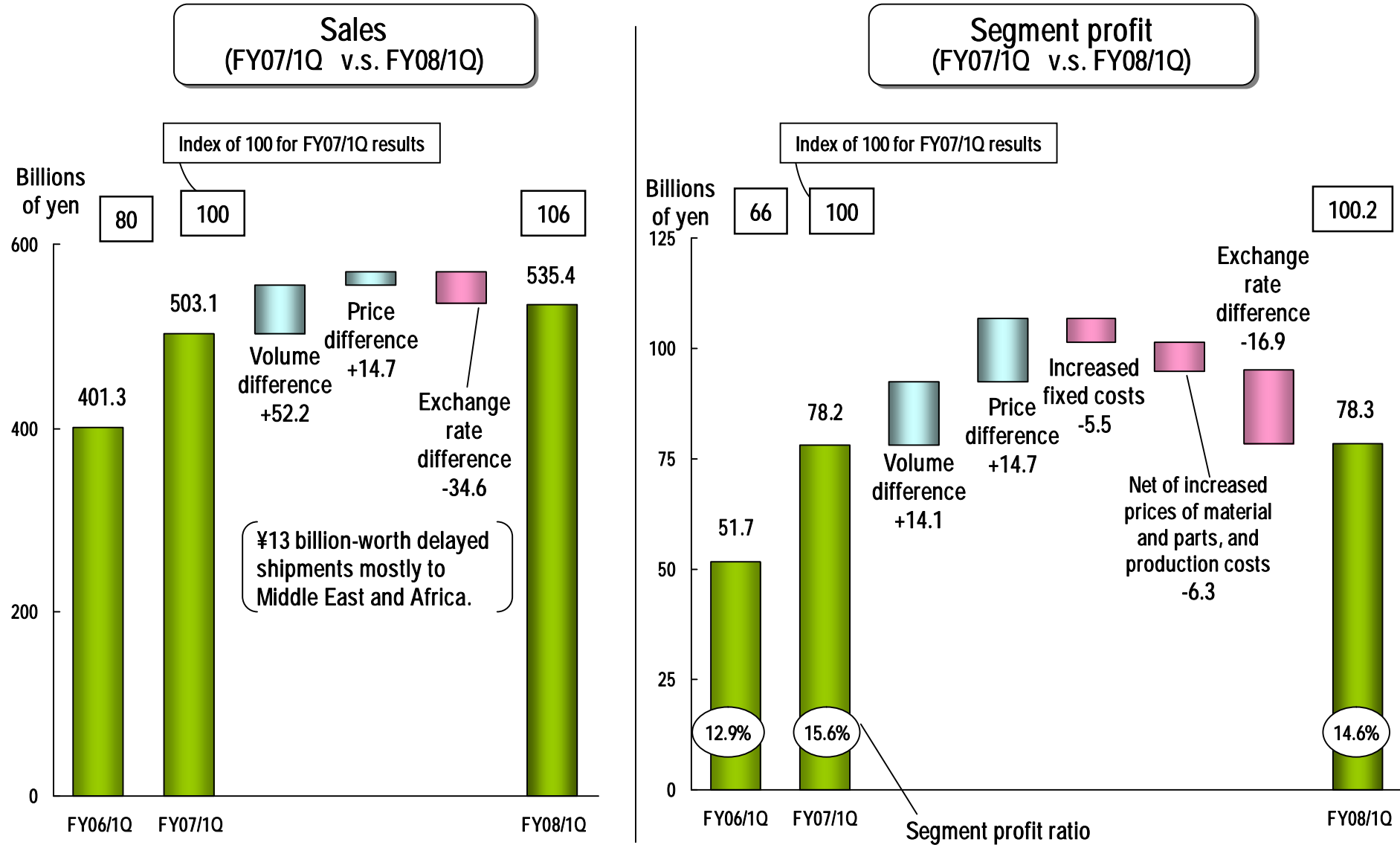
<Note> Starting FY2008, we have reclassified the forklift truck business of Komatsu Utility Co., Ltd. and Komatsu Logistics Corp. from "Industrial Machinery, Vehicles & Others" to "Construction & Mining Equipment". New segments are "Construction, Mining & Utility Equipment" and "Industrial Machinery & Others".

## Sales and Profits for Three Months, ended June 30, 2008

	% Profit ratio		Billions of yen	
	April – June, 2007 1USD=122yen 1EUR=164yen	April – June, 2008 1USD=105yen 1EUR=165yen	Increase (decrease)	
Net sales	540.8	606.8	65.9	12.2%
- Construction, Mining & Utility Equipment	[501.8] 503.1	[534.0] 535.4	[32.2] 32.3	[6.4%] 6.4%
- Industrial Machinery & Others	[39.0] 43.5	[72.7] 78.7	[33.7] 35.1	[86.4%] 80.8%
- Elimination	(5.8)	(7.4)	(1.5)	-
Segment profit	15.1% 81.4	13.5% 81.6	0.2	0.3%
- Construction, Mining & Utility Equipment	15.6% 78.2	14.6% 78.3	0.1	0.2%
- Industrial Machinery & Others	8.7% 3.8	6.1% 4.7	0.9	25.4%
- Corporate & elimination	(0.6)	(1.4)	(0.8)	-
Other operating income (expenses)	(1.7)	1.6	3.4	-
Operating income	14.7% 79.6	13.7% 83.2	3.6	4.5%
Other income (expenses)	0.3	9.5	9.1	-
Income from continuing operations before income taxes	80.0	92.7	12.7	15.9%
Income from continuing operations	51.5	57.7	6.2	12.1%
Income from discontinued operations	4.9	-	(4.9)	-
Net income	56.4	57.7	1.2	2.2%

Note: [ ]: Sales after elimination of inter-segment transactions

## Causes for Difference in Sales and Segment Profit of Construction, Mining & Utility Equipment



Positive factors
  Negative factors

## Sales of Construction, Mining & Utility Equipment by Region (To Outside Customers)

<Three months from April through June, 2008>

Billions of yen

	Three months ended June 30, 2007		Three months ended June 30, 2008		Increase (decrease)	
		Ratio		Ratio		Ratio
Japan	83.4	16.6%	80.0	15.0%	(3.4)	(4.1%)
North America	92.1	18.4%	69.9	13.1%	(22.1)	(24.1%)
Latin America	42.4	8.4%	60.8	11.4%	18.4	43.5%
Europe & CIS	110.0	21.9%	107.9	20.2%	(2.0)	(1.9%)
China	45.6	9.1%	62.4	11.7%	16.7	36.7%
Asia & Oceania	79.1	15.8%	95.0	17.8%	15.9	20.1%
The Middle East & Africa	48.9	9.8%	57.7	10.8%	8.7	17.9%
Total	501.8	100%	534.0	100%	32.2	6.4%

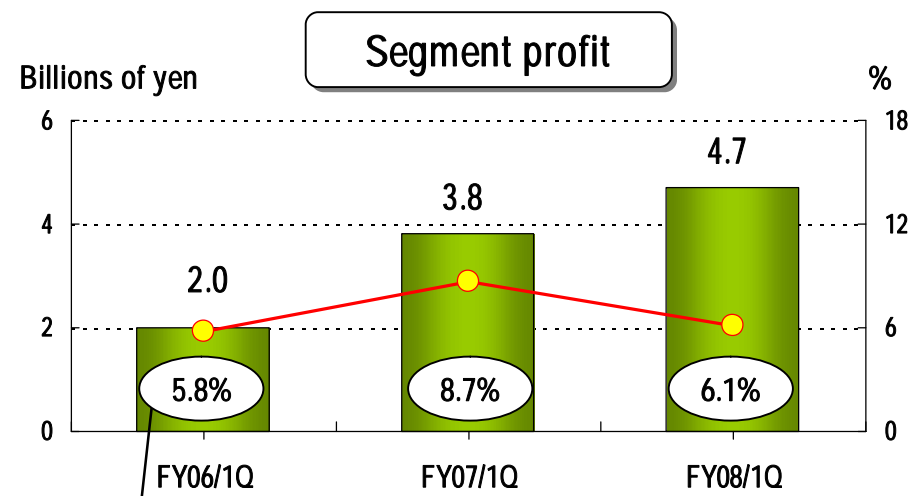
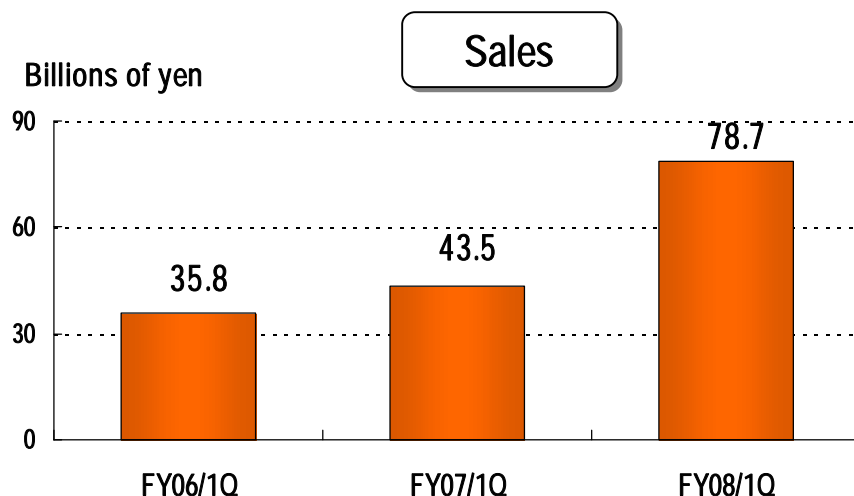
## Sales and Segment Profit of Construction, Mining &amp; Utility Equipment by Region (Geographic Origin)

&lt;Three months from April through June, 2008&gt;

Billions of yen

	Three months ended June 30, 2007		Three months ended June 30, 2008		Increase (decrease)	
	Net sales	Segment profit	Net sales	Segment profit	Net sales	Segment profit
Japan	246.2	35.6	272.1	28.8	25.9	(6.8)
The Americas	142.3	16.7	143.4	16.7	1.0	(0.0)
Europe & CIS	119.0	11.9	114.0	12.0	(5.0)	0.1
Others	127.6	17.6	151.1	22.2	23.4	4.6
Total	635.4	81.9	680.8	79.8	45.3	(2.0)
Elimination	(132.2)	(3.6)	(145.3)	(1.4)	(13.0)	2.2
Consolidated	503.1	78.2	535.4	78.3	32.3	0.1

## Sales and Segment Profit of Industrial Machinery & Others



\*NIPPEI TOYAMA as new consolidated subsidiary, starting in FY2008

Segment profit ratio

### Causes for difference in sales and segment profit (FY07/1Q v.s.FY08/1Q)

Billions of yen

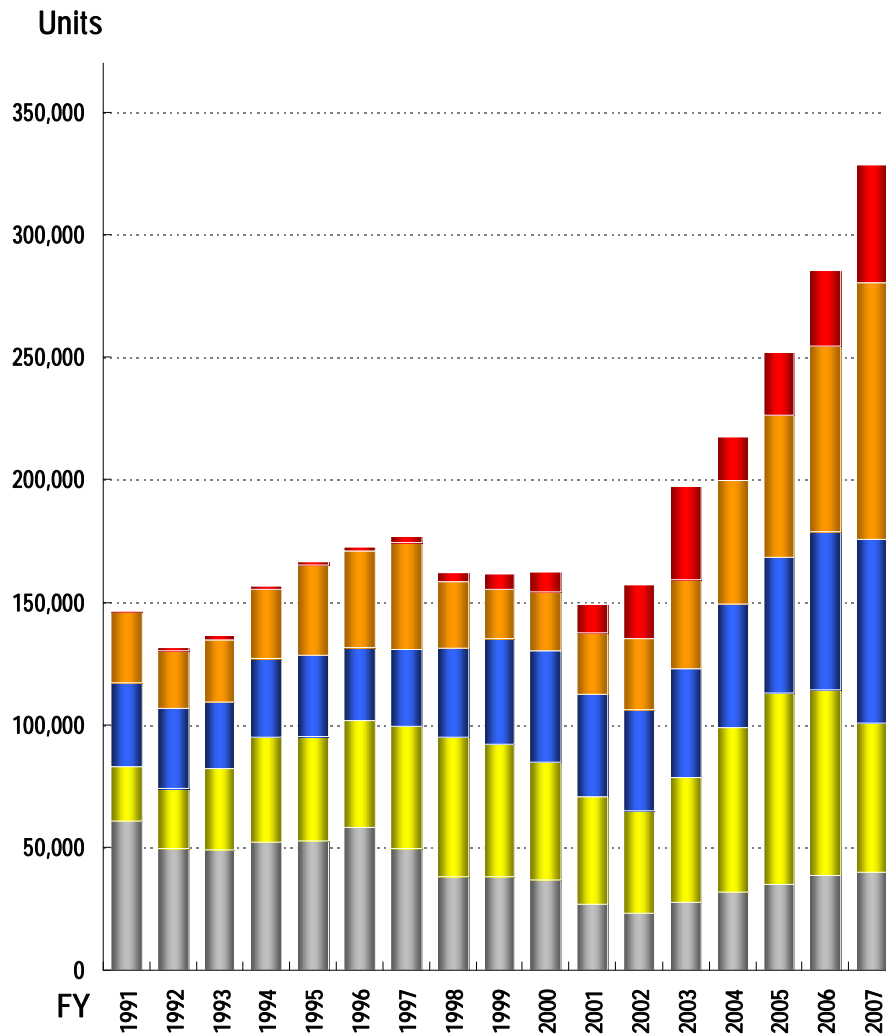
	Sales			Segment profit		
	FY07/1Q	FY08/1Q	Increase (decrease)	FY07/1Q	FY08/1Q	Increase (decrease)
Previous industrial machinery business (consolidated) (Large-press business, Komatsu Industries, Komatsu Machinery)	23.2	25.5	2.3	2.5	2.7	0.2
NIPPEI TOYAMA Corp. (Adjusted for consolidation)* (Depreciation of intangible fixed assets)	<20.3> -	24.1 9.8	24.1 9.8	<2.2> -	1.4 0.7 (0.7)	1.4 0.7 (0.7)
Others	20.3	19.3	(1.0)	1.3	0.6	(0.7)
<b>Total</b>	<b>43.5</b>	<b>78.7</b>	<b>35.1</b>	<b>3.8</b>	<b>4.7</b>	<b>0.9</b>

\* Sales of industrial machinery by NIPPEI TOYAMA are now recognized after completion of their installation according to Komatsu's consolidated accounting principle. Therefore, sales of ¥9.8 billion have been carried forward from the previous fiscal year.

## Consolidated Balance Sheets

	○ Net D/E ratio		Billions of yen
	March 31, 2008 1USD=100yen 1EUR=158yen	June 30, 2008 1USD=106yen 1EUR=168yen	Increase (decrease)
Cash & deposits [a]	102.1	99.8	(2.2)
Accounts receivable (incl. long-term trade receivable)	613.3	638.9	25.6
Inventories	518.4	584.9	66.5
Tangible fixed assets	491.1	513.0	21.9
Other assets	380.1	391.6	11.4
<b>Total assets</b>	<b>2,105.1</b>	<b>2,228.4</b>	<b>123.3</b>
Accounts payable	387.1	388.2	1.1
Interest-bearing debt [b]	452.0	508.0	55.9
Other liabilities	348.5	338.6	(9.8)
<b>Total liabilities</b>	<b>1,187.7</b>	<b>1,234.9</b>	<b>47.2</b>
Minority interests	30.2	37.4	7.1
(% of total assets) Shareholders' equity	(42.1%) 887.1	(42.9%) 956.1	(+0.8 points) 68.9
<b>Liabilities &amp; shareholders' equity</b>	<b>2,105.1</b>	<b>2,228.4</b>	<b>123.3</b>
<b>Interest-bearing debt, net [b-a]</b>	○ 0.39    349.9	○ 0.43    408.1	58.1

## Demand by Region of Construction & Mining Equipment



<Growth rate from FY2007: unit basis>

Region	FY2008 projection ('08/4 - '09/3)	Results for April - June ('08/4 - '08/6)	FY2008 projection Revised ('08/4 - '09/3)
China 	Up 45%	Up 18%	Up 30 - 35% (Large Up 60-70% Middle & small Up 10-20%)
Others* 	Up 25%	Up 29% (April - May)	Up 25 - 35%
Europe 	Up 3%	Down 0% (April - May)	Down 10 - 5%
North America 	Down 20%	Down 17%	Down 20 - 15%
Japan 	Down 2%	Down 26%	Down 20 - 10%
<b>Total</b>	<b>Up 11%</b>	<b>Up 5%</b>	<b>Up 5 - 10%</b>

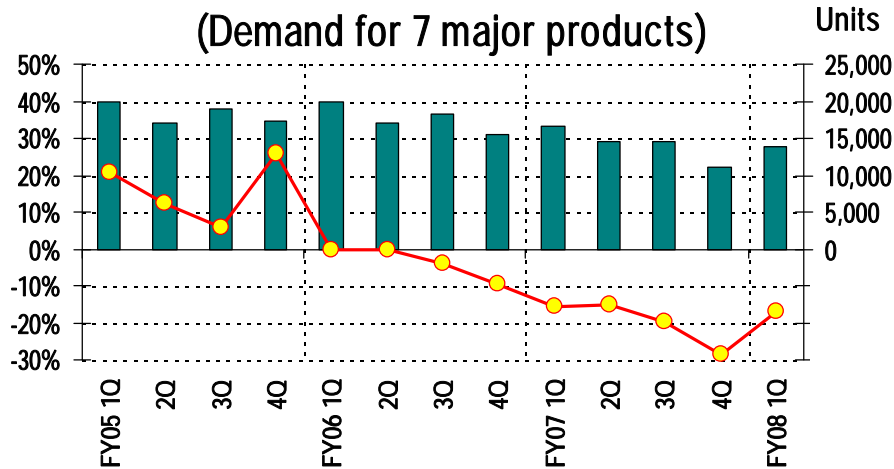
7 major products: excluding compact equipment and forklift trucks

1. Crawler-type hydraulic excavator
2. Wheel-type hydraulic excavator
3. Bulldozer
4. Wheel loader
5. Rigid-type dump truck
6. Articulated dump truck
7. Motor grader

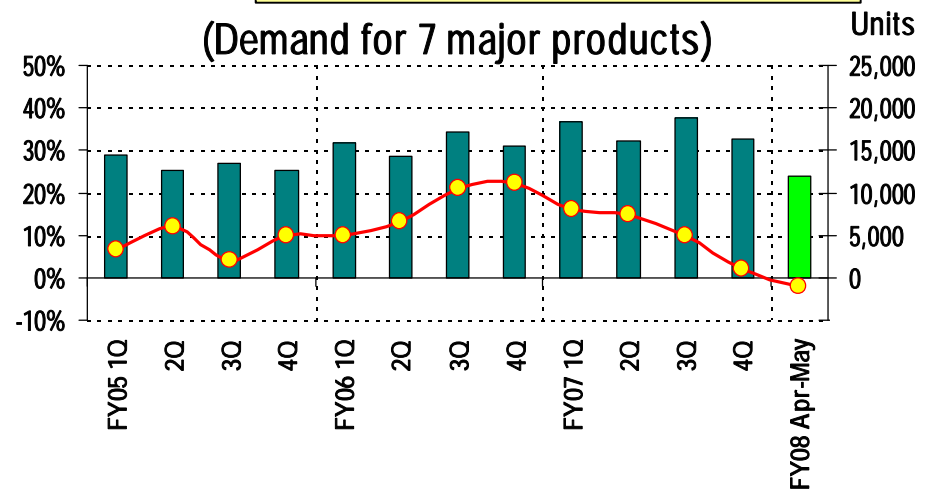
\*Others: Total of Asia, Oceania, CIS, Middle East, Africa and Latin America

## Demand Trend of Construction & Mining Equipment : Major Markets (1)

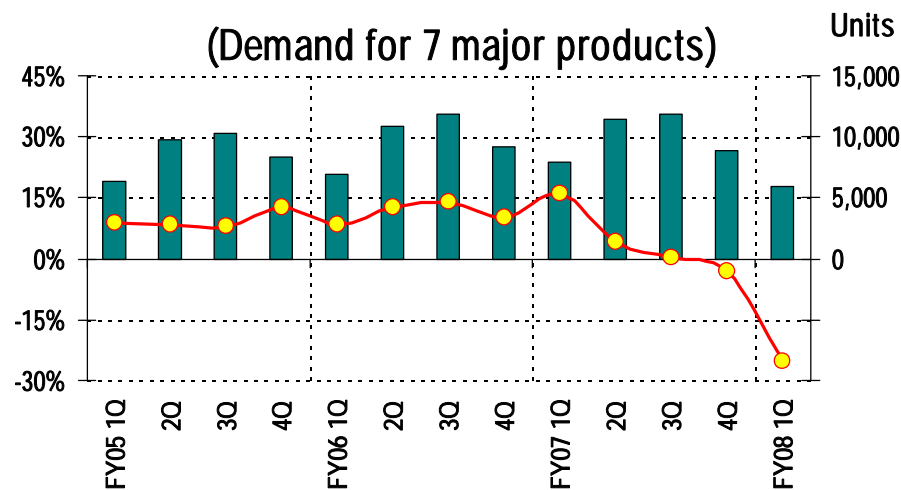
**North America**      1Q / FY08 : Down 17% from 1Q / FY07



**Europe**      April–May, 2008 : Down 0% from April–May, 2007



**Japan**      1Q / FY08 : Down 26% from 1Q / FY07



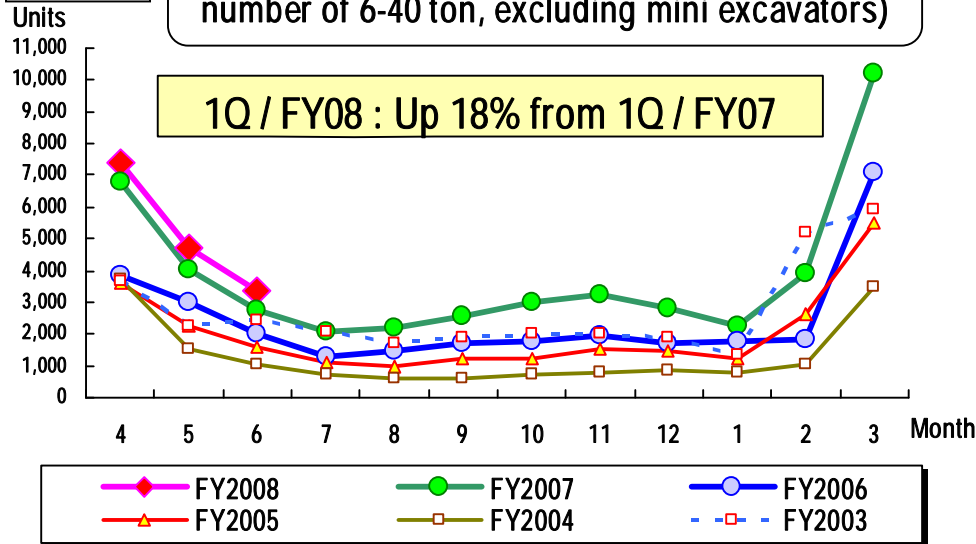
Market demand (unit basis)     
  Growth ratio

Estimated by Komatsu

## Demand Trend of Construction & Mining Equipment : Major Markets (2)

### China

Market demand for hydraulic excavators (total number of 6-40 ton, excluding mini excavators)

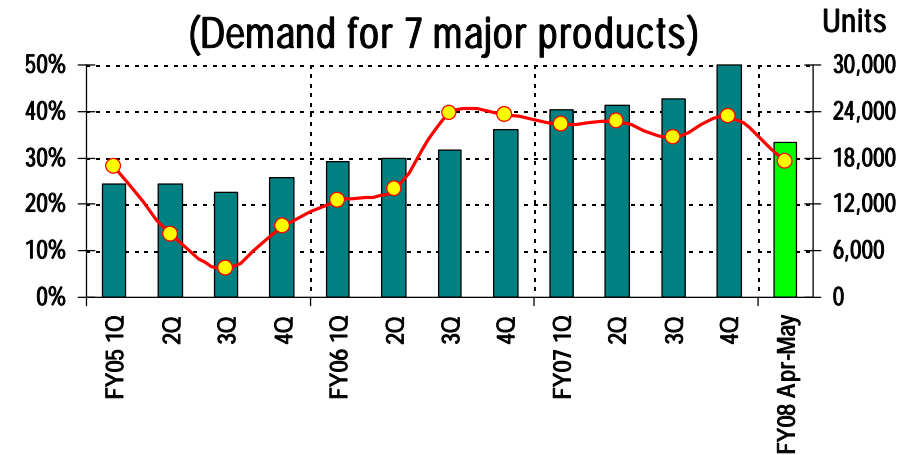


### Other Areas\*

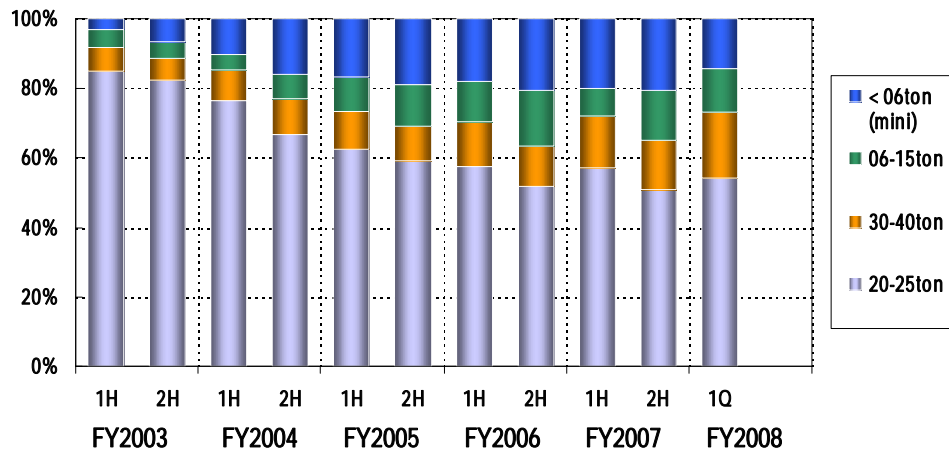
April-May, 2008 : Up 29% from April-May, 2007

\* Total of Asia, Oceania, CIS, Middle East, Africa and Latin America

### (Demand for 7 major products)



### Hydraulic excavators : Demand breakdown by class (including mini-excavators)



Market demand (unit basis) Growth ratio

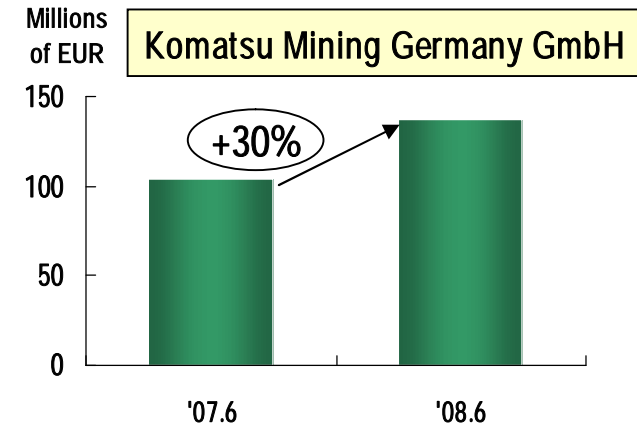
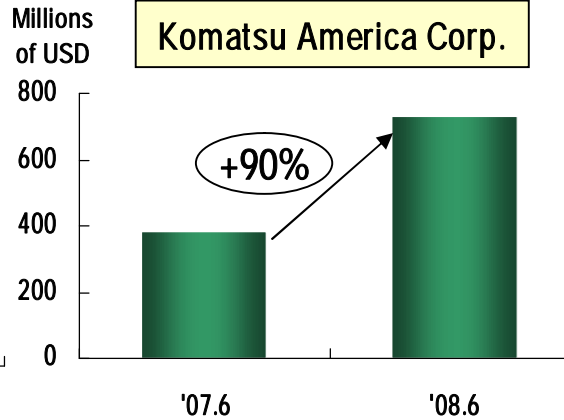
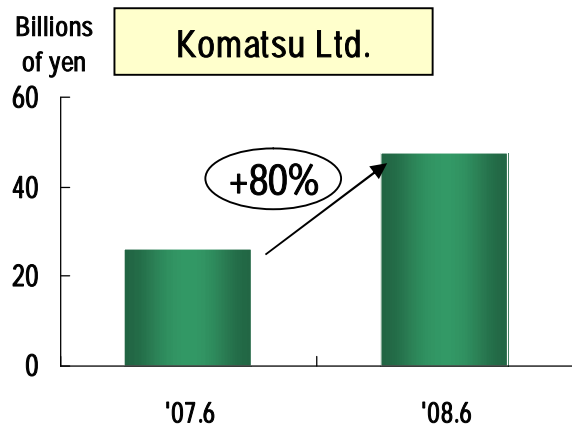
Estimated by Komatsu

## Backlog Status of Mining Equipment and Spare Parts Sales

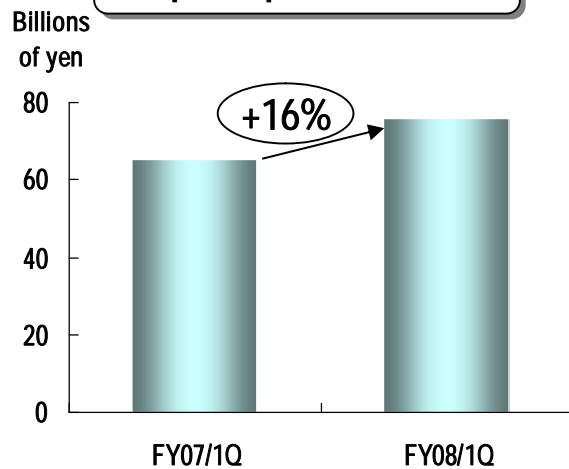
### Backlog status of mining equipment

Remaining at high level

Machines only (excluding spare parts and services)



### Spare parts sales



## Projection for FY2008, ending March 31, 2009

### No intention to change projection for FY 2008

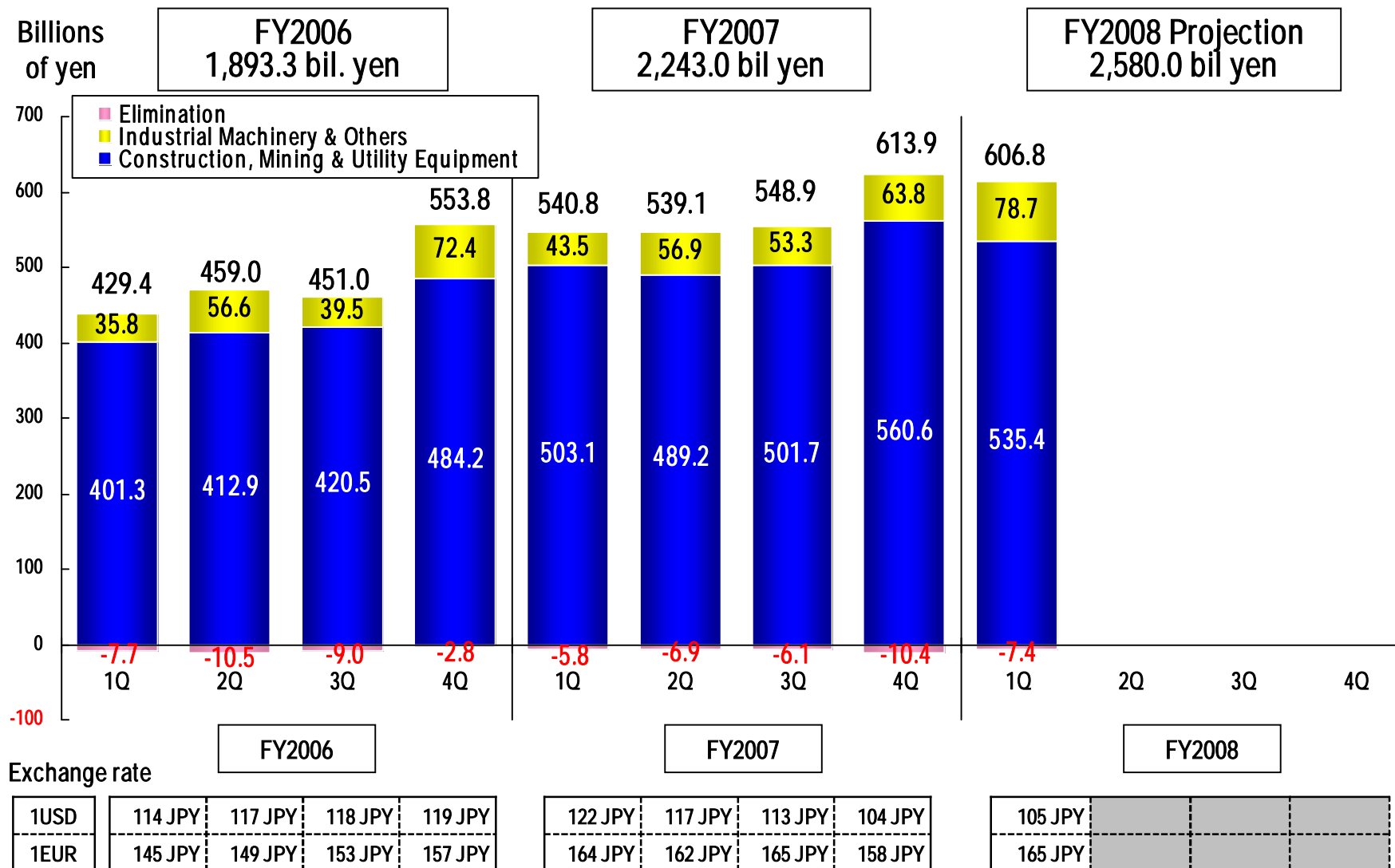
[ Positive factors]	[ Negative factors]	[ Risk factors]
1) Further expansion of sales in emerging markets 2) Additional price improvement	1) Slowing market demand in Japan and Western Europe 2) Further increase of material costs	1) Further tightening in ocean vessels for export 2) Appreciation of Japanese yen

	% Profit ratio		Billions of yen	
	FY2007 Results 1USD=114yen 1EUR=162yen (a)	FY2008 Projection 1USD=103yen 1EUR=160yen (b)	Increase (decrease) (b-a)	
Net sales	2,243.0	2,580.0	336.9	15.0%
- Construction, Mining & Utility Equipment	2,054.8	2,295.0	240.1	11.7%
- Industrial Machinery & Others	217.6	313.0	95.3	43.8%
- Elimination	(29.5)	(28.0)	1.5	-
Segment profit	14.9% 334.5	14.1% 364.0	29.4	8.8%
- Construction, Mining & Utility Equipment	15.5% 317.8	15.0% 344.0	26.1	8.2%
- Industrial Machinery & Others	9.2% 19.9	7.3% 23.0	3.0	15.3%
- Corporate & elimination	(3.2)	(3.0)	0.2	-
Other operating income (expenses)	(1.7)	(4.0)	(2.2)	-
Operating income	14.8% 332.8	14.0% 360.0	27.1	8.2%
Other income (expenses)	(10.6)	(7.0)	3.6	-
Income from continuing operations before income taxes	322.2	353.0	30.7	9.6%
Net income from continuing operations	203.8	219.0	15.1	7.4%
Net income from discontinued operations	4.9	-	(4.9)	-
Net income	208.7	219.0	10.2	4.9%
Cash dividends per share (yen)	42 yen	44 yen	2 yen	

## <Appendix>

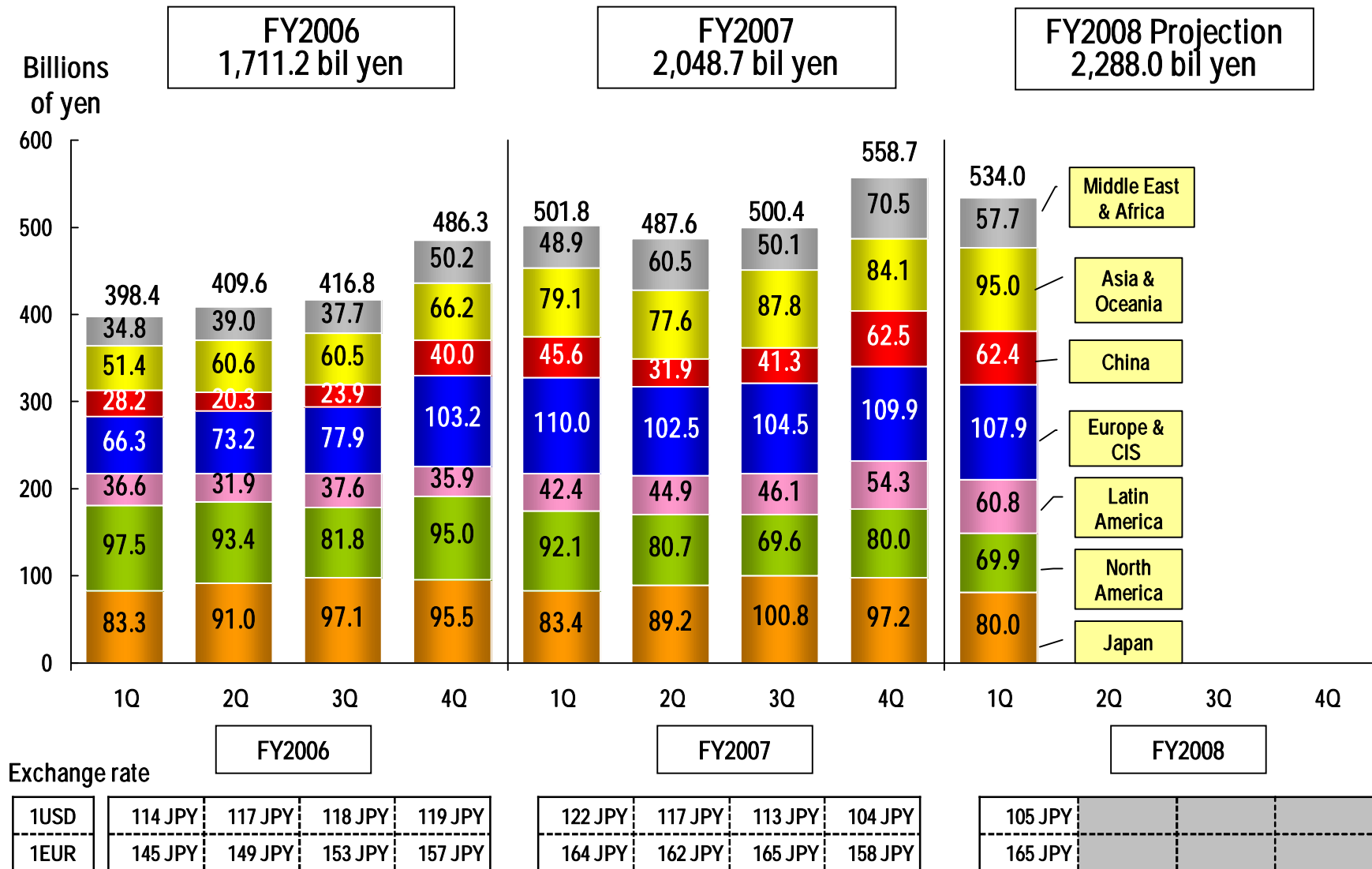
### Quarterly Sales and Segment Profit, etc.

## Quarterly Sales by Business Segment



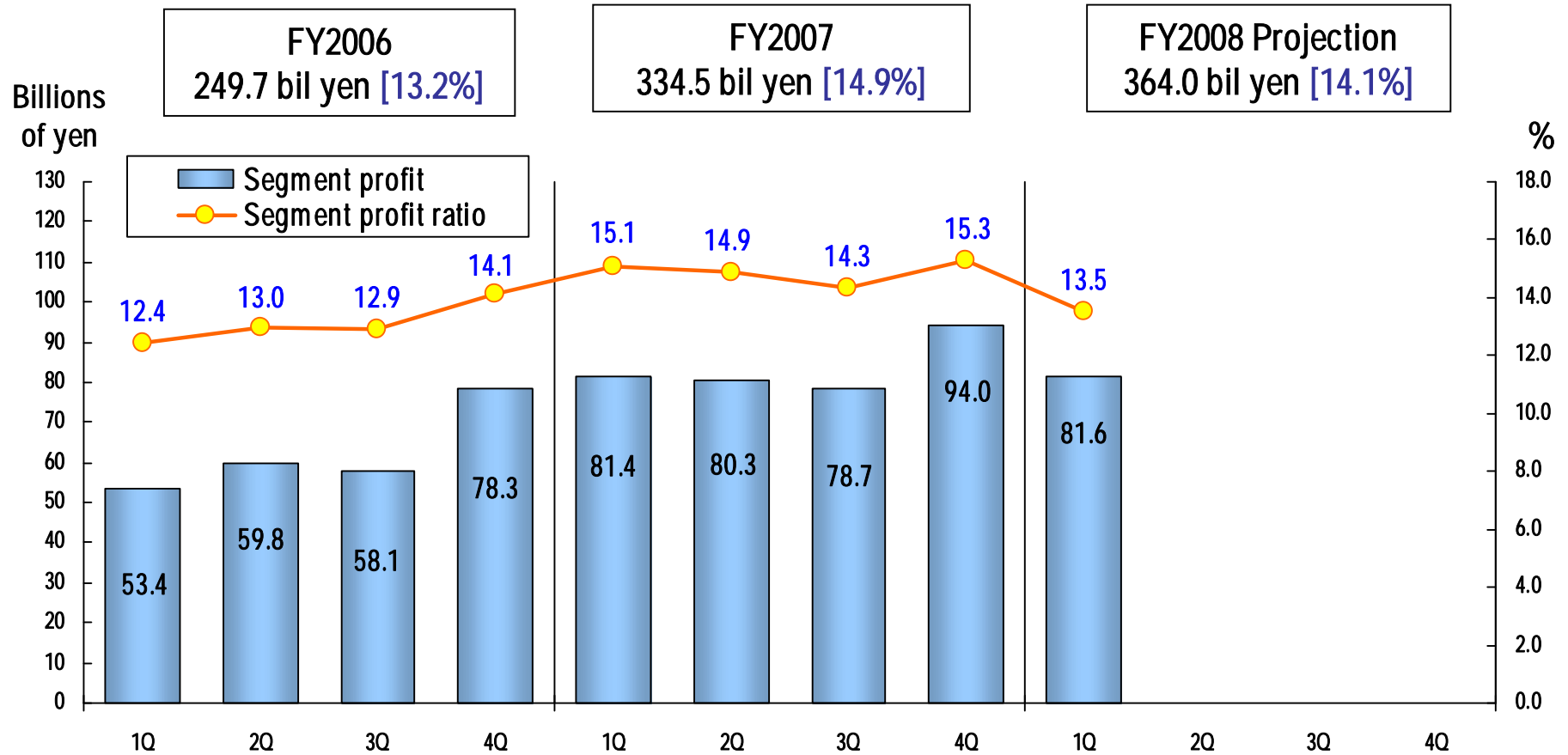
Note : As the Construction, Mining & Utility Equipment segment includes the forklift truck business of Komatsu Utility Co., Ltd. and Komatsu Logistics Corp. starting in FY2008, the figures for FY2006 and FY2007 are reclassified accordingly.

## Quarterly Sales (To Outside Customers) by Region: Construction, Mining & Utility Equipment



Note : As the Construction, Mining & Utility Equipment segment includes the forklift truck business of Komatsu Utility Co., Ltd. and Komatsu Logistics Corp. starting in FY2008, the figures for FY2006 and FY2007 are reclassified accordingly.

## Quarterly Segment Profit and Ratio

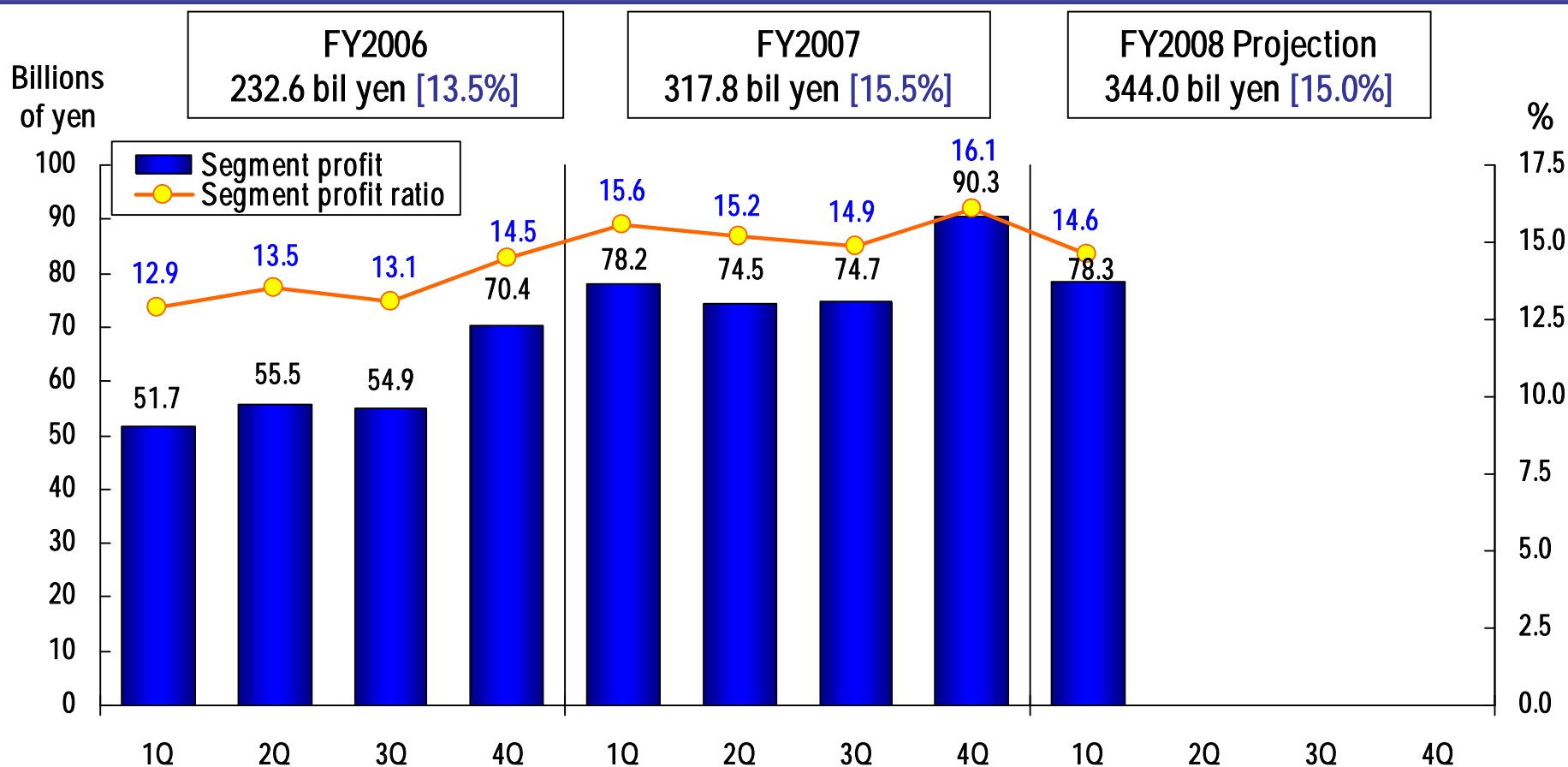


Exchange rate		FY2006			
1USD		114 JPY	117 JPY	118 JPY	119 JPY
1EUR		145 JPY	149 JPY	153 JPY	157 JPY

Exchange rate		FY2007			
1USD		122 JPY	117 JPY	113 JPY	104 JPY
1EUR		164 JPY	162 JPY	165 JPY	158 JPY

Exchange rate		FY2008			
1USD		105 JPY			
1EUR		165 JPY			

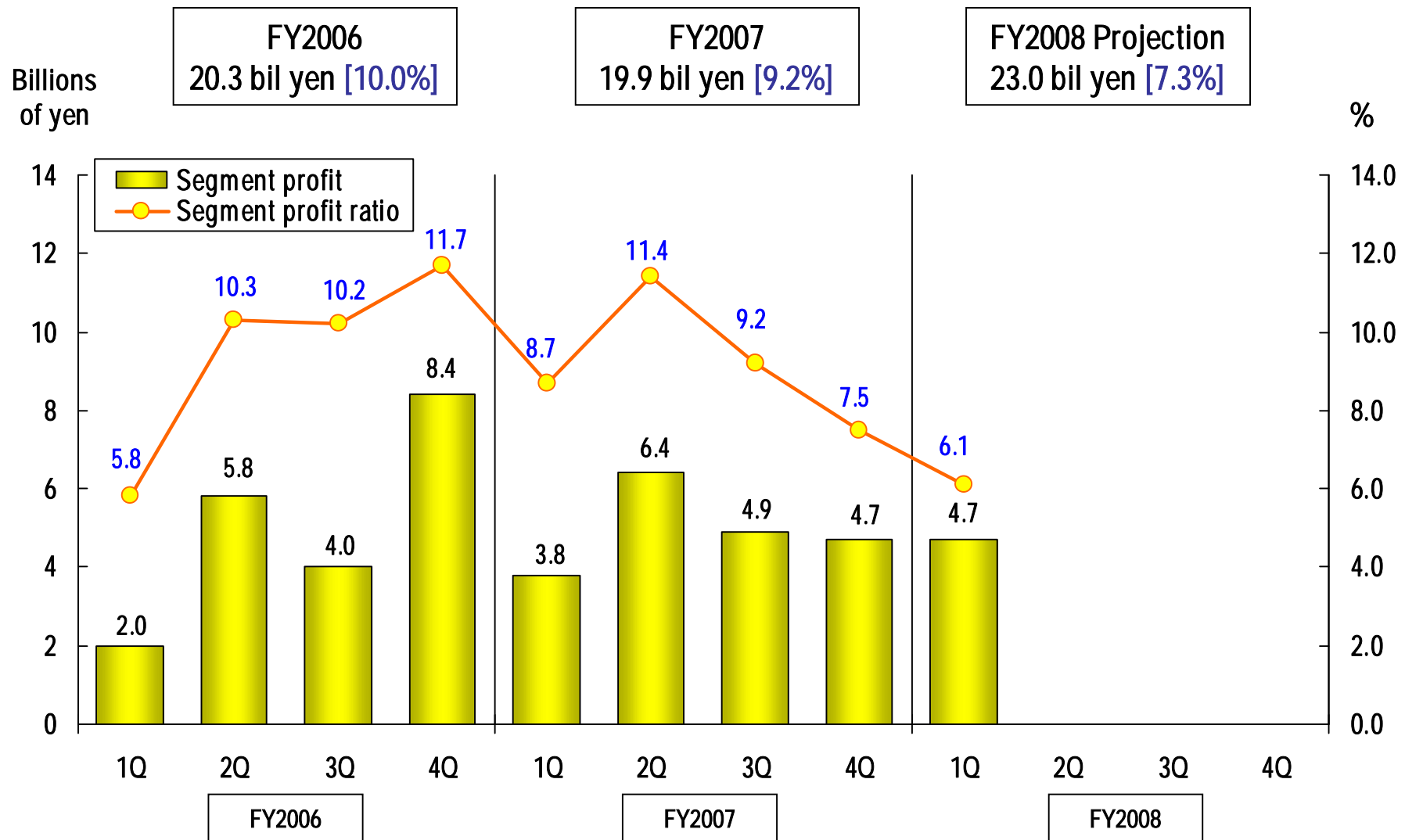
## Quarterly Segment Profit and Ratio : Construction Mining & Utility Equipment



Exchange rate	FY2006				FY2007				FY2008				
	1USD	114 JPY	117 JPY	118 JPY	119 JPY	122 JPY	117 JPY	113 JPY	104 JPY	105 JPY			
1EUR	145 JPY	149 JPY	153 JPY	157 JPY	164 JPY	162 JPY	165 JPY	158 JPY	165 JPY				

Note : As the Construction, Mining & Utility Equipment segment includes the forklift truck business of Komatsu Utility Co., Ltd. and Komatsu Logistics Corp. starting in FY2008, the figures for FY2006 and FY2007 are reclassified accordingly.

Quarterly Segment Profit and Ratio: Industrial Machinery & Others



Note : As the Construction, Mining & Utility Equipment segment includes the forklift truck business of Komatsu Utility Co., Ltd. and Komatsu Logistics Corp. starting in FY2008, the figures for FY2006 and FY2007 are reclassified accordingly.

## Cautionary Statement

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This presentation sheets contain 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 presentation sheets, 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.

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The "PC200-8 hybrid" hydraulic excavator makes the world's first debut of hybrid construction equipment on the market.

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