

# 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.

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For the first quarter period, i.e., from April 1 to June 30, 2011, net sales advanced by 10.5% from the previous first quarter a year ago, to 494.1 billion yen, and operating income by 26.4% to 68.3 billion yen. Operating income ratio improved by 1.7 percentage points to 13.8%. Net income increased sharply, reflecting a tax effect of 12.7 billion yen which resulted from the merger of Komatsu Rental Ltd.

With respect to the rate of progress made during the first quarter for our full-year projection, it was 23.0% in sales and 22.4% in operating income. In July and onward, we are going to advance these rates from our business in Traditional Markets (Japan, North America and Europe) and with mining equipment.

After the Great East Japan Earthquake of March 11, we had recovered our production and procurement of parts virtually back to normal conditions by the end of March. While there are some delays in factory shipment, we should be able to catch up by the end of the current fiscal year. At all our plants in Japan, we are reducing our power consumption during the peak hours while maintaining planned production volume by using in-house power generation equipment and making energy-saving efforts.

In the construction, mining and utility equipment business, our monthly sales for hydraulic excavators in China have declined year-on-year since May this year, as adversely affected by the government's credit squeeze policy. Meanwhile, demand in other regions remained strong, and we increased sales by 7.6% from the previous first quarter a year ago. With respect to segment profit, while the Japanese yen appreciated against the US dollar and Renminbi, we improved segment profit by 12.2%, as we improved selling prices, reduced production and controlled fixed costs.

In the industrial machinery and others business, first-quarter sales advanced by 36.9% from the previous first quarter a year ago, driven by excellent sales of wire saws which had continued from the preceding quarter as well as an increase in demand for prefabricated structures made by Komatsu House Ltd. Segment profit expanded 4.3-fold from the previous first quarter a year ago.

We are making no change in full-year projection which we announced in April this year.

## 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.

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With respect to the construction, mining and utility equipment business for the first quarter under review, we increased both sales and profits from the previous first quarter a year ago by overcoming negative factors of the Japanese yen's sharp appreciation, especially against the US dollar and Renminbi, as well as slowing demand in China with strong sales in Strategic Markets other than China and Traditional Markets.

In the construction, mining and utility equipment business, first-quarter sales increased by 7.6% from the previous first quarter a year ago, to 436.6 billion yen, and segment profit by 12.2% to 60.8 billion yen. Segment profit ratio improved by 0.5 percentage points to 13.9%.

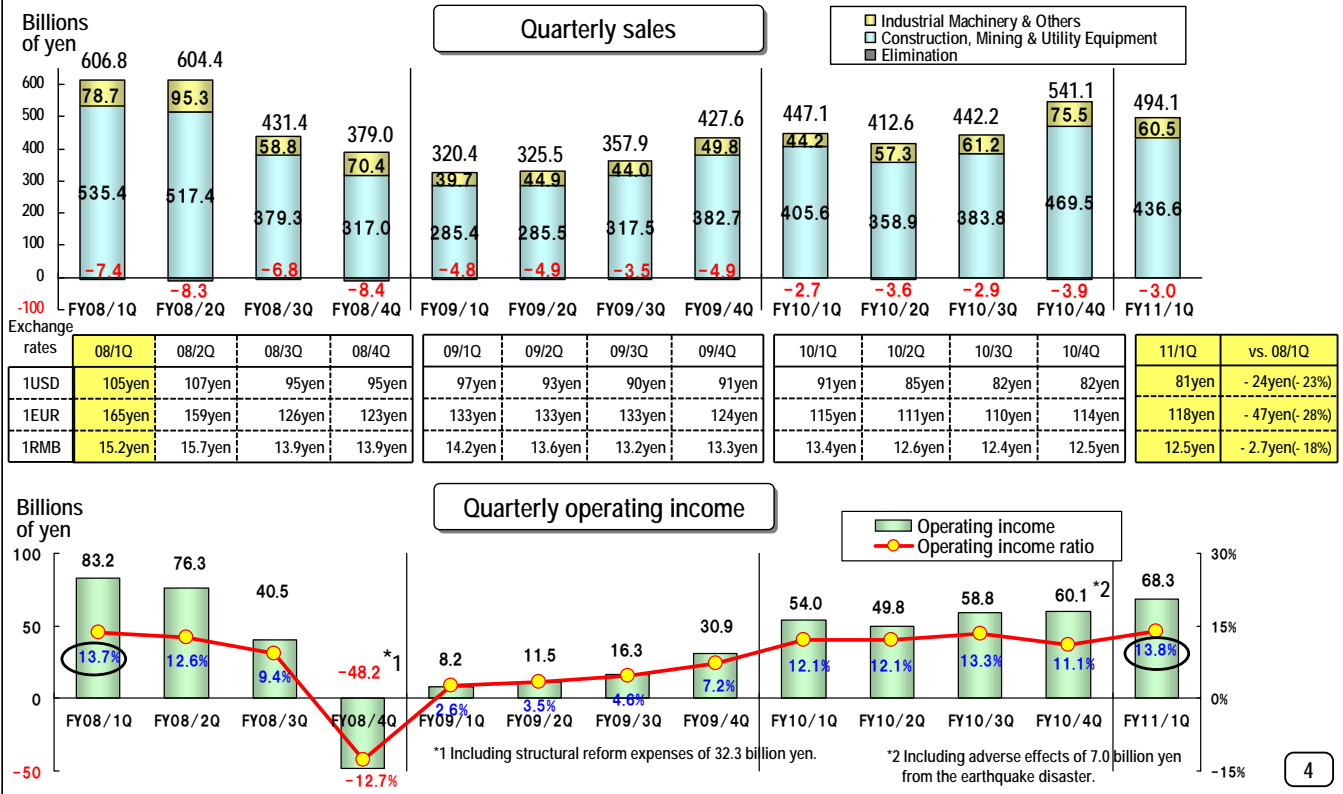
In the industrial machinery and others business, first-quarter sales advanced by 36.9% to 60.5 billion yen, driven by an impressive gain of 13.2 billion yen in sales of wire saws from the previous first quarter a year ago. Segment profit climbed 4.3-fold to 8.8 billion yen. Consequently, segment profit ratio improved sharply by 10.0 percentage points to 14.6%.

Operating income for the first quarter under review improved by 26.4% from the previous first quarter a year ago, to 68.3 billion yen. Operating income ratio increased by 1.7 percentage points to 13.8%.

Net income for the first quarter under review advanced by 81.5% from the previous first quarter a year ago, to 55.7 billion yen. This increase in net income includes a tax effect of 12.7 billion yen resulting from merging with 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.



Quarterly sales for the first and second quarters of fiscal 2009 were low at around 320 billion, due to the inventory adjustment we carried out soon after the Lehman Shock. Since then, however, quarterly sales have been growing, albeit with some ups and downs resulting from seasonal factors.

Since fiscal 2008, the Japanese yen has been appreciating against the US dollar, Euro and Renminbi. For the first quarter under review, the Japanese yen appreciated against the US dollar by 24 yen or 23% and against Renminbi by 2.7 yen or 18% from the first quarter of fiscal 2008.

Operating income ratio for the first quarter under review reached 13.8%, surpassing 13.7% for the first quarter of fiscal 2008 before the Lehman Shock. This improvement has been made possible, largely by improving selling prices, reducing production costs, controlling fixed costs, and structural reform efforts, which well covered the negative effects of the Japanese yen's appreciation on profits, coupled with the improvement in segment profit of the industrial machinery and others business.

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

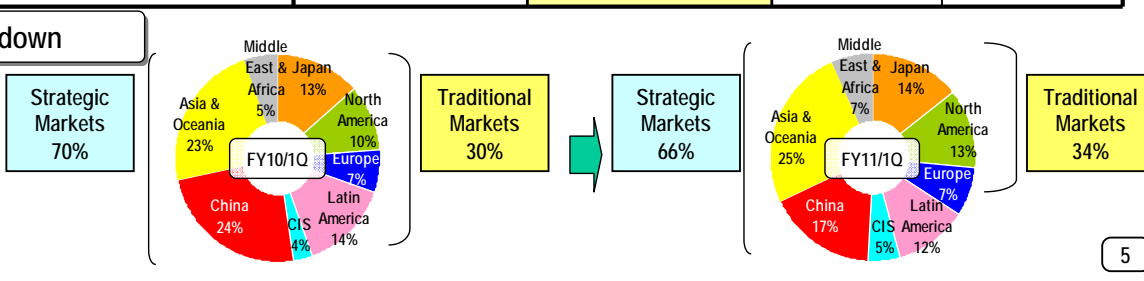
- Slow sales in China was covered by expanded sales in other Strategic Markets and Traditional Markets. The percentage of Traditional Markets has grown a little.

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**



For the first quarter under review, sales of construction, mining and utility equipment to outside customers in China and Latin America declined by 23.4% and 11.0%, respectively from the previous first quarter a year ago. Sales in other Strategic markets and Traditional Markets compensated for the decline in China and Latin America. All together, sales of this segment increased by 7.4% from the previous first quarter.

First-quarter sales in North America, CIS and Africa registered a high rate of growth, and those in Asia & Oceania and Europe were also good.

The decline in first-quarter sales in Latin America from the previous first quarter largely reflects the appreciation of the Japanese yen, concentration of large-lot orders for mining equipment and effects of the presidential election in Brazil in the previous first quarter.

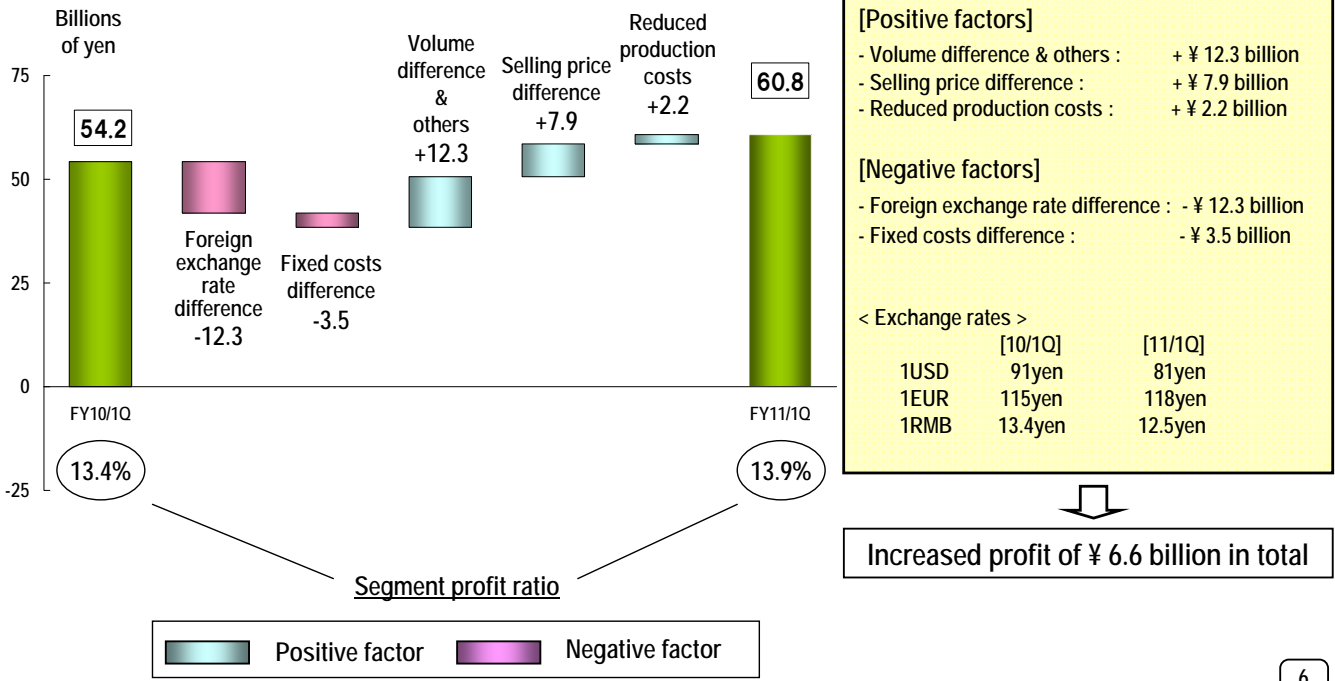
With respect to sales breakdown by market for the first quarter under review, sales in Strategic Markets declined by 4 percentage points to 66%, while those in Traditional Markets increased by 4 percentage points to 34% from the previous first quarter.

For the first quarter under review, sales of parts and mining equipment were strong. Specifically, sales of parts increased by 16% on a Japanese yen basis from the previous first quarter, and those of mining equipment, by 28% on a US dollar basis.

**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



For the first quarter under review, segment profit of the construction, mining and utility equipment business increased by 6.6 billion yen. The negative factors of foreign exchange rate and fixed costs differences were well compensated by the positive factors of differences in sales volume, selling prices and reduced production costs.

**Negative factors:**

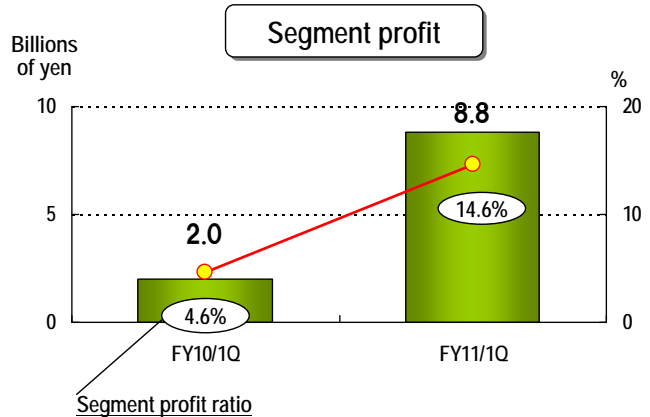
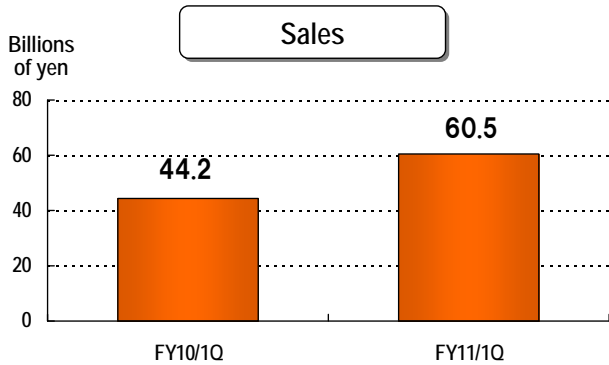
- Foreign exchange rate differences totaled 12.3 billion yen compared to the previous first quarter, including 10.6 billion yen and 2.6 billion yen which reflect the Japanese yen's appreciation against the US dollar and Renminbi, respectively.
- The increase of 3.5 billion yen in fixed costs is mainly attributable to an increase in performance-related pay and R&D expenses. However, as we concerted efforts to cut down expenses, we were able to reduce fixed costs by about 2 billion yen from the plan made at the start of the fiscal year.

**Positive factors:**

- The increase of 12.3 billion yen in sales volume and other factors mainly reflects an increase in the percentage of sales of mining equipment and parts, both with higher margins.
- The difference in selling prices and reduced production costs amounted to 7.9 billion yen and 2.2 billion yen, respectively.

**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.



**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
<b>Total</b>	<b>44.2</b>	<b>60.5</b>	<b>16.3</b>

Sales of the industrial machinery and others business expanded substantially, supported by excellent sales of Komatsu NTC's wire saws, coupled with increased sales of Komatsu House's prefabricated structures.

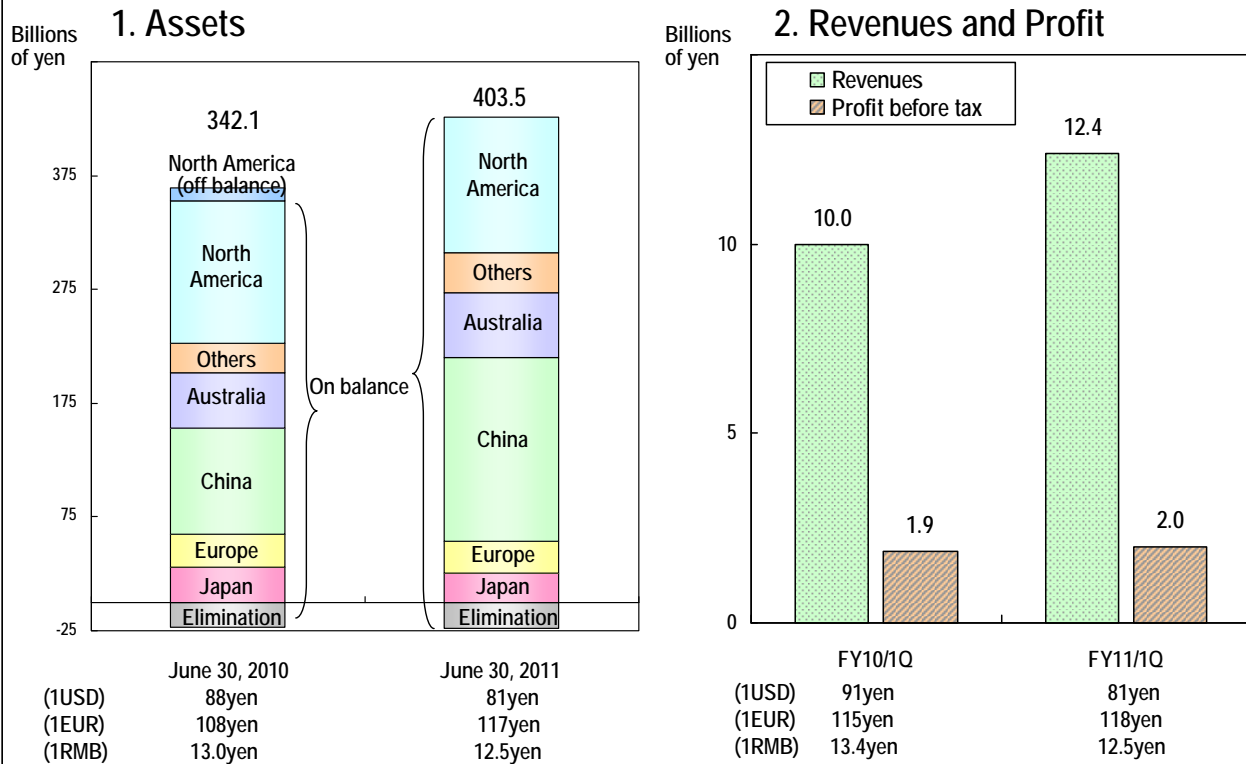
Specifically, Komatsu NTC advanced first-quarter sales of wire saws by 13.2 billion yen from the previous first quarter a year ago, and first-quarter sales of Komatsu House Ltd. increased by 4.0 billion yen.

Segment profit reached a high level of 14.6%, thanks to expanded sales of wire saws, and exceeded the last peak level of 11.9% registered for the third quarter of fiscal 2010.

**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)



Total assets of the retail finance business increased by 61.4 billion yen at June 30, 2011 from June 30, 2010. However, as there was about 13 billion yen as a foreign exchange difference resulting from the Japanese yen's appreciation, mainly against the US dollar and Renminbi compared to June 30, 2010, the increase is about 7.4 billion yen in the practical sense.

In China, assets increased about 7.5 billion yen, when the foreign exchange translation is disregarded. Therefore, the increase in total assets is almost totally attributable to growth of assets in China. In China, the number of leased equipment totaled about 12,000 last year, but it has grown to over 20,000 today. However, in view of the fact that the monthly sales volume has declined since May this year, we anticipate that the pace of growth in assets will have slowed down in July and onward.

In North America, the decline in assets has touched bottom. While assets amounted to 1.41 billion US dollars at June 30, 2010, they increased to 1.48 billion US dollars at June 30, 2011.

Revenues and profit before tax increased for the first quarter under review. Pretax profit remained virtually flat for the first quarter, as affected by about 200 million yen for increased allowance in China and about 150 million yen resulting from the Japanese yen's appreciation. In China, we have been placing more efforts to train our distributors concerning their credit management, making positive results such as improving the percentage of past dues.

Overall market conditions are beginning to improve, as represented by lowered percentage of past dues and decreased lending loss. We will steadily expand assets by continuing our sound operations.

## 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
<b>Total assets</b>	<b>2,149.1</b>	<b>2,216.0</b>	<b>66.9</b>
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
<b>Total liabilities</b>	<b>1,176.4</b>	<b>1,227.3</b>	<b>50.9</b>
[% 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)
<b>Liabilities &amp; Equity</b>	<b>2,149.1</b>	<b>2,216.0</b>	<b>66.9</b>
<b>Interest-bearing debt, net [b-a]</b>	○ 0.50    459.1	○ 0.54    510.6	51.5
Net D/E ratio excluding consolidated retail finance subsidiaries	○ 0.24	○ 0.25	

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Total assets amounted to 2,216 billion yen at June 30, 2011, an increase of 66.9 billion yen from March 31, 2011.

When the effects of the Japanese yen's appreciation in foreign currency translation are removed, total assets increased by about 90 billion yen in the practical sense. However, this figure includes an increase of about 22 billion yen of assets of Gigaphoton Inc. which became a consolidated subsidiary of Komatsu Ltd. during the current fiscal year. Therefore, when Gigaphoton's assets are excluded, the practical increase is about 68 billion yen.

The main factor for the increase is growth of inventories. We have been increasing inventories to respond to reconstruction of the regions devastated by the recent earthquake and tsunami as well as expanding demand for mining equipment, resulting in an increase of 56.8 billion yen from March 31, 2011.

Accounts receivables declined by 9.7 billion yen, whereas receivables increased by about 36.0 billion yen in the retail finance business. Therefore, when this increase in the retail finance business is excluded, accounts receivables declined by about 46.0 billion yen also because we have been collecting them successfully.

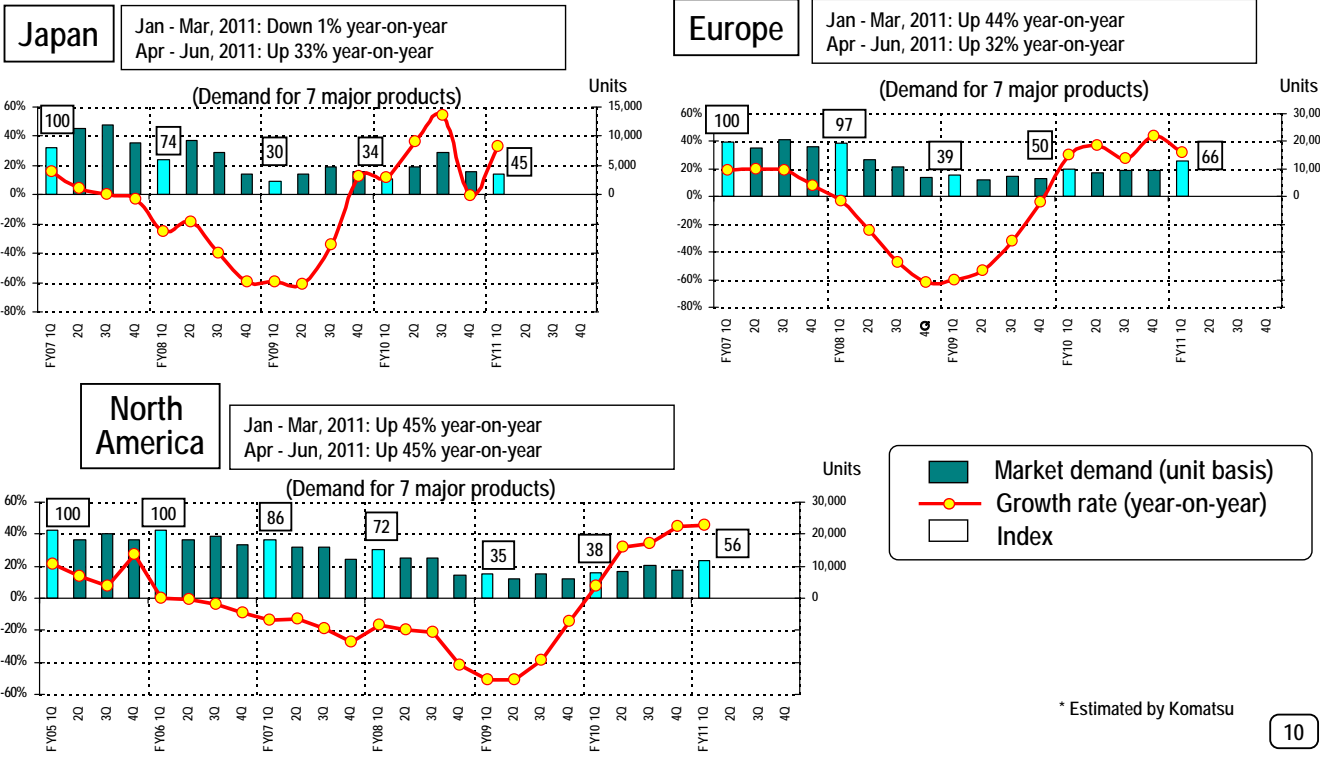
Interest-bearing debt grew by 51.0 billion yen, mainly due to increased inventories and lease receivables in China. Of 51.0 billion yen, interest-bearing debt increased by 36.5 billion yen in the retail finance business. Therefore, when the retail finance business is excluded, it increased by 14.6 billion yen.

When the retail finance business is excluded, net debt-to-equity ratio was 0.25, and Komatsu Ltd. shareholders' equity ratio was 42.8% at June 30, 2011, about flat from March 31, 2011.

**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>



These graphs show quarterly demand for seven major products in Traditional Markets.

First-quarter peaks of the past reached in both Japan and Europe in fiscal 2007, and in North America in fiscal 2005 and 2006, all before the Lehman Shock.

When these peaks are indexed as 100, for the first quarter under review, demand in Japan translates into 45, that in Europe into 66 and that in North America into 56. Since these current figures still remain low, we are expecting that recovery momentum will continue into the future.

In Japan, first-quarter demand grew steadily, registering an increase of 33% from the previous first quarter a year ago. In the current fiscal year, demand started on a high note centering on construction equipment for use in the reconstruction of earthquake and tsunami-devastated regions.

In Europe, first-quarter demand grew steadily, particularly in the rental business of Germany and France, registering an increase of 32% from the previous first quarter a year ago.

In North America, first-quarter demand advanced by 45% from the previous first quarter a year ago. For the last few years, a growing amount of used rental equipment has been exported from the United States, increasing replacement demand there. Furthermore, demand has also advanced steadily in the resource and energy development sectors in the United States. Demand was also firm in Canada.

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

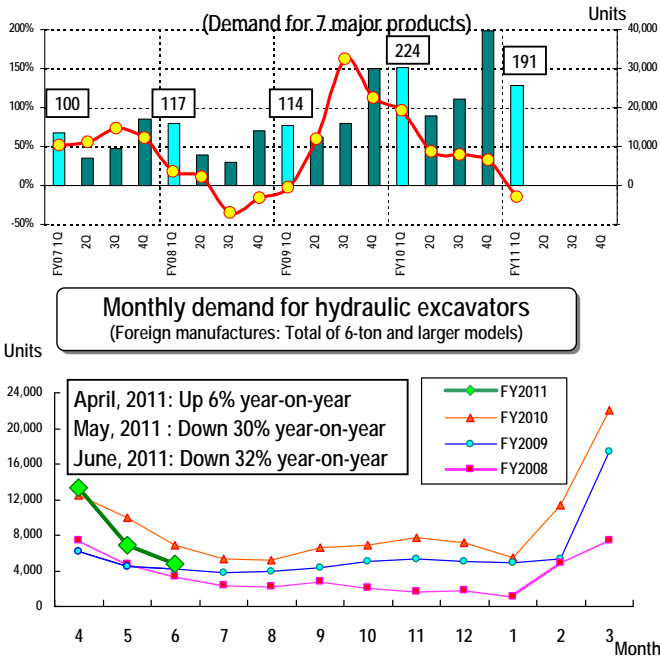
- Monthly demand in China has declined year-on-year since May this year, but demand itself remains at a high level.
- Monthly demand in Southeast Asia and other Strategic Markets continued to advance year-on-year from the previous fiscal year.

<Quarterly demand>

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

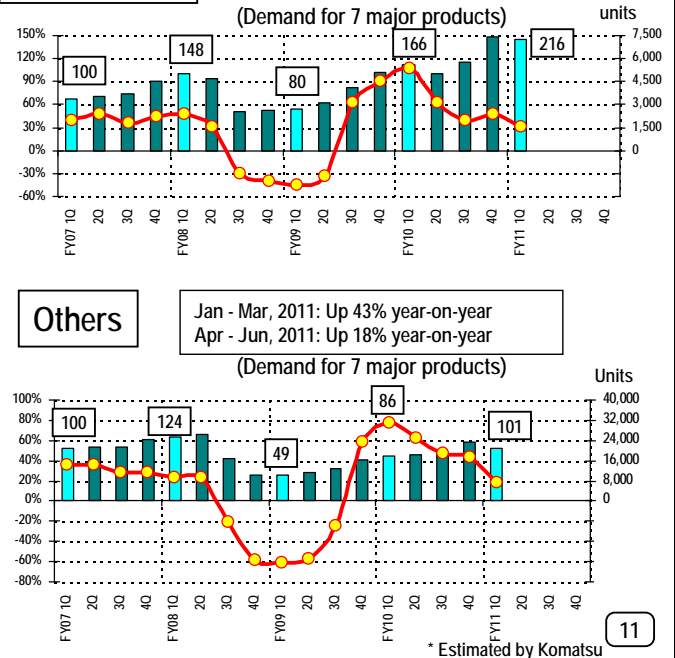
**China**

Jan - Mar, 2011: Up 32% year-on-year  
Apr - Jun, 2011: Down 15% year-on-year



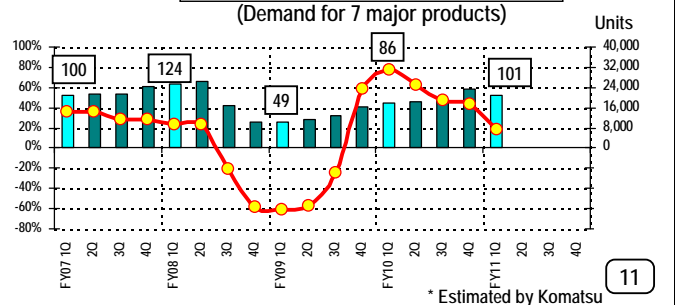
**Southeast Asia**

Jan - Mar, 2011: Up 47% year-on-year  
Apr - Jun, 2011: Up 30% year-on-year



**Others**

Jan - Mar, 2011: Up 43% year-on-year  
Apr - Jun, 2011: Up 18% year-on-year



In China, monthly demand has slowed down since May this year. Specifically, demand for 6-ton and larger hydraulic excavators made by foreign manufacturers in May declined by 30% from May last year and by 32% in June. We are estimating about the same rate of decline as June in July.

Both private and public-sector construction works have been adversely affected by the government's credit squeeze policy. We see some delays in infrastructure development projects, such as construction of highways and railways, reflecting a lack of funds and belated purchase of land.

Meanwhile, when first-quarter demand in fiscal 2007 is indexed as 100, demand in the first quarter under review is 191, showing almost double growth. We believe that there is room for demand to continue growing in the mid range, driven by the progress in urbanization and public works.

In Southeast Asia, first-quarter demand advanced by 30% from the previous first quarter a year ago, reflecting continuous strong demand in mining equipment in Indonesia. When first-quarter demand in Southeast Asia in fiscal 2007 is indexed as 100, demand in the first quarter under review is 216, registering more than doubled growth.

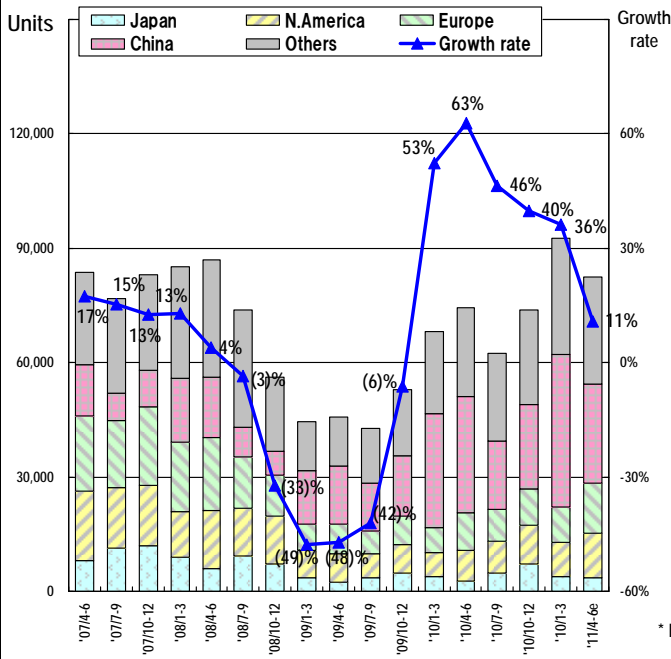
In other regions, first-quarter demand increased by 18%, driven by firm demand for mining equipment for use in developing resources especially in CIS and Africa.

Compared to the peak registered in the first quarter of fiscal 2008, demand in the first quarter under review is still under about 20%, and therefore we believe that there is room for demand to increase into the future.

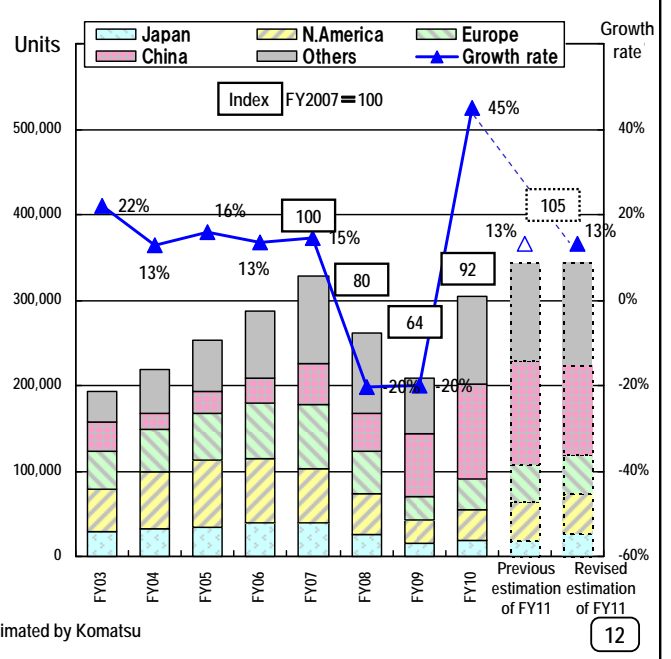
**Construction, Mining & Utility Equipment : Demand for 7 Major Products by Region**

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>



Quarterly demand for seven major products recovered sharply in the second half of fiscal 2009 after having nose-dived in the wake of the Lehman Shock, and the rate of growth has been stable since then.

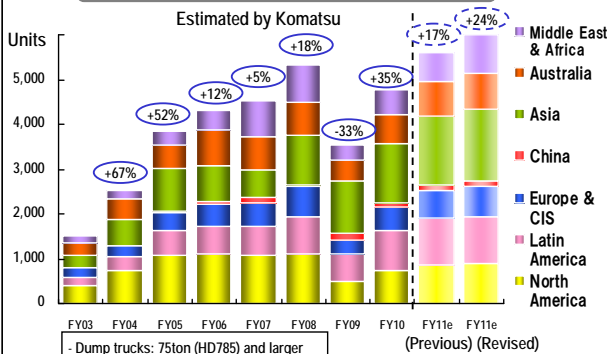
First-quarter demand increased by 11% from the previous first quarter a year ago, because declined demand in China was compensated for by other regions.

We are keeping our initial projection of 13% growth of annual demand in fiscal 2011 from fiscal 2010 (as announced on April 27, 2011), although we are projecting a change in the percentages by region. In terms of units, we are expecting that annual demand will surpass the peak in fiscal 2007, generating about 340,000 units in fiscal 2011.

## Backlog Orders of Mining Equipment and Industrial Machinery

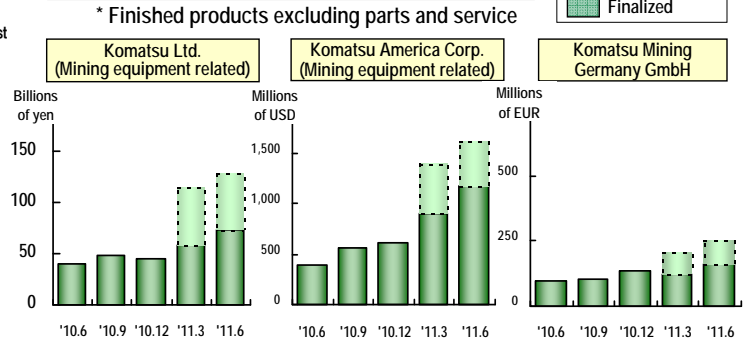
- Orders for mining equipment have been strong.
- Orders for industrial machinery have also been strong. Backlog orders of wire saws are inclined to slow down, but they remain at a high level.

Demand by region (Units)

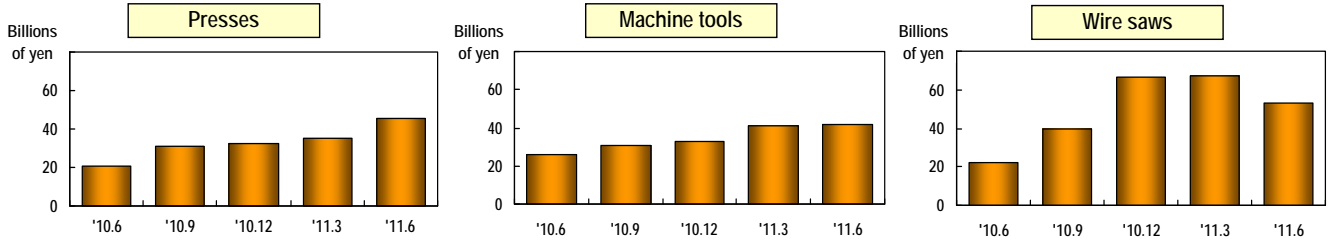


- Dump trucks: 75ton (HD785) and larger
- Bulldozers: 525HP (D375) and larger
- Excavators: 150ton (PC1600) and larger
- Wheel loaders: 500HP (WA700) and larger
- Motor graders: 280HP (GD825) and larger

Backlog orders of mining equipment



Backlog orders of industrial machinery



Although we had initially projected that demand for mining equipment would increase by 17% in fiscal 2011 from fiscal 2010 (as announced on April 27, 2011), we have revised it upward to 24%.

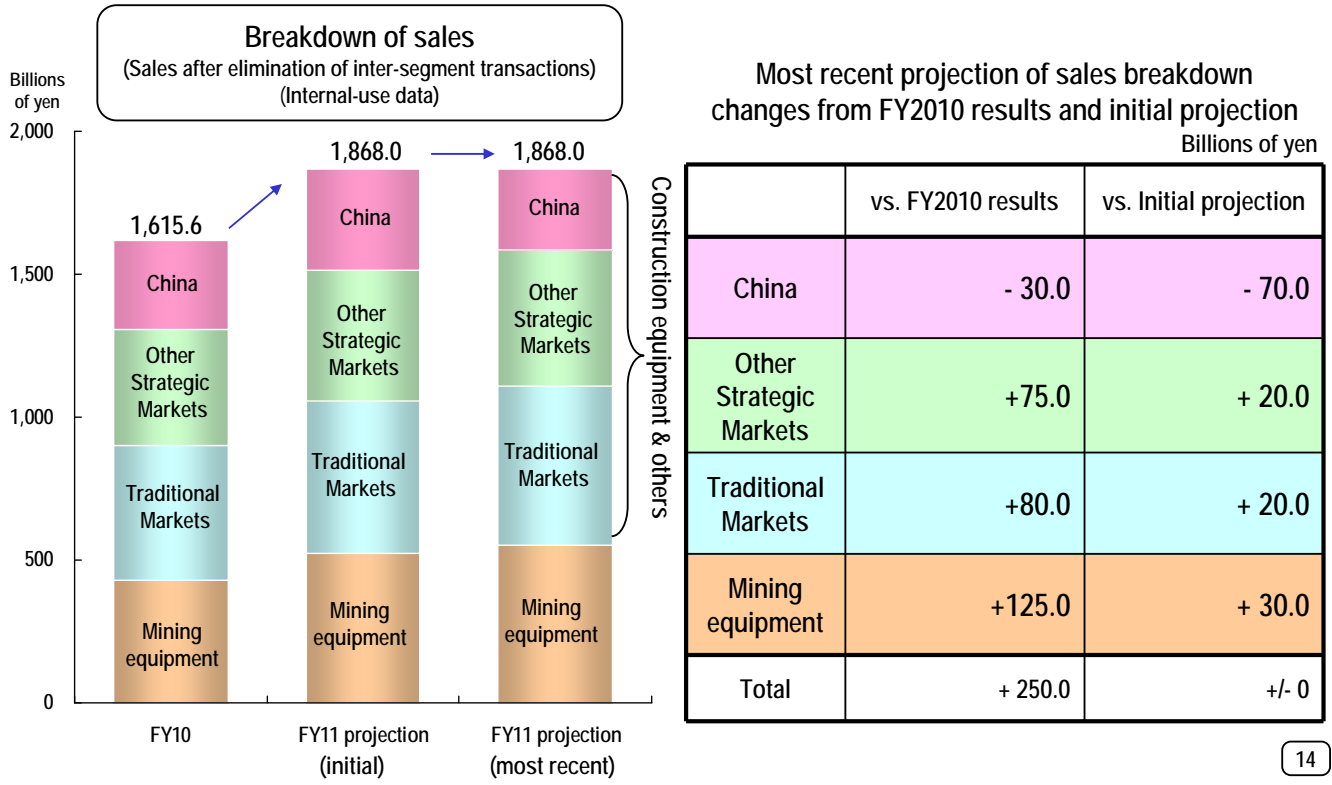
Orders for mining equipment remained strong and increased, including semifinal orders. Backlog orders totaled about 130.0 billion yen which was received by Komatsu Ltd., about 1.6 billion US dollars by Komatsu America Corp., and about 250 million euro by Komatsu Mining Germany at June 30, 2011. In this light, we virtually know our sales for mining equipment for fiscal 2011, and we have been receiving a growing number of orders which will translate into sales for fiscal 2012.

With respect to backlog orders for industrial machinery, those for both presses and machine tools have been increasing steadily.

Orders for wire saws is slowing down in China. Backlog orders at June 30, 2011 declined from March 31, 2011; however, we are sustaining a high level of over 50 billion yen.

**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.



With respect to projected sales of construction, mining and utility equipment for fiscal 2011 ending March 31, 2012, we are anticipating sales will decline in China from our projection of April 27, 2011. However, we should be able to compensate the declined sales in China with an increase in sales in mining equipment as well as in other Strategic markets and Traditional Markets, thereby attaining the sales level projected at the start of the current fiscal year.

In China, we are estimating that sales of construction equipment (excluding mining equipment) will decline by about 70 billion yen from the initial projection. Compared to fiscal 2010, sales declined by about 30 billion or about 10%. We are expecting to compensate for this decline by increases of 20 billion yen in other Strategic markets, 20 billion yen in Traditional Markets and 30 billion yen in mining equipment.

**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

Concerning our assistance efforts for the regions devastated by the Great East Japan Earthquake and the subsequent tsunami, we have been making timely delivery of needed equipment and undertaking inspection and repairs through business operations. In addition, we have also been promoting off-business activities, such as free-of-charge lending of equipment and materials for municipal governments and provision of scholarships.

We have been lending construction equipment, forklift trucks, power generators and prefabricated structures (worth 800 million yen).

We have delivered 373 prefabricated structures for a diverse range of uses, such as temporary houses, clinic, post office, nursery school, class rooms, and storage facilities. We initially planned 700 prefabricated structures, but we are anticipating that demand will increase to 800 structures.

When the needed relief assistance funds go beyond 800 million yen, we would like to increase our budget as needed. We are planning to continue our assistance efforts in about three years.

Our scholarships are offered to disaster-stricken students. We have decided to offer scholarships worth 200 million yen in total to such students enrolled in national technical colleges in the Tohoku and North Kanto regions. Jointly with Rio Tinto, a leading mining company, we have decided to provide scholarships worth 400 million yen (shared equally by the two partners) to disaster-stricken students at Tohoku University.

We have also been working to recruit new employees in the disaster-destroyed regions. In addition, we have held employment orientation meetings, to recruit new employees for nationwide allocation, twice each in Sendai, Morioka and Fukushima cities until August this year.

While it should take a long time for full reconstruction of the devastated regions, we will continue our assistance efforts unflinching through business operations.