

Business Results for the First Quarter Period ended June 30, 2011

July 28, 2011

Business Coordination Dept.

Komatsu Ltd.

First Quarter Highlights

1. Sales and Profits: Both increased from the corresponding period a year ago. Operating income ratio improved to 13.8%.

	Apr. – Jun., 2010 (FY10/1Q)	Apr. – Jun., 2011 (FY11/1Q)	vs. Apr. – Jun., 2010
Net sales	447.1 bil yen	494.1 bil yen	+10.5%
Operating income	54.0 bil yen	68.3 bil yen	+26.4%
Operating income ratio	12.1%	13.8%	+1.7points
Net income*	30.6 bil yen	55.7 bil yen	+81.5%

* "Net income" is equivalent to "Net income attributable to Komatsu Ltd." in accordance with the FASB Accounting Standards Codification (ASC) 810.

2. Effects of the Great East Japan Earthquake Devastation

- We had recovered production virtually to normal operations by the end of April this year. While there are some delays in factory shipment, we should be able to catch up by the end of the current fiscal year.
- As our countermeasure for expected power shortage in the summer season, all our plants are utilizing in-house power generation equipment and implementing a variety of energy-saving measures in order to reduce our peak power consumption without lowering production capacity. (Reference: 30% reduction of electricity supplied by the Tohoku and Tokyo Electric Power companies from the peak consumption during the summer last year, and similarly 10% reduction of electricity supplied by the Kansai and Hokuriku Electric Power companies)

3. Review of two business segments

Construction, Mining & Utility Equipment:

While monthly demand has declined in China on a year-on-year basis since May this year as mainly affected by the government's credit squeeze measures, demand in other Strategic Markets and Traditional Markets remained strong. First-quarter sales increased by 7.6% from the previous first quarter a year ago. Although the Japanese currency appreciated sharply against the US dollar and Renminbi in particular, segment profit increased by 12.2%, supported mainly by improved selling prices and reduced fixed costs.

Industrial Machinery & Others:

Demand of wire saws to the solar cell manufacturing industry remained buoyant. Supported also by expanded demand for prefabricated structures, sales advanced by 36.9%, and segment profit by 4.3-fold from the previous first quarter period a year ago.

4. Projection for business results for the current fiscal year: No change from our announcement of April 27, 2011.

First Quarter Sales and Profits

- We increased both sales and profits from the previous first quarter a year ago, by making up slow sales in China with expanded sales in other Strategic Markets and Traditional Markets.
- Operating income ratio improved dynamically to 13.8%, supported by enhanced profitability of both businesses.

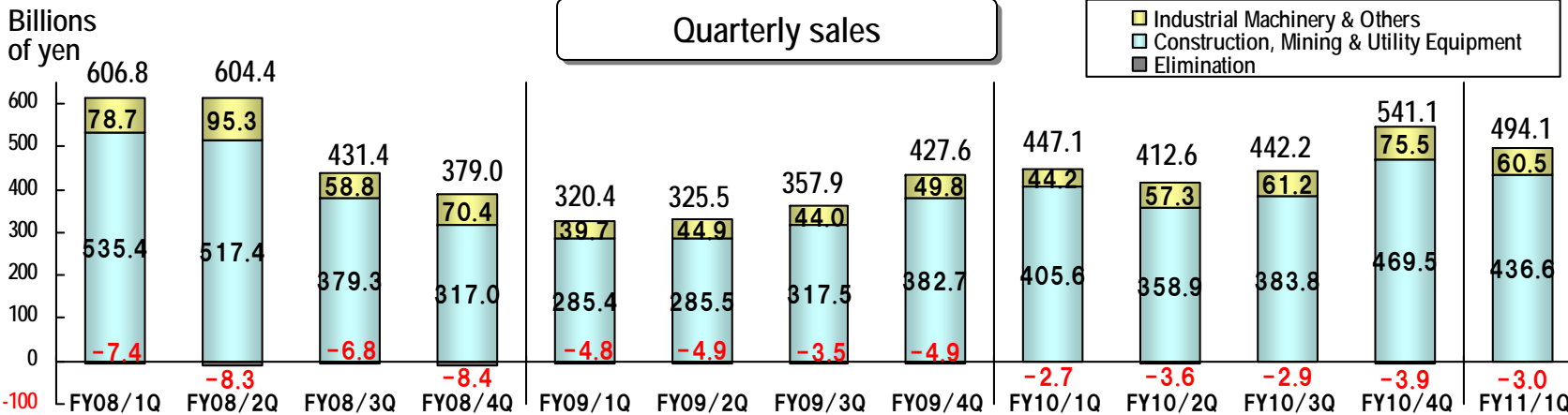
% Profit ratio [] Sales after elimination of inter-segment transactions Billions of yen

	Apr. – Jun., 2010 (FY10/1Q) 1USD = 91yen 1EUR = 115yen 1RMB = 13.4yen		Apr. – Jun., 2011 (FY11/1Q) 1USD = 81yen 1EUR = 118yen 1RMB = 12.5yen		vs. Apr. – Jun., 2010		
					Increase (decrease)	%	
Net sales	447.1		494.1		47.0	+10.5%	
Construction, Mining & Utility Equipment	[405.2]	405.6	[435.3]	436.6	[30.1]	30.9 [+7.4%]	+7.6%
Industrial Machinery & Others	[41.9]	44.2	[58.8]	60.5	[16.9]	16.3 [+40.3%]	+36.9%
Elimination	(2.7)		(3.0)		(0.2)	-	
Segment profit	12.2%	54.3	13.8%	68.1	13.7	+25.4%	
Construction, Mining & Utility Equipment	13.4%	54.2	13.9%	60.8	6.6	+12.2%	
Industrial Machinery & Others	4.6%	2.0	14.6%	8.8	6.8	+334.6%	
Corporate & elimination	(1.9)		(1.6)		0.3	-	
Other operating income (expenses)	*1 (0.2)		0.2		0.5	-	
Operating income	12.1%	54.0	13.8%	68.3	14.2	+26.4%	
Other income (expenses)	(3.9)		0.0		4.0	-	
Net income before income taxes	50.1		68.4		18.3	+36.6%	
Net income *2	30.6		*3 55.7		25.0	+81.5%	

*1 Including 1.2 billion yen as structural reform expenses. *2 "Net income" is equivalent to "Net income attributable to Komatsu Ltd." in accordance with the FASB Accounting Standards Codification (ASC) 810. *3 Including a tax effect of 12.7 billion yen in association with the absorption-type merger of Komatsu Rental Ltd.

Quarterly Sales and Operating Income

- In spite of sharp appreciation of Japanese yen, operating income ratio recovered to a pre-Lehman Shock level largely due to improved selling prices and curbed fixed costs.



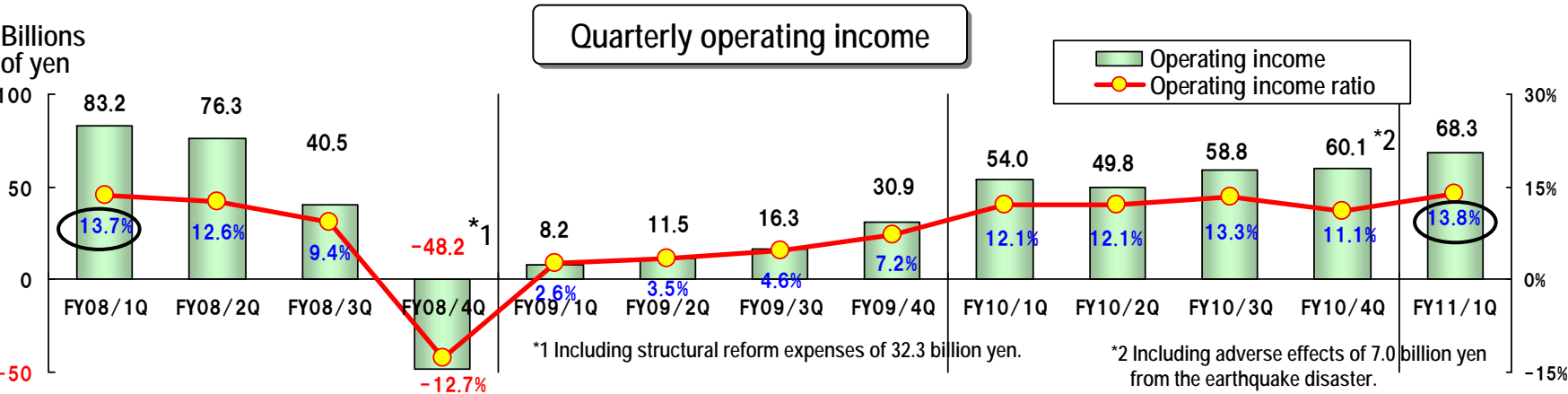
Exchange rates

	08/1Q	08/2Q	08/3Q	08/4Q
1USD	105yen	107yen	95yen	95yen
1EUR	165yen	159yen	126yen	123yen
1RMB	15.2yen	15.7yen	13.9yen	13.9yen

	09/1Q	09/2Q	09/3Q	09/4Q
	97yen	93yen	90yen	91yen
	133yen	133yen	133yen	124yen
	14.2yen	13.6yen	13.2yen	13.3yen

	10/1Q	10/2Q	10/3Q	10/4Q
	91yen	85yen	82yen	82yen
	115yen	111yen	110yen	114yen
	13.4yen	12.6yen	12.4yen	12.5yen

	11/1Q	vs. 08/1Q
	81yen	- 24yen(- 23%)
	118yen	- 47yen(- 28%)
	12.5yen	- 2.7yen(- 18%)



*1 Including structural reform expenses of 32.3 billion yen.

*2 Including adverse effects of 7.0 billion yen from the earthquake disaster.

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

- Slow sales in China was covered by expanded sales in other Strategic Markets and Traditional Markets. The percentage of Traditional Markets has grown a little.

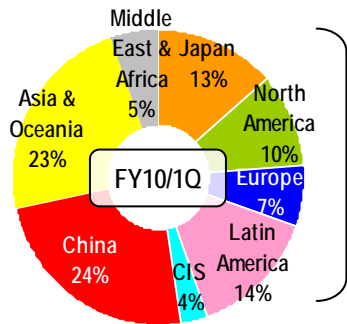
Note: Sales after elimination of inter-segment transactions

Billions of yen

		Apr. – Jun., 2010 (FY10/1Q)	Apr. – Jun., 2011 (FY11/1Q)	vs. Apr. – Jun., 2010	
				Increase (decrease)	%
Traditional Markets	Japan	54.4	61.4	7.0	+12.9%
	North America	41.0	55.1	14.1	+34.6%
	Europe	26.8	31.5	4.7	+17.8%
Strategic Markets	Latin America	57.2	50.9	(6.2)	(11.0)%
	CIS	12.7	21.9	9.1	+71.8%
	China	98.4	75.4	(23.0)	(23.4)%
	Asia & Oceania	92.9	109.1	16.1	+17.4%
	Middle East & Africa	21.4	29.5	8.1	+37.8%
Total		405.2	435.3	30.1	+7.4%

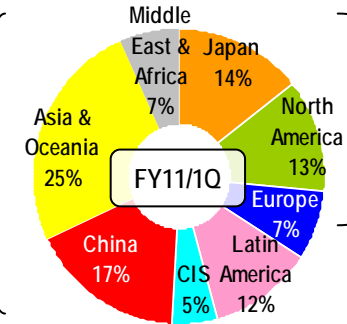
Breakdown

Strategic Markets
70%



Traditional Markets
30%

Strategic Markets
66%

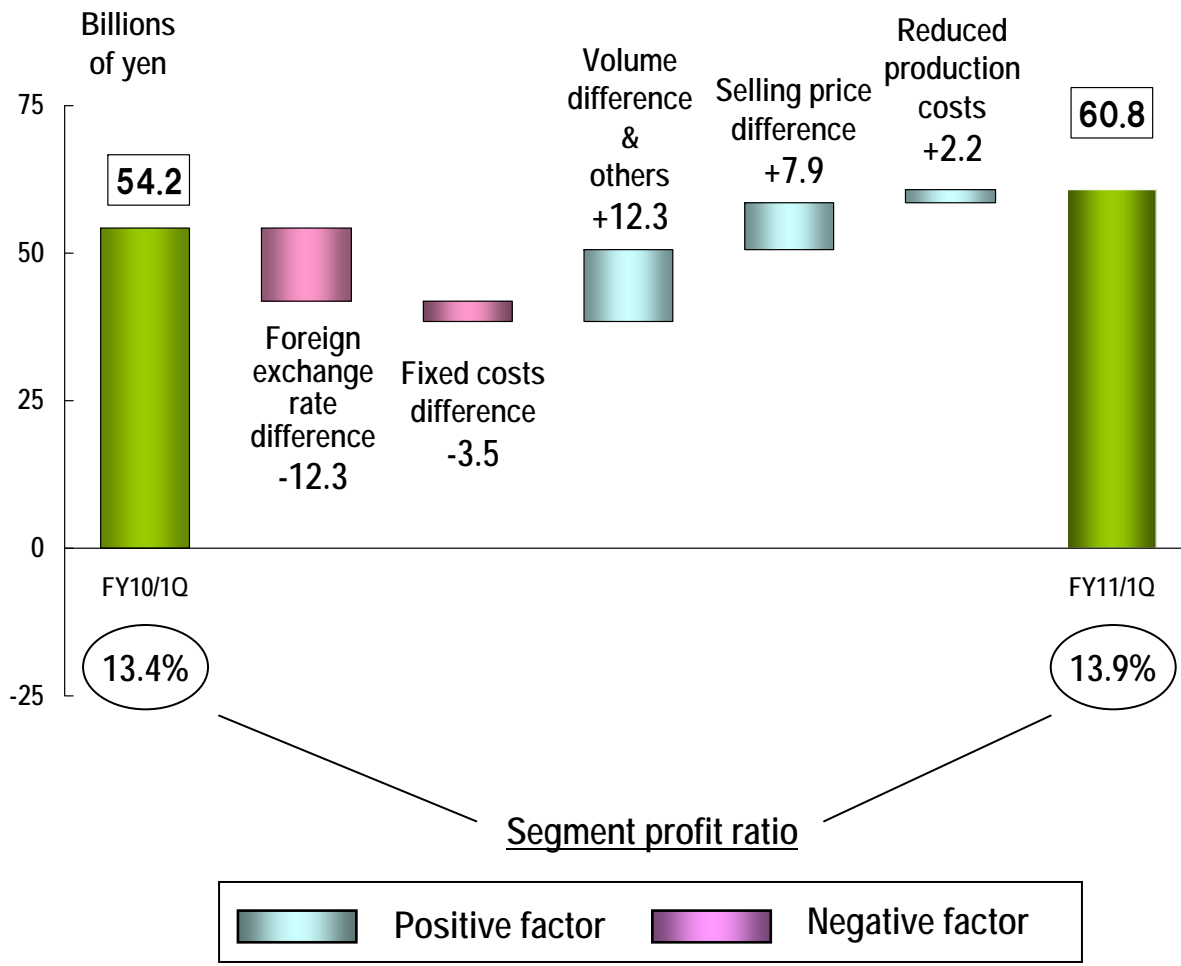


Traditional Markets
34%

Construction, Mining & Utility Equipment: Causes for Difference in Segment Profit

- Segment profit improved by 6.6 billion yen from the previous first quarter a year ago, as the negative factors of the Japanese yen's appreciation and increased fixed costs were covered by improved selling prices, reduced production costs and expanded volume of sales.

FY10/1Q vs. FY11/1Q



[Positive factors]

- Volume difference & others : + ¥ 12.3 billion
- Selling price difference : + ¥ 7.9 billion
- Reduced production costs : + ¥ 2.2 billion

[Negative factors]

- Foreign exchange rate difference : - ¥ 12.3 billion
- Fixed costs difference : - ¥ 3.5 billion

< Exchange rates >

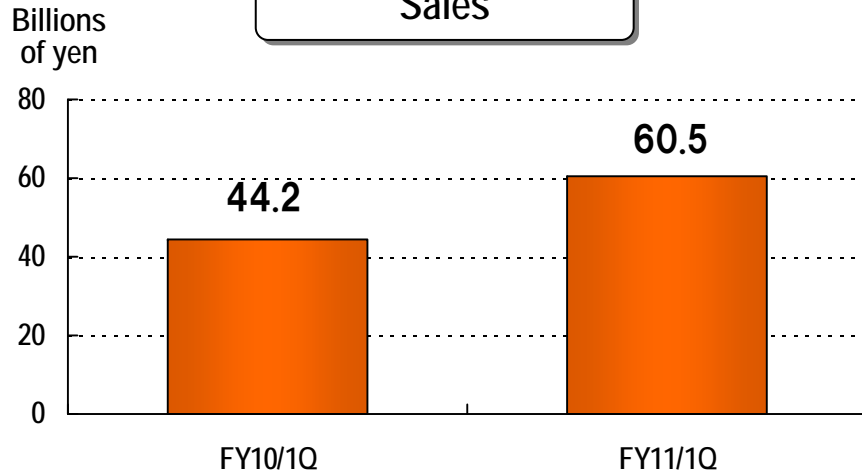
	[10/1Q]	[11/1Q]
1USD	91yen	81yen
1EUR	115yen	118yen
1RMB	13.4yen	12.5yen

Increased profit of ¥ 6.6 billion in total

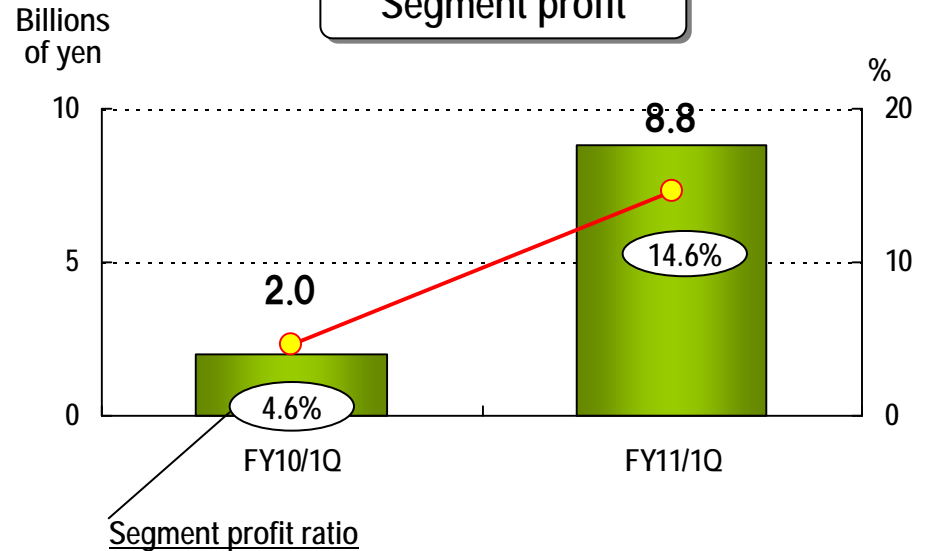
Industrial Machinery & Others: Sales and Segment Profit

- Komatsu NTC's wire saw business remained strong. Supported also by expanded sales of prefabricated structures, both sales and segment profit increased.
- Segment profit ratio also improved dynamically.

Sales



Segment profit



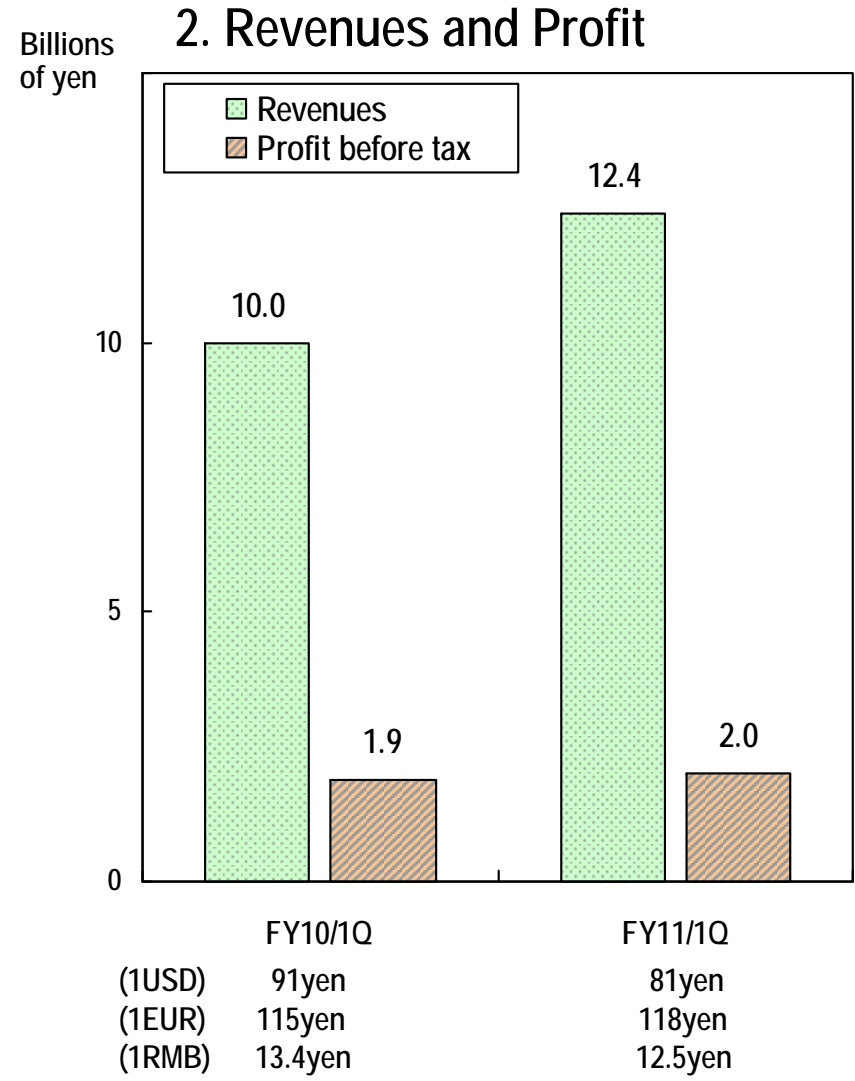
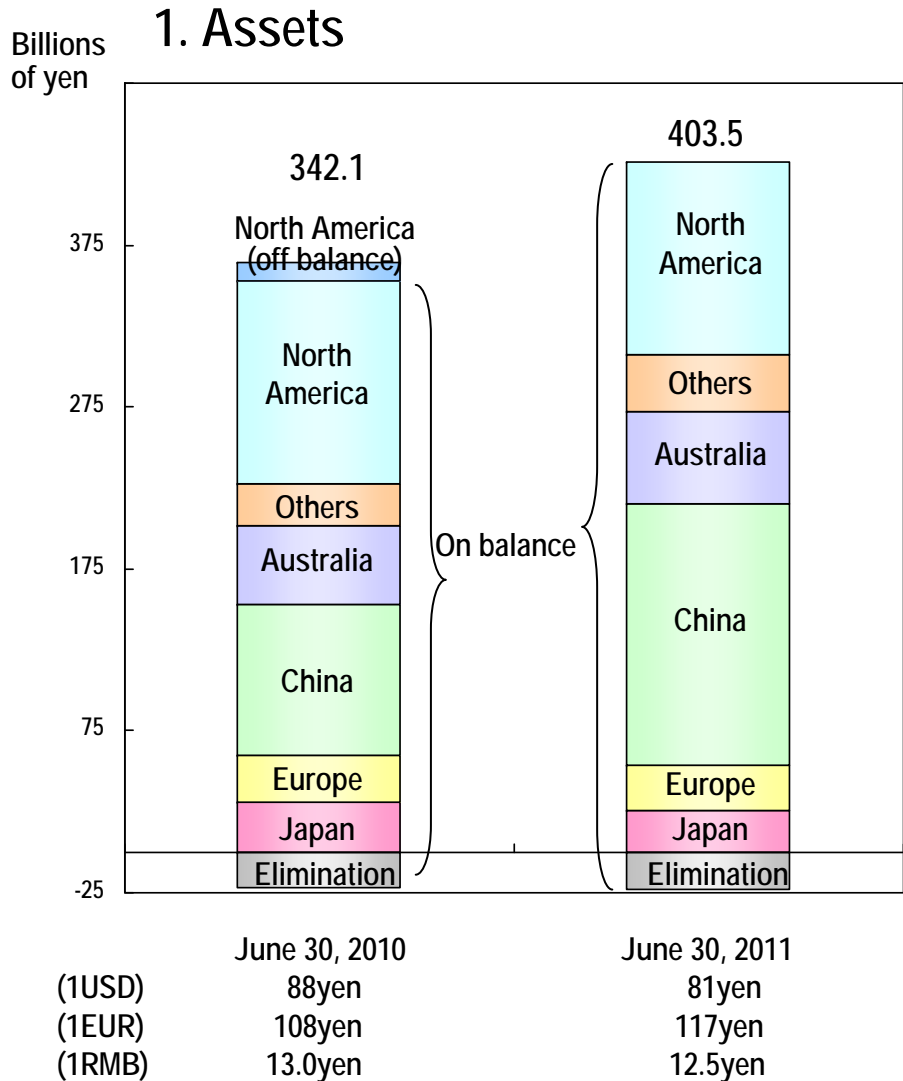
Breakdown of sales

	Apr. – Jun., 2010 (FY10/1Q)	Apr. – Jun., 2011 (FY11/1Q)	Increase (decrease)
Komatsu Industries Corp.	8.4	6.7	(1.7)
Komatsu NTC Ltd.	24.3	41.0	16.6
Others	11.5	12.9	1.4
Total	44.2	60.5	16.3

Retail Finance Business

- Continued to expand assets in Strategic Markets (esp. China). Both revenues and profit before tax increased.

Consolidated retail finance subsidiaries (internal-use data)



Consolidated Balance Sheets

- Total assets increased by 66.9 billion yen from the last fiscal year-end, reflecting increased inventories against the backdrop of expanded sales in Japan and of mining equipment.
- Net debt-to-equity ratio increased slightly due to an increase in interest-bearing debt of the retail finance business. However, when the retail finance business is excluded, it remains about flat from the last fiscal year-end.

Billions of yen ○ Net D/E ratio	Mar. 31, 2011 1USD = 83yen 1EUR = 118yen 1RMB = 12.7yen	June 30, 2011 1USD = 81yen 1EUR = 117yen 1RMB = 12.5yen	Increase (decrease)
Cash & deposits (Incl. time deposit) [a]	84.9	84.4	(0.4)
Accounts receivable (Incl. long-term trade receivables) <Excl. consolidated retail finance subsidiaries>	716.0 <419.3>	706.2 <373.4>	(9.7) <(45.9)>
Inventories	473.8	530.7	56.8
Tangible fixed assets	508.3	510.1	1.8
Other assets	365.8	384.3	18.4
Total assets	2,149.1	2,216.0	66.9
Accounts payable	308.9	303.1	(5.8)
Interest-bearing debt [b] <Excl. consolidated retail finance subsidiaries>	544.0 <276.9>	595.1 <291.5>	51.0 <14.6>
Other liabilities	323.4	329.1	5.7
Total liabilities	1,176.4	1,227.3	50.9
[% of total assets]	[43.0%]	[42.8%]	[(0.2)points]
Komatsu Ltd. Shareholders' equity	923.8	948.0	24.2
Noncontrolling interests	48.8	40.6	(8.2)
Liabilities & Equity	2,149.1	2,216.0	66.9
Interest-bearing debt, net [b-a]	○ 0.50 459.1	○ 0.54 510.6	51.5
Net D/E ratio excluding consolidated retail finance subsidiaries	○ 0.24	○ 0.25	

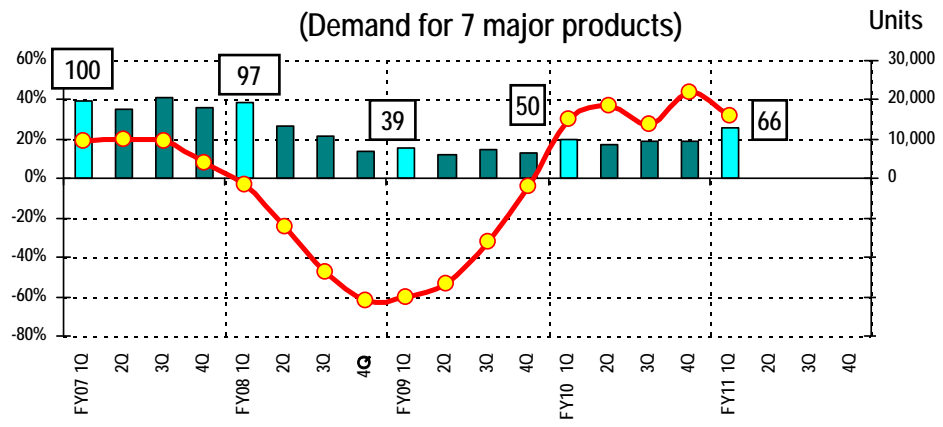
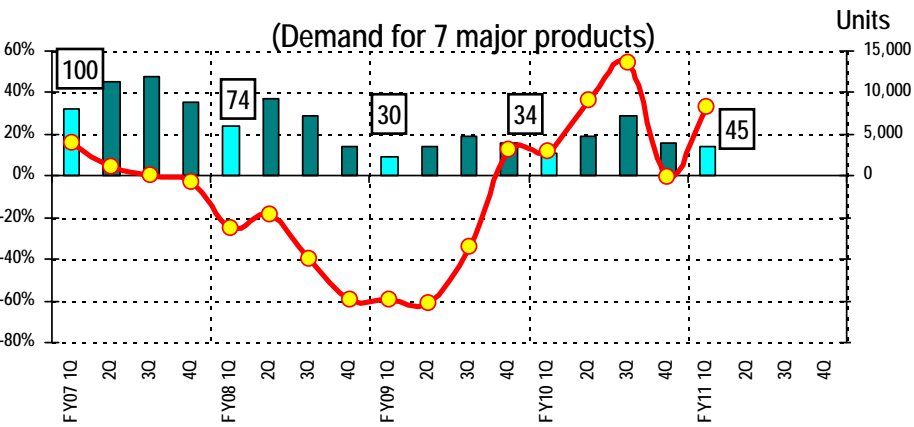
Construction & Mining Equipment: Demand in Major Markets [1. Traditional Markets]

- As demand is still considerably below the peak level in Traditional Markets, we project that the recovery momentum will continue into the future.

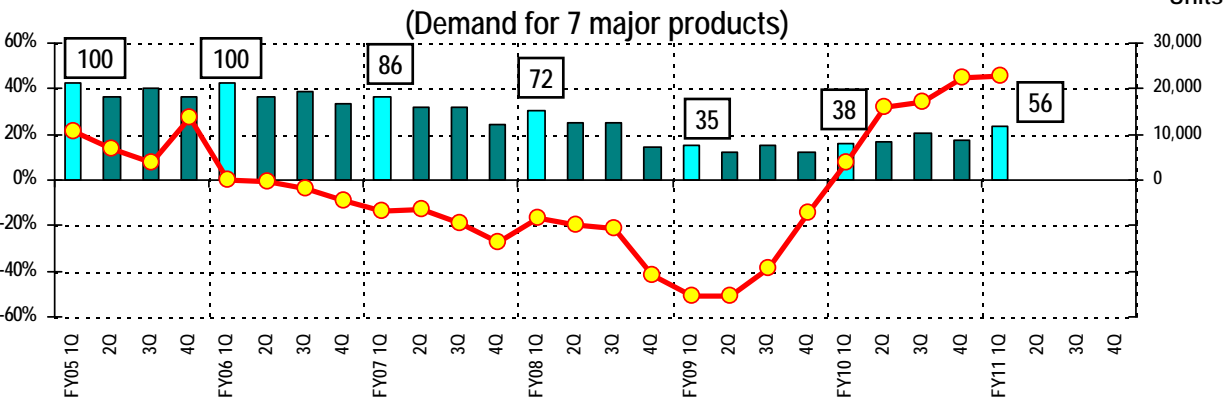
<Quarterly demand>

Japan
 Jan - Mar, 2011: Down 1% year-on-year
 Apr - Jun, 2011: Up 33% year-on-year

Europe
 Jan - Mar, 2011: Up 44% year-on-year
 Apr - Jun, 2011: Up 32% year-on-year



North America
 Jan - Mar, 2011: Up 45% year-on-year
 Apr - Jun, 2011: Up 45% year-on-year



Units

- Market demand (unit basis)
- Growth rate (year-on-year)
- Index

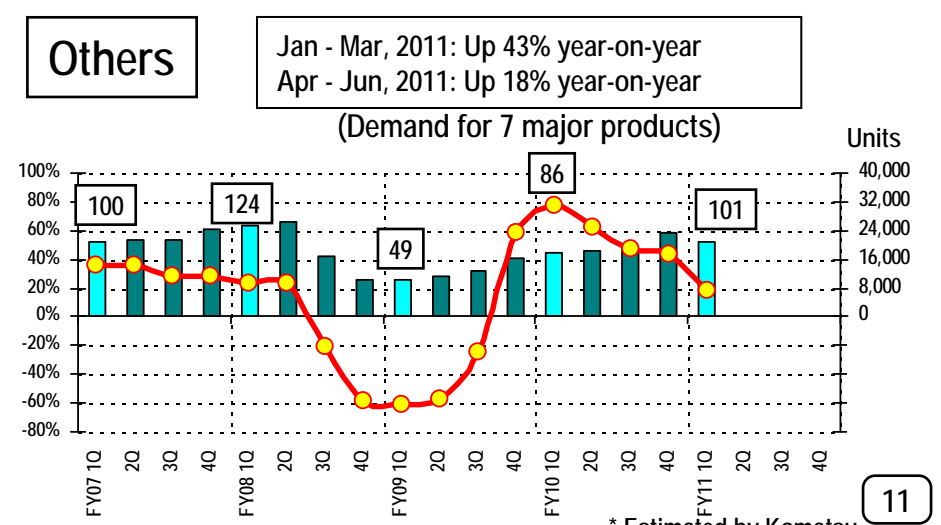
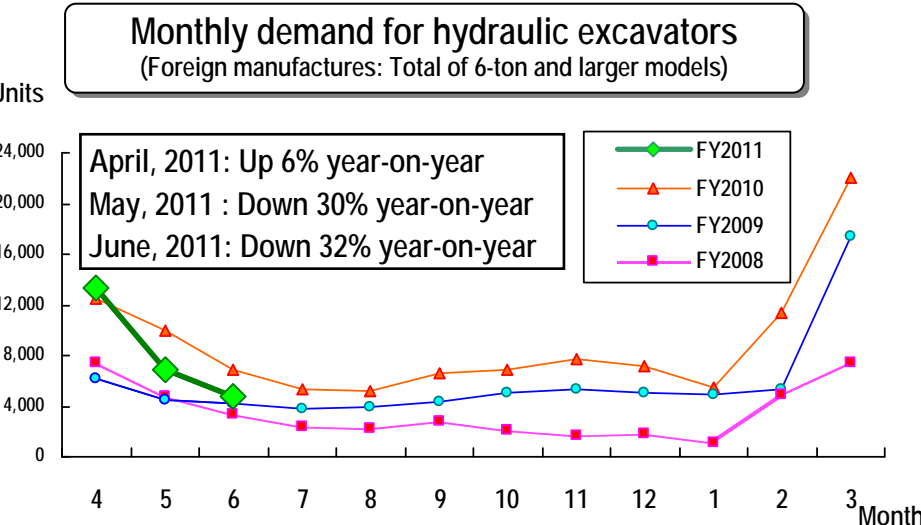
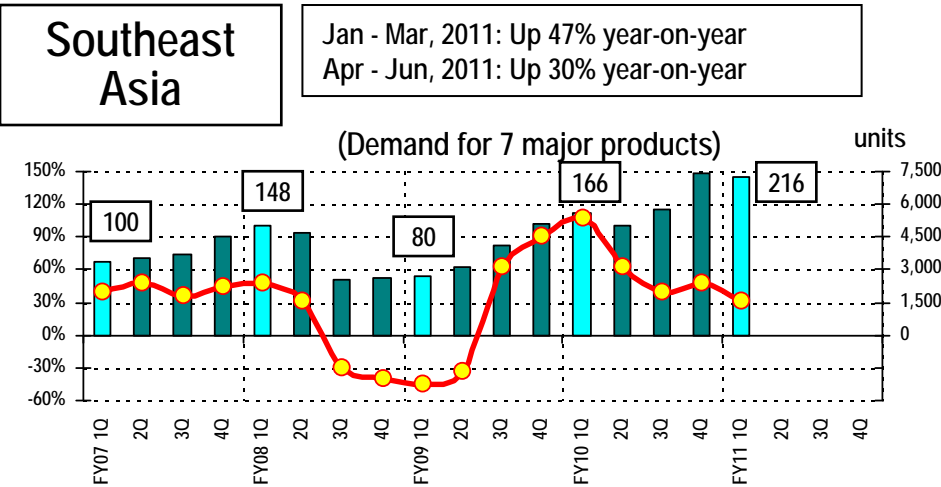
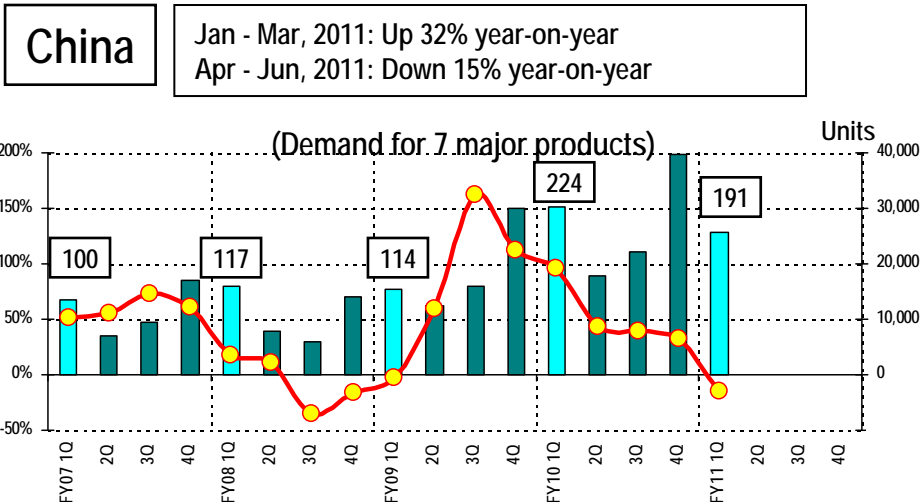
* Estimated by Komatsu

Construction & Mining Equipment: Demand in Major Markets [2. Strategic Markets]

- Monthly demand in China has declined year-on-year since May this year, but demand itself remains at a high level.
- Monthly demand in Southeast Asia and other Strategic Markets continued to advance year-on-year from the previous fiscal year.

<Quarterly demand>

Market demand (unit basis) — Growth rate (year-on-year) Index



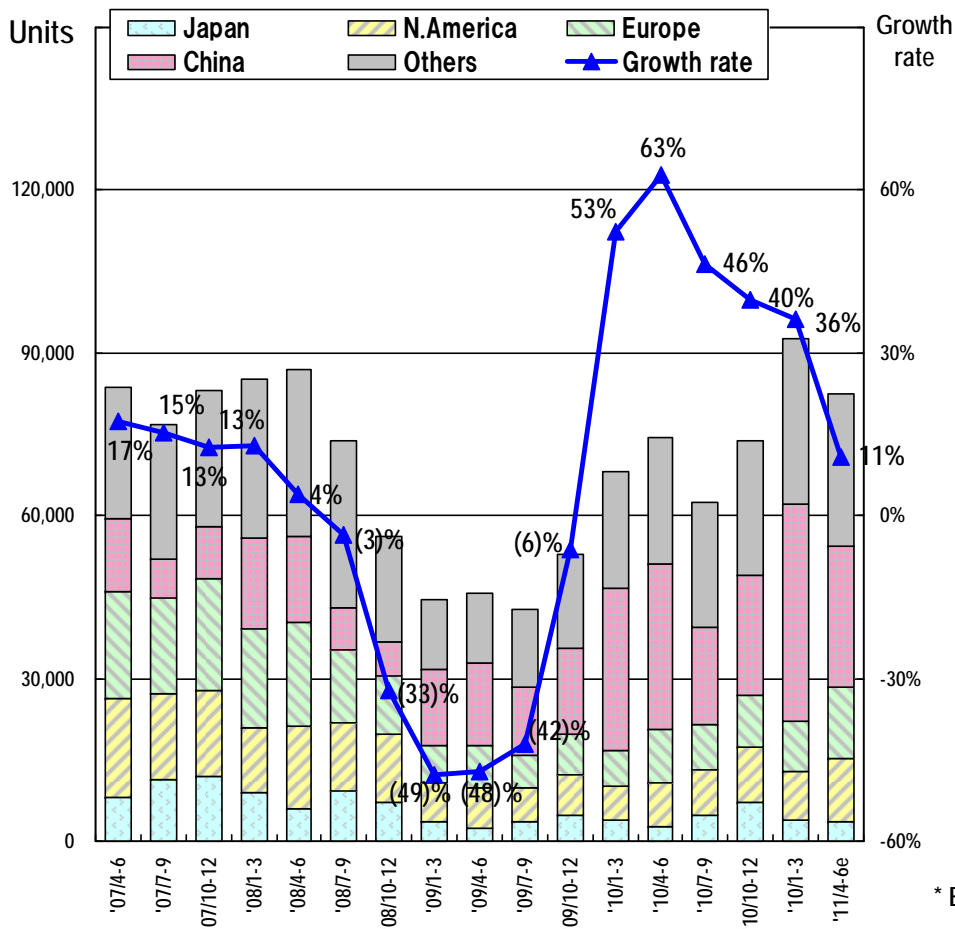
Construction, Mining & Utility Equipment : Demand for 7 Major Products by Region

First quarter results: Demand slowed down in China but it was covered by other Strategic Markets and Traditional Markets, resulting in an increase of 11% from the previous first quarter a year ago.

Full-year projection: We are expecting an increase of 13% as projected at the start of the fiscal year.

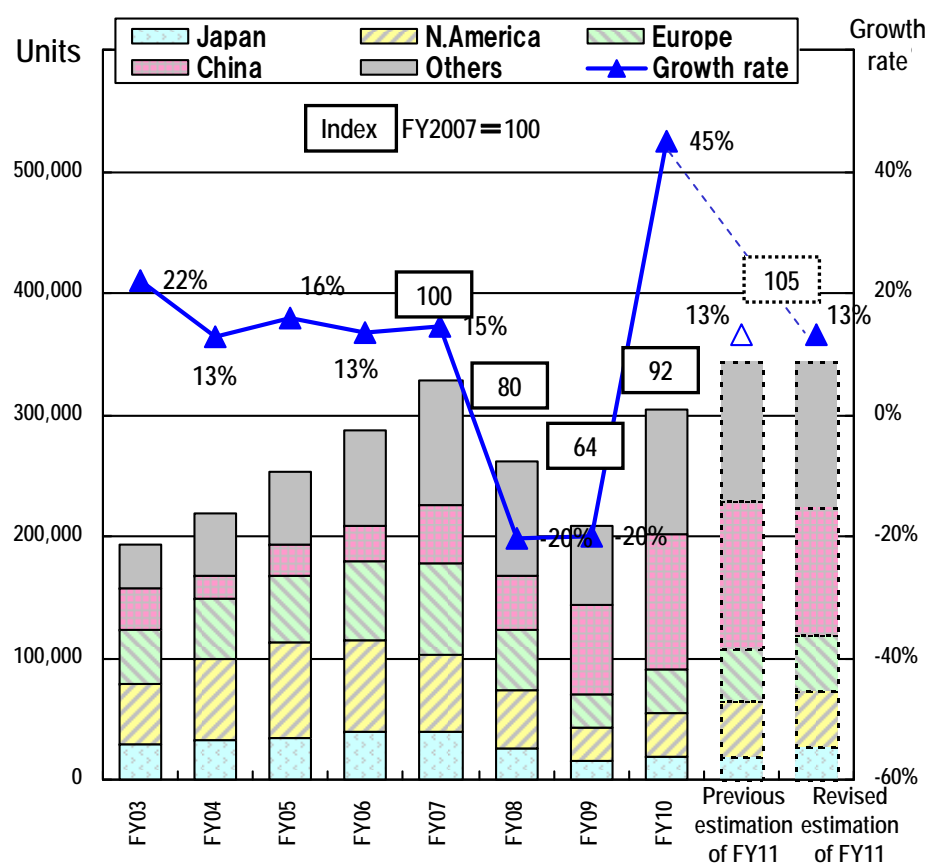
Quarterly demand

Year-on-year growth rate <7 major products>



Annual demand

Year-on-year growth rate <7 major products>

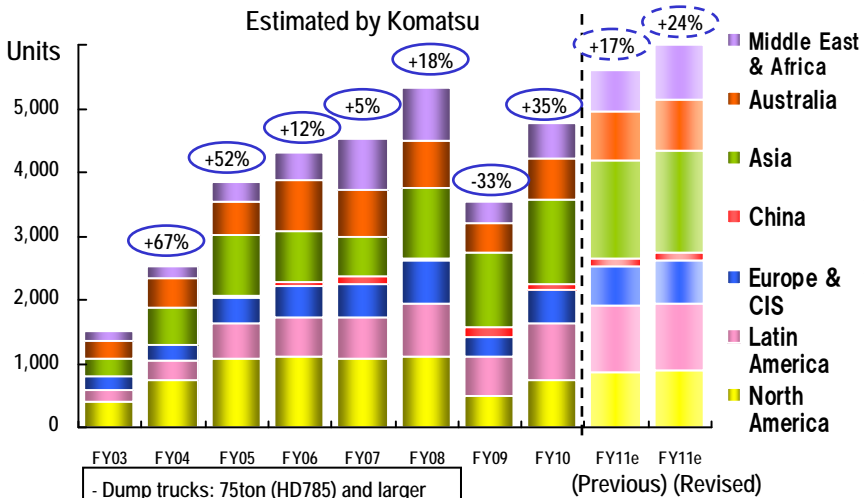


* Estimated by Komatsu

Backlog Orders of Mining Equipment and Industrial Machinery

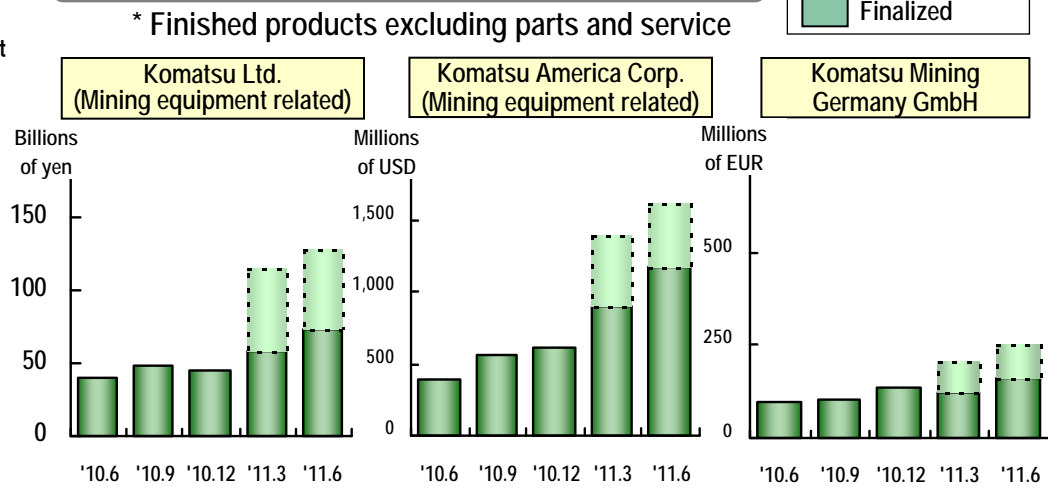
- Orders for mining equipment have been strong.
 - Orders for industrial machinery have also been brisk. Backlog orders of wire saws are inclined to slow down, but they remain at a high level.

Demand by region (Units)

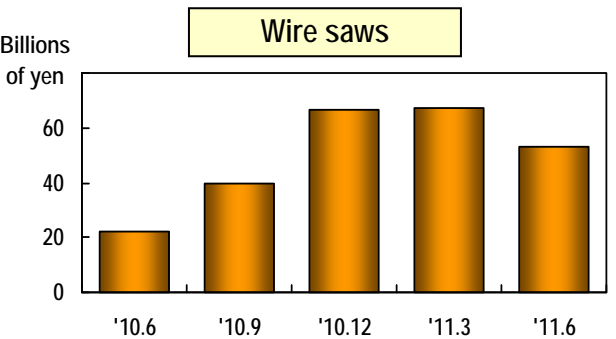
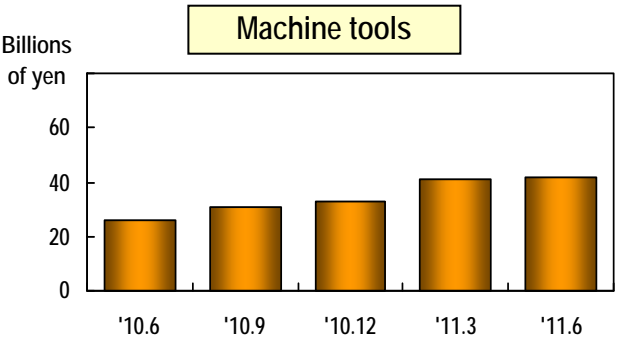
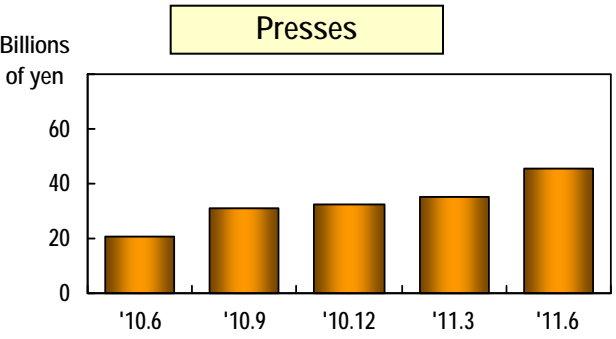


- Dump trucks: 75ton (HD785) and larger
 - Bulldozers: 525HP (D375) and larger
 - Excavators: 150ton (PC1600) and larger
 - Wheel loaders: 500HP (WA700) and larger
 - Motor graders: 280HP (GD825) and larger

Backlog orders of mining equipment



Backlog orders of industrial machinery

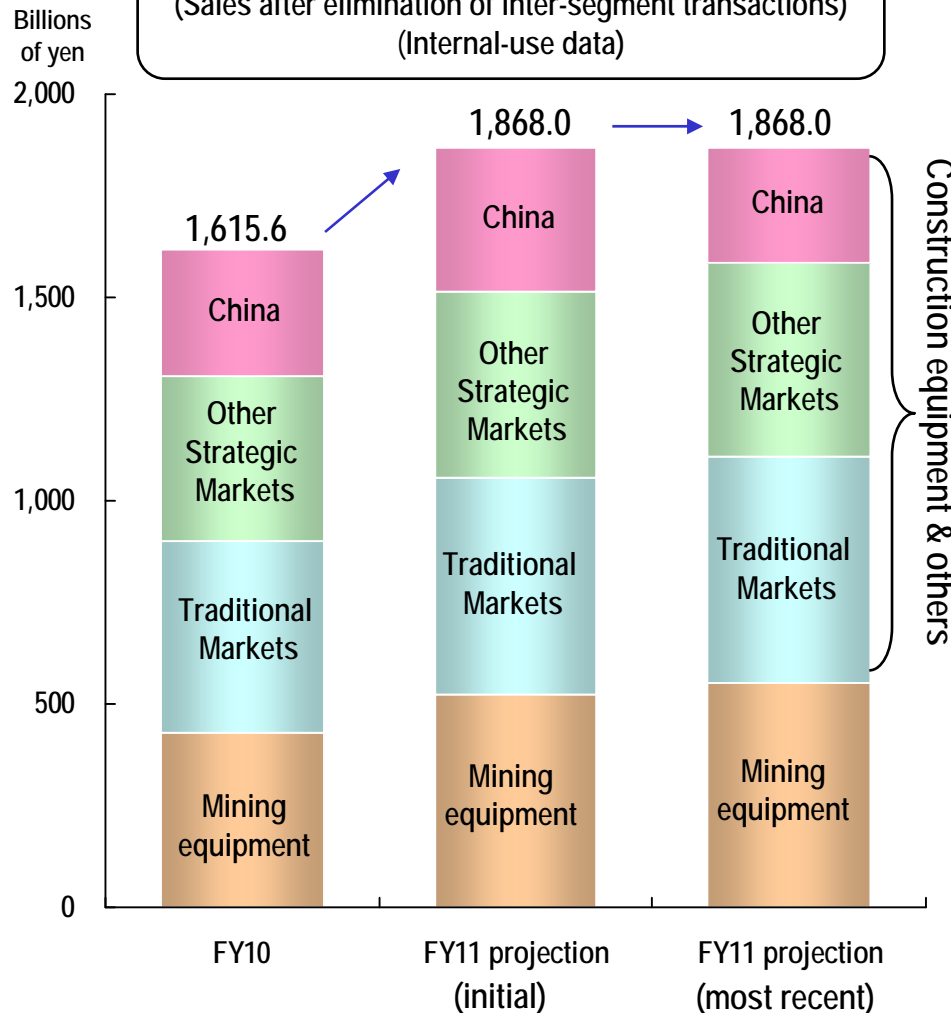


Construction, Mining & Utility Equipment: Projected Sales for the Current Fiscal Year

- For the full year, we are expecting to achieve sales projected at the start of the fiscal year by increasing sales of mining equipment, and construction and mining equipment in Traditional Markets and Strategic Markets other than China, as we are estimating lower-than-projected sales in China.

Breakdown of sales

(Sales after elimination of inter-segment transactions)
(Internal-use data)



Most recent projection of sales breakdown changes from FY2010 results and initial projection

Billions of yen

	vs. FY2010 results	vs. Initial projection
China	- 30.0	- 70.0
Other Strategic Markets	+75.0	+ 20.0
Traditional Markets	+80.0	+ 20.0
Mining equipment	+125.0	+ 30.0
Total	+ 250.0	+/- 0

Reconstruction Assistance for the Great East Japan Earthquake Devastation

- In addition to business operations (timely delivery of needed equipment and inspection/service for trouble-free machine operation), we are promoting assistance efforts such as free-of-charge lending of equipment and materials as well as provision of scholarships.

Free-of-charge lending

- Promoting an assistance worth 800 million yen centering on free-of-charge lending of equipment. Planning to continue such efforts in about 3 years by increasing budgets as needed.

Free-of-charge lending: construction equipment, forklift trucks, prefabricated structures for temporary clinic and post office, power generators, etc.

< Hydraulic excavator >



< Temporary clinic and post office >



Japan Red Cross clinic



Post office

Scholarships

- Komatsu Scholarship for disaster-stricken students of national technical colleges
- Rio Tinto-Komatsu Scholarship for disaster-stricken students of Tohoku University

Recruitment in the disaster-stricken regions

- Special recruitment

Employment of prospective employees whose informal employment was cancelled by original employers

- Special employment orientation meetings

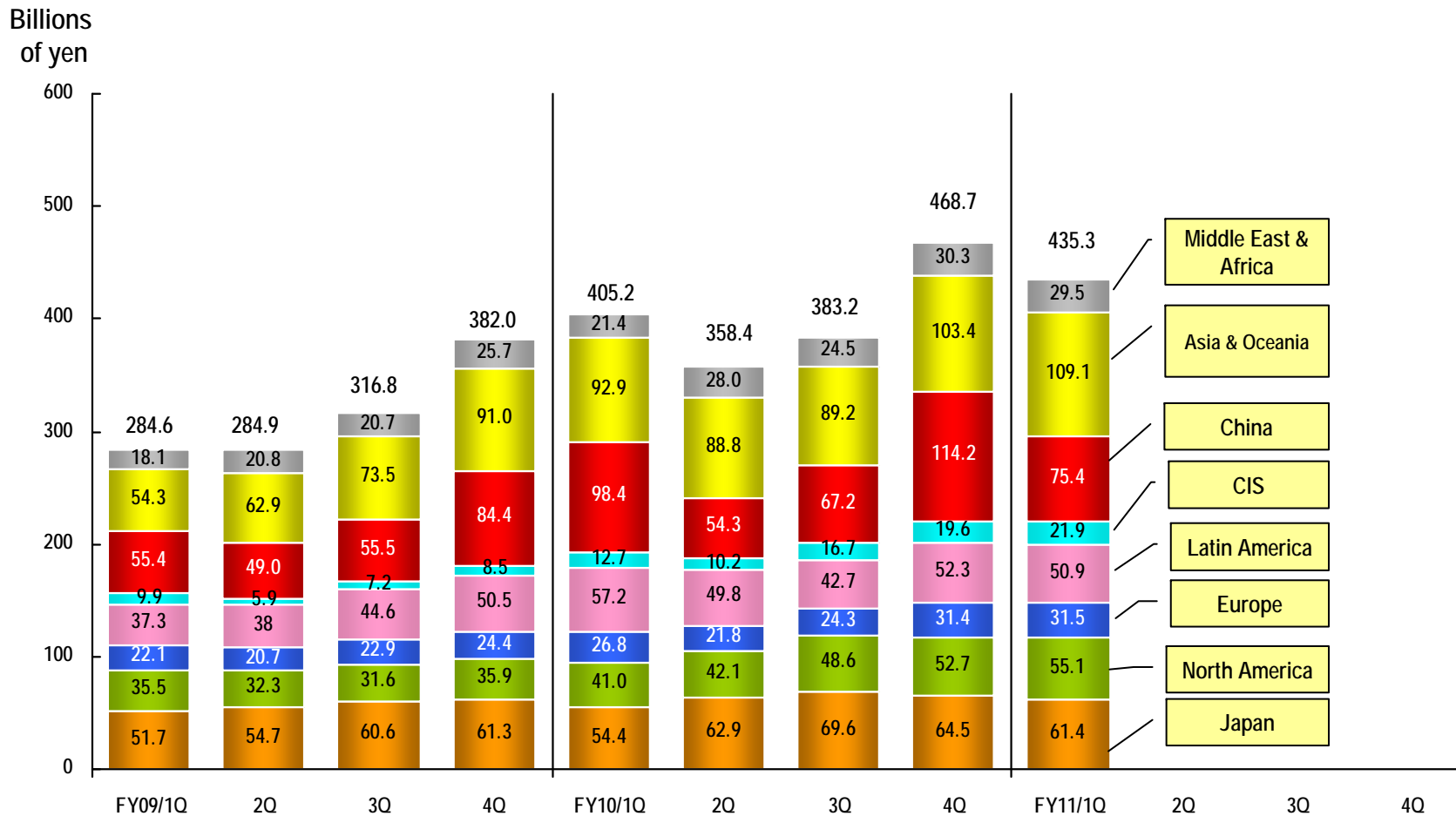
Holding the meetings two days each in Sendai, Morioka and Fukushima cities until August



Radio-controlled equipment
at the crippled Fukushima Nuclear Power Plant

<Appendix>

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



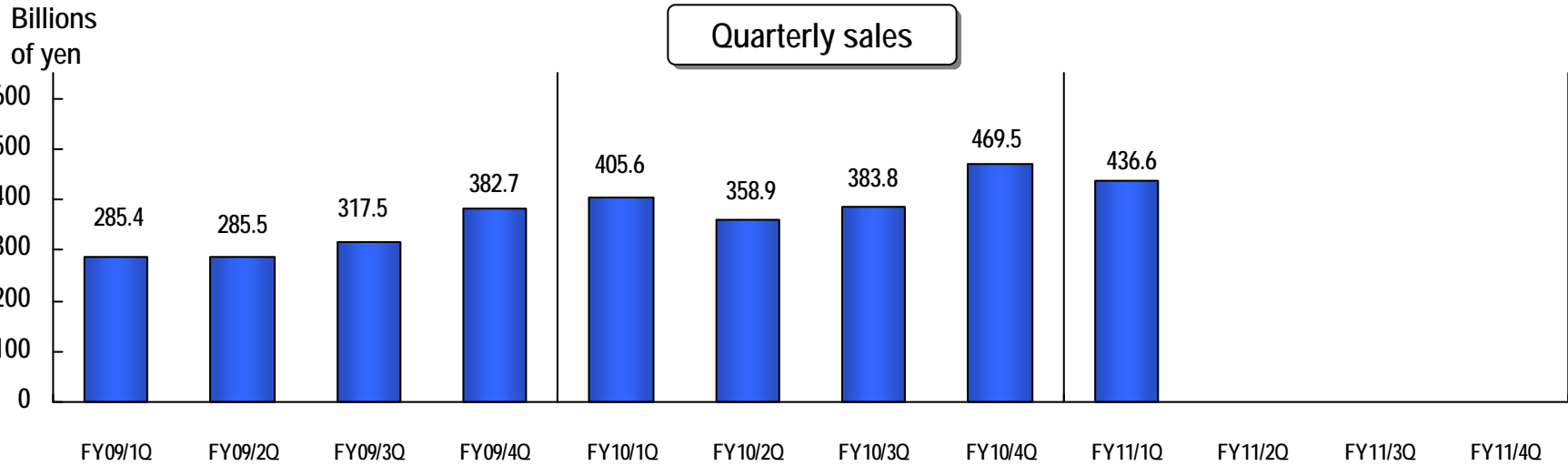
Exchange rates

	09/1Q	09/2Q	09/3Q	09/4Q
1USD	97yen	93yen	90yen	91yen
1EUR	133yen	133yen	133yen	124yen
1RMB	14.2yen	13.6yen	13.2yen	13.3yen

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	91yen	85yen	82yen	82yen
	115yen	111yen	110yen	114yen
	13.4yen	12.6yen	12.4yen	12.5yen

	11/1Q	11/2Q	11/3Q	11/4Q
	81yen	yen	yen	yen
	118yen	yen	yen	yen
	12.5yen	yen	yen	yen

Construction, Mining & Utility Equipment: Quarterly Sales and Segment Profit

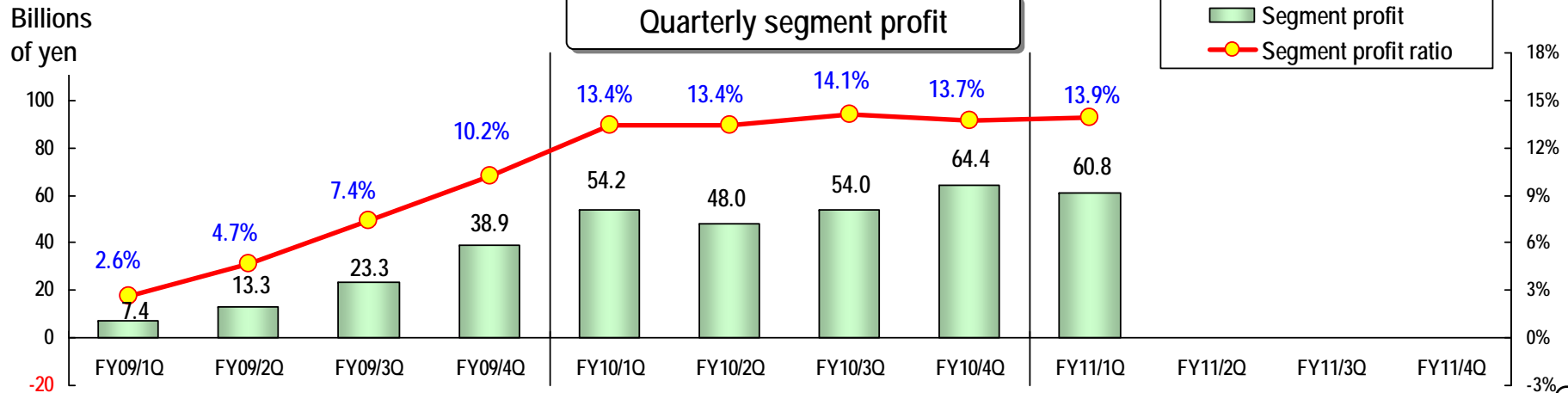


Exchange rates

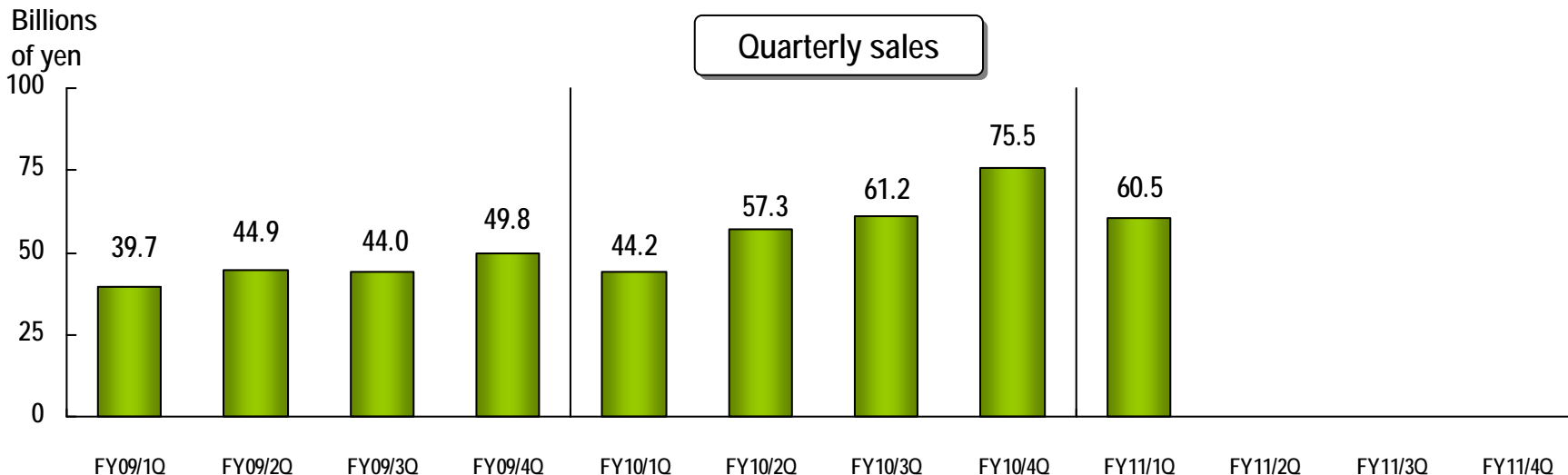
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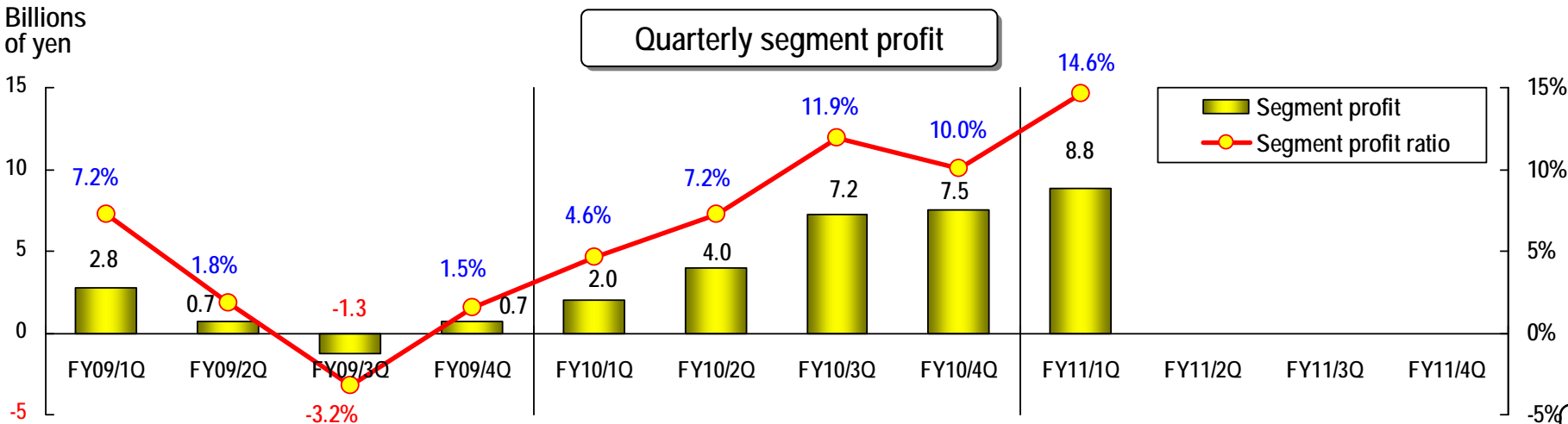


Industrial Machinery & Others: Quarterly Sales and Segment Profit

Quarterly sales


Exchange rates

	09/1Q				10/1Q				11/1Q			
	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q
1USD	97yen	93yen	90yen	91yen	91yen	85yen	82yen	82yen	81yen	yen	yen	yen
1EUR	133yen	133yen	133yen	124yen	115yen	111yen	110yen	114yen	118yen	yen	yen	yen
1RMB	14.2yen	13.6yen	13.2yen	13.3yen	13.4yen	12.6yen	12.4yen	12.5yen	12.5yen	yen	yen	yen

Quarterly segment profit




Cautionary Statement

Komatsu Green Park

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.