

**Business Results for the First Quarter Period  
(April – June, 2012)  
of FY2012 ending March 31, 2013**

**July 31, 2012**

**Business Coordination Department  
Komatsu Ltd.**

## Highlights of the First Quarter of FY2012

1. Sales and Profits: First-quarter sales and profits declined from 1Q FY2011, as mainly affected by delayed recovery of Chinese demand for construction equipment, sluggish demand for wire saws and the Japanese yen's appreciation against USD, EUR and other currencies.

	FY2011/1Q	FY2012/1Q	Change
Net sales	494.1 billion yen	469.9 billion yen	(4.9)%
Operating income	68.3 billion yen	55.7 billion yen	(18.5)%
Operating income ratio	13.8%	11.9%	(1.9) pts
Net income*	55.7 billion yen	32.1 billion yen	(42.3)%

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

## 2. Review of two business segments

Construction, mining & utility equipment

-While demand for mining equipment remained strong esp. in Latin America and Oceania, first-quarter sales declined by 1.6% from 1Q FY2011, as mainly affected by reduced sales against the backdrop of sluggish demand in China.

-Segment profit declined by 11.0%, as mainly affected by the Japanese yen's appreciation against USD and EUR in addition to reduced demand in China.

Industrial machinery & others

-While orders for and sales of presses and machine tools remained brisk, demand for wire saws failed to recover from the sharp plunge occurred in the second half of FY2011. Both first-quarter sales and segment profit declined from 1Q FY2011.

Ref: Net sales and operating income translated\* in USD and EUR

Millions of USD	FY11/1Q	FY12/1Q	Change
Net sales	6,101	5,874	(3.7)%
Operating income	844	696	(17.5)%
Net income	688	402	(41.6)%

Millions of EUR	FY11/1Q	FY12/1Q	Change
Net sales	4,224	4,747	+12.4%
Operating income	584	563	(3.7)%
Net income	476	324	(31.8)%

\* Respective rates at June 30, 2011 and 2012.

## 3. Revision of the projection for FY2012 business results

We have revised our projection for FY2012 business results (announced on April 26, 2012), in light of first-quarter business results and changes in the business environment .

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- For the first quarter period of fiscal 2012, i.e., from April to June 2012, consolidated net sales declined by 4.9% from the corresponding period a year ago, to 469.9 billion yen, and operating income dropped by 18.5% to 55.7 billion yen.
- While demand for mining equipment remained strong, centering on Latin America and Oceania, first-quarter sales of construction, mining and utility equipment decreased by 1.6% from the previous first quarter, as affected by a drop in sales of construction equipment against the backdrop of sluggish demand in China. Segment profit declined by 11.0%, as affected by reduced demand in China and the Japanese yen's appreciation.
- In the industrial machinery and others business, while demand for presses and machine tools for automakers remained brisk, demand for wire saws failed to recover from the sharp plunge which occurred in the second half of fiscal 2011. As a result, both first-quarter sales and profits declined from the previous first quarter.
- Based on our first-quarter results and changes in the business environment, we have revised our full-year projection of fiscal 2012 business results downward.

## Sales and Profits for 1Q FY2012

- Both first-quarter sales and profits declined from 1Q FY2011, as mainly affected by delayed recovery of Chinese demand for construction equipment, sluggish demand for wire saws which had been brisk until the end of the first half period of FY2011, and the Japanese yen's appreciation against USD and EUR.

□: Profit ratio [ ]: Sales to outside customers

Billions of JPY

	FY2011/1Q USD1=JPY81.2 EUR1=JPY118.3 RMB1=JPY12.5		FY2012/1Q USD1=JPY80.6 EUR1=JPY104.6 RMB1=JPY12.8		Change	
					Amounts	Rates
<b>Sales</b>	494.1		469.9		(24.2)	(4.9)%
- Construction, Mining & Utility Equipment	[435.3]	436.6	[428.9]	429.7	[(6.4)] (6.8)	[(1.5)%] (1.6)%
- Industrial Machinery & Others	[58.8]	60.5	[41.0]	43.0	[(17.8)] (17.4)	[(30.3)%] (28.9)%
- Elimination	(3.0)		(2.9)		+0.1	-
<b>Segment profit</b>	□ 13.8%	68.1	□ 11.8%	55.2	(12.8)	(18.9)%
- Construction, Mining & Utility Equipment	□ 13.9%	60.8	□ 12.6%	54.2	(6.6)	(11.0)%
- Industrial Machinery & Others	□ 14.6%	8.8	□ 5.5%	2.3	(6.4)	(73.1)%
- Corporate & elimination	(1.6)		(1.3)		+0.3	-
Other operating income (expenses)	0.2		0.4		+0.1	+76.7%
<b>Operating income</b>	□ 13.8%	68.3	□ 11.9%	55.7	(12.6)	(18.5)%
Other income (expenses)	*2 0.0		(4.4)		(4.5)	-
Net income before income taxes	68.4		51.2		(17.1)	(25.1)%
<b>Net income *1</b>	*3 55.7		32.1		(23.5)	(42.3)%

\*1 Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd." \*2 Including a gain of 2.6 billion JPY from remeasuring to fair value its equity interest in Gigaphoton Inc. (a consolidated subsidiary since 2Q FY2011) \*3 Including a gain of 12.7 billion JPY from recognition of deferred tax asset related to the merge of Komatsu Rental Ltd.

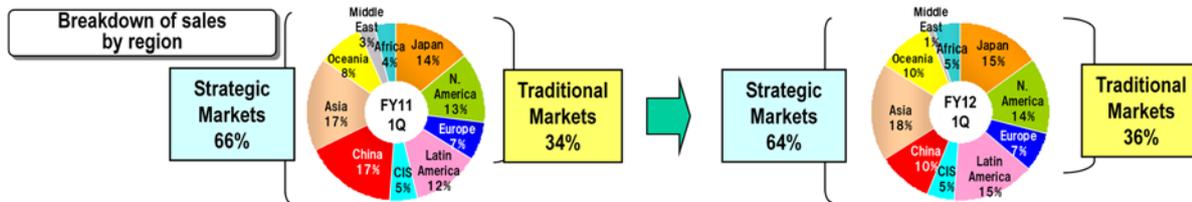
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- With respect to the construction, mining and utility equipment business, while reduced sales in China, resulting from delayed recovery of demand, were compensated for by expanded sales in other regions and increased selling prices, both first-quarter sales and profits declined from the corresponding period a year ago, mainly reflecting the Japanese yen's appreciation against the U.S. dollar and Euro. As a result, first-quarter sales decreased by 6.8 billion yen or 1.6% to 429.7 billion yen, and segment profit declined by 11% to 54.2 billion yen, which translated into a segment profit ratio of 12.6%.
- With respect to the industrial machinery and others business, first-quarter sales dropped by 17.4 billion yen or 28.9% from the corresponding period a year ago, to 43.0 billion yen, as impacted by plunging demand for wire saws. Segment profit fell sharply by 73.1% to 2.3 billion yen, which translated into a segment profit ratio of 5.5%.
- Consolidated operating income declined by 18.5% from the previous first quarter, to 55.7 billion yen, cutting the operating income ratio by 1.9 percentage points to 11.9%.
- First-quarter net income declined sharply by 42% from the corresponding period a year ago. However, this reflects a gain of 12.7 billion yen from the recognition of deferred tax assets related to the merger of Komatsu Rental Ltd. in the first quarter of fiscal 2011.

**Construction, Mining & Utility Equipment: Sales by Region for 1Q FY2012 (To Outside Customers)**

- Although a sharp drop in sales in China was almost compensated for by increased sales of mining equipment in Latin America and Oceania and sales of construction equipment in North America, Japan and other regions, first-quarter sales declined by 1.5% from 1Q FY2011.

Billions of JPY		FY2011/1Q	FY2012/1Q	Change	
				Amounts	Percentages
Traditional Markets	Japan	61.4	62.5	+1.1	+1.8%
	North America	55.1	61.9	+6.7	+12.2%
	Europe	31.5	27.9	(3.6)	(11.6)%
Strategic Markets	Latin America	50.9	63.3	+12.3	+24.3%
	CIS	21.9	21.9	(0.0)	(0.2)%
	China	75.4	40.7	(34.7)	(46.0)%
	Asia	74.8	78.5	+3.6	+4.9%
	Oceania	34.2	44.3	+10.0	+29.4%
	Middle East	11.0	5.2	(5.8)	(52.6)%
	Africa	18.5	22.4	+3.8	+20.9%
Total		435.3	428.9	(6.4)	(1.5)%
Mining equipment in total above		122.3	155.2	+32.9	+26.9%

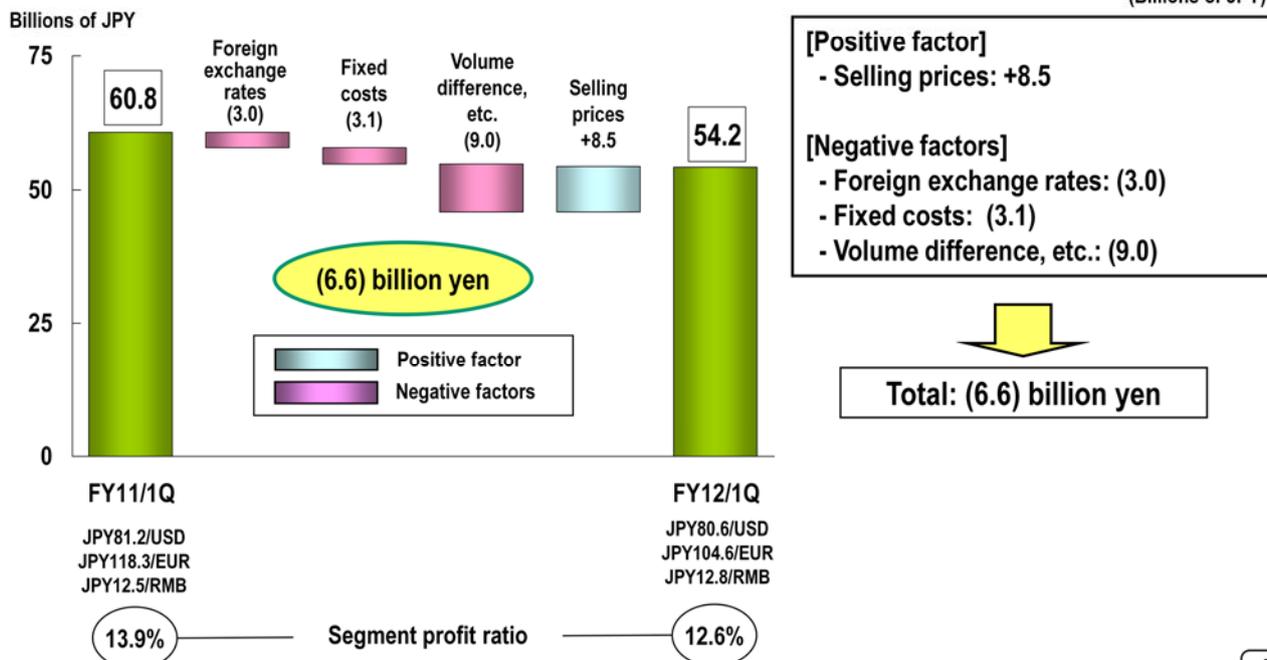


- Concerning first-quarter sales of construction, mining and utility equipment to outside customers by region, while sales of construction equipment in North America and Japan and those of mining equipment in Oceania, Latin America and Africa were brisk, sales in China plummeted by 35.0 billion yen or 46.0% from the corresponding period a year ago. All combined, first-quarter sales declined by 6.4 billion yen or 1.5% from the corresponding period a year ago.
- In Europe first-quarter sales declined by 11.6%, as adversely affected by the Euro's depreciation.
- First-quarter sales of mining equipment (including parts and service) remained brisk, expanding by 32.9 billion yen or 26.9% to 155.2 billion yen.

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

- While reduced volume of sales due to dropped demand in China was almost compensated for by improved selling prices, first-quarter segment profit decreased by 6.6 billion yen from 1Q FY2011, due to the Japanese yen's appreciation against USD and EUR as well as increased fixed costs.

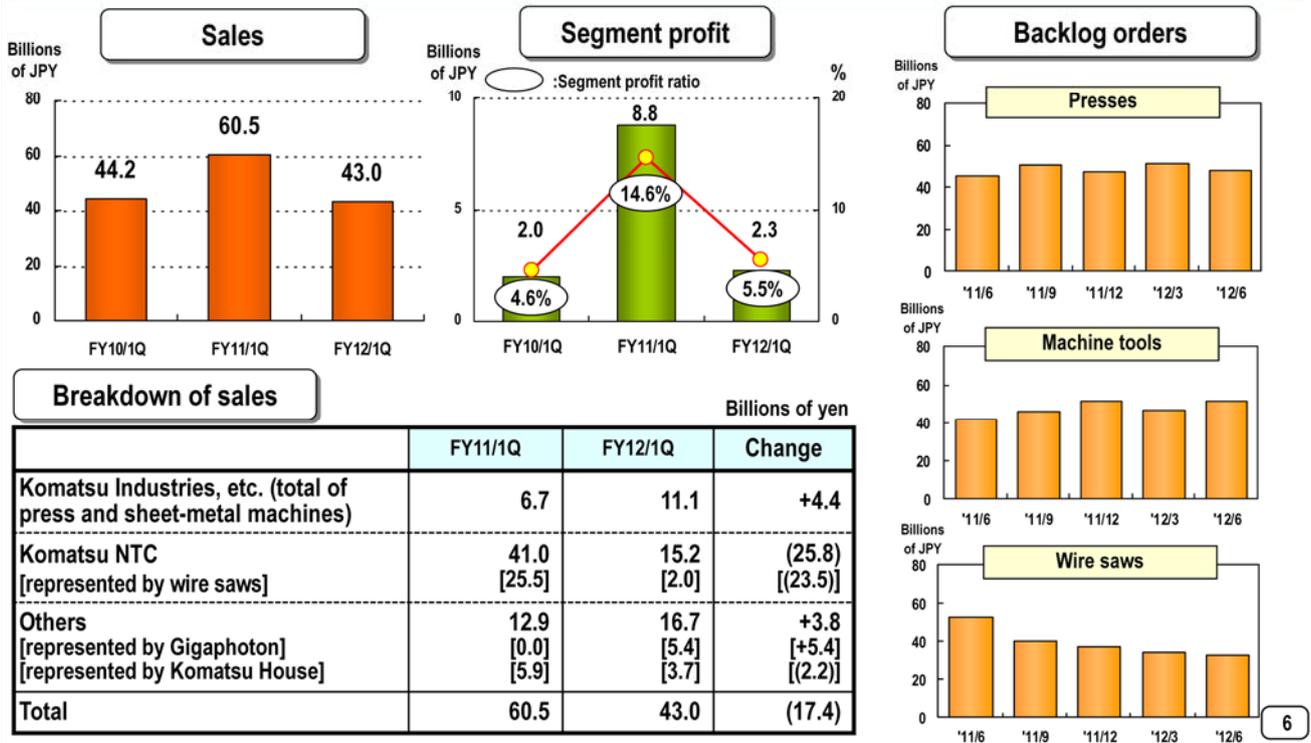
**FY2011/1Q vs. FY2012/1Q**



- Compared with the corresponding period a year ago, negative factors of segment profit of the construction, mining and utility equipment business were 3.0 billion yen in the foreign exchange rates, 3.1 billion yen as an increase in fixed costs resulting from increased bonuses in tandem with improved business results, and 9.0 billion yen in the volume difference. To offset these negative factors, we placed continuous efforts on price realization, but first-quarter segment profit declined by 6.6 billion yen to 54.2 billion yen. Segment profit ratio was 12.6%.
- With respect to the difference in foreign exchange rates, 1.4 billion yen was attributable to the Euro.

**Industrial Machinery & Others: Sales and Segment Profit for 1Q FY2012**

- First-quarter sales and profits declined from 1Q FY2011, as we weren't able to compensate for dropped sales of wire saws due to sluggish demand by stable sales of presses and machine tools.
- Backlog orders for presses and machine tools remained stable.

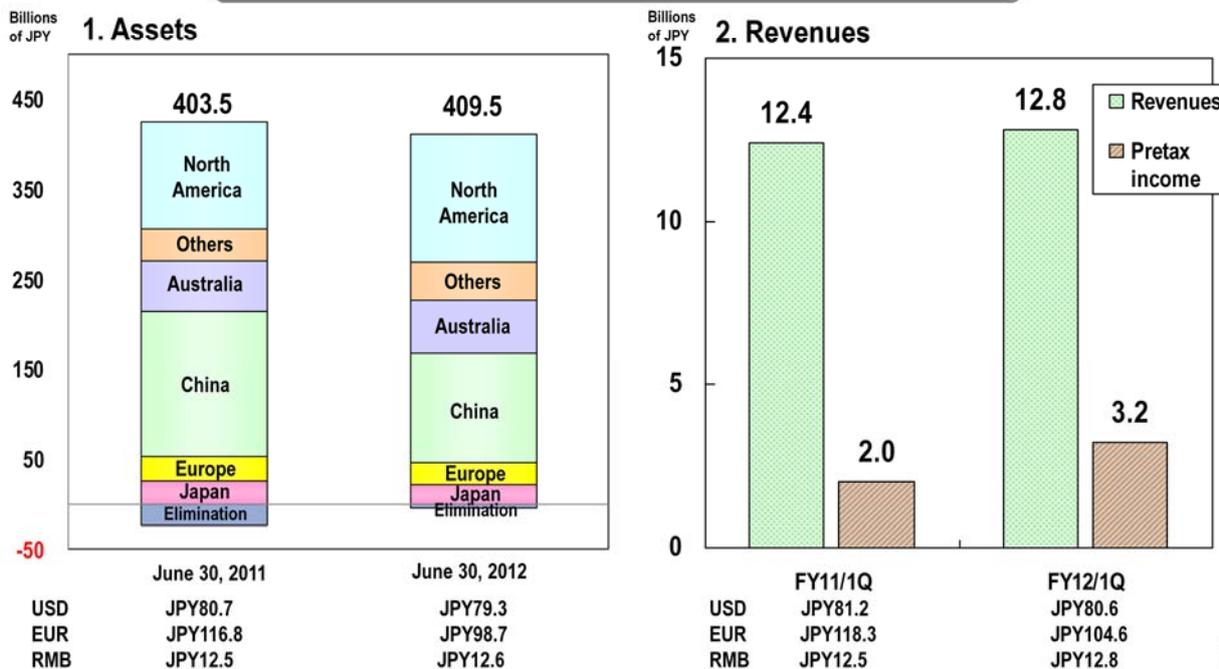


- In the industrial machinery and others business, first-quarter sales of wire saws dropped by 23.5 billion yen from the corresponding period a year ago. To offset this decline we worked to expand sales of presses and machine tools, but first-quarter sales of this business segment declined by 17.4 billion yen from the corresponding period a year ago, to 43.0 billion yen.
- First-quarter segment profit dropped by 6.5 billion yen to 2.3 billion yen.
- While Komatsu House Ltd. recorded a decline of 2.2 billion yen in first-quarter sales from the corresponding period a year ago, this decline was compensated for by 5.4 billion yen in sales by Gigaphoton Inc. which became a consolidated subsidiary in the second quarter of fiscal 2011.
- While backlog orders for wire saws are decreasing, those for presses and machine tools are stable, especially from automakers.

Retail Finance Business

- While assets decreased in China, those increased in North America. Total assets at June 30, 2012 grew from the previous fiscal year-end.
- Both first-quarter revenues and pretax income increased from 1Q FY2011, mainly due to increased assets in North America.

Consolidated retail finance subsidiaries (internal-use data)



- Total assets of the retail finance business totaled 409.5 billion yen, showing an increase of 6.0 billion yen from June 30, 2011. When foreign exchange translation effects are removed, total assets should increase by about 18.0 billion yen.
- Assets increased in North America, Australia, Thailand and Chile, where sales of construction equipment were brisk. Assets declined in China, as sales of construction equipment dropped.
- First-quarter pretax income increased by 1.2 billion yen, supported by expanded assets in North America and reversal of allowance for doubtful receivables in relation to declined assets in China.
- Although the past-due ratio has slightly increased in China, resulting from declined volume of construction work, we have recorded no loss from bad debt by taking a conservative financing stance and engaging in credit control by taking full advantage of the KOMTRAX.

## Consolidated Balance Sheets

- Total assets declined by 76.2 billion yen from the previous fiscal year-end, mainly due to decreased trade notes and accounts receivable.
- Komatsu Ltd. shareholders' equity ratio increased by 0.3 points from the previous fiscal year-end, to 43.8%.

Billions of JPY ○: Net debt-to-equity ratio	2012/3/31 USD1=JPY82.2 EUR1=JPY109.8 RMB1=JPY13.1	2012/6/30 USD1=JPY79.3 EUR1=JPY98.7 RMB1=JPY12.6	Change
Cash & deposits (incl. time deposits) [a]	83.9	90.1	+6.1
Accounts receivable (incl. long-term trade receivables) <Excl. those of consolidated retail finance subsidiaries>	744.0 <397.5>	672.1 <338.7>	(71.9) <(58.7)>
Inventories	612.3	615.4	+3.0
Tangible fixed assets	529.6	521.9	(7.7)
Other assets	350.4	344.6	(5.8)
<b>Total assets</b>	<b>2,320.5</b>	<b>2,244.2</b>	<b>(76.2)</b>
Accounts payable	273.4	249.8	(23.5)
Interest-bearing debt [b] <Excl. those of consolidated retail finance subsidiaries>	647.8 <336.9>	655.9 <358.7>	+8.1 <+21.7>
Other liabilities	341.8	312.6	(29.1)
<b>Total liabilities</b>	<b>1,263.0</b>	<b>1,218.5</b>	<b>(44.5)</b>
[Shareholders' equity ratio]	[43.5%]	[43.8%]	[+0.3 pts]
Komatsu Ltd. shareholders' equity	1,009.6	983.3	(26.3)
Noncontrolling interests	47.7	42.4	(5.2)
<b>Liabilities &amp; Equity</b>	<b>2,320.5</b>	<b>2,244.2</b>	<b>(76.2)</b>
<b>Interest-bearing debt, net [b-a]</b>	○ 0.56 563.8	○ 0.58 565.8	+1.9
Net D/E ratio excl. cash and interest-bearing debt of consolidated retail finance subsidiaries	○ 0.28	○ 0.31	

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- Total assets amounted to 2,244.2 billion yen at June 30, 2012, a decline of 76.2 billion yen from June 30, 2011.
- Accounts receivable declined, mainly because sales of construction equipment dropped in China.
- Inventories increased by 3.0 billion yen due largely to expanded demand for mining equipment. In China, inventories decreased by 15.0 billion yen.
- Interest-bearing debt increased by 8.1 billion yen to 655.9 billion yen, almost exclusively resulting from increased inventories.
- Net debt-to-equity ratio, excluding the retail finance business, deteriorated by 0.03 points to 0.31. Meanwhile, Komatsu Ltd. shareholders' equity ratio improved by 0.3 points to 43.8%.

## Projection for FY2012 Business Results

- We have revised our projection (as of April 26) for FY2012 business results by considering delaying recovery of Chinese demand, slowing demand for medium and large equipment for use in coal mines against the backdrop of price decline of thermal coal.
- Compared to the projection (as of April 26), we are projecting consolidated sales of 1,970 billion yen, 130 billion yen less, and operating income of 262 billion yen, 53 billion yen short. They remain virtually flat from FY2011.

( ) % Profit ratio ( ): Sales to outside customers Billions of JPY

	FY2011 results (A)		FY2012 projection (Initial) (B)		FY2012 projection (Current) (C)		Difference in projections (C-B)		FY2011 results vs. Current projection (C-A)	
	USD1=JPY79.0 EUR1=JPY109.6 RMB1=JPY12.4		USD1=JPY80 EUR1=JPY105 RMB1=JPY12.8		USD1=JPY79 EUR1=JPY99 RMB1=JPY12.6		Change	Change (%)	Change	Change (%)
<b>Net sales</b>	<b>1,981.7</b>		<b>2,100.0</b>		<b>1,970.0</b>		<b>(130.0)</b>	<b>(6.2)%</b>	<b>(11.7)</b>	<b>(0.6)%</b>
- Construction, mining & utility equipment	[1,739.3]	1,744.2	[1,886.0]	1,890.0	[1,766.0]	1,770.0	[(120.0)]	(120.0)	[(6.4)%]	(6.3)%
- Industrial machinery & others	[242.4]	251.1	[214.0]	220.0	[204.0]	210.0	[(10.0)]	(10.0)	[(4.7)%]	(4.5)%
- Elimination	(13.6)		(10.0)		(10.0)		0.0	-	+3.6	-
<b>Segment profit</b>	<b>13.1%</b>	<b>258.6</b>	<b>15.3%</b>	<b>321.0</b>	<b>13.5%</b>	<b>265.0</b>	<b>(56.0)</b>	<b>(17.4)%</b>	<b>+6.3</b>	<b>+2.4%</b>
- Construction, mining & utility equipment	14.1%	246.2	16.9%	320.0	14.9%	264.0	(56.0)	(17.5)%	+17.7	+7.2%
- Industrial machinery & others	6.7%	16.7	3.2%	7.0	2.9%	6.0	(1.0)	(14.3)%	(10.7)	(64.2)%
- Corporate & elimination	(4.4)		(6.0)		(5.0)		(1.0)	-	(0.5)	-
Other operating income (expenses)	(2.3)		(6.0)		(3.0)		(3.0)	-	(0.6)	-
<b>Operating income</b>	<b>12.9%</b>	<b>256.3</b>	<b>15.0%</b>	<b>315.0</b>	<b>13.3%</b>	<b>262.0</b>	<b>(53.0)</b>	<b>(16.8)%</b>	<b>+5.6</b>	<b>+2.2%</b>
Other income (expenses)	(6.7)		(7.0)		(10.0)		(3.0)	-	(3.2)	-
<b>Net income before income taxes</b>	<b>249.6</b>		<b>308.0</b>		<b>252.0</b>		<b>(56.0)</b>	<b>(18.2)%</b>	<b>+2.3</b>	<b>+1.0%</b>
<b>Net income *1</b>	<b>167.0</b>		<b>190.0</b>		<b>157.0</b>		<b>(33.0)</b>	<b>(17.4)%</b>	<b>(10.0)</b>	<b>(6.0)%</b>

\*1 Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

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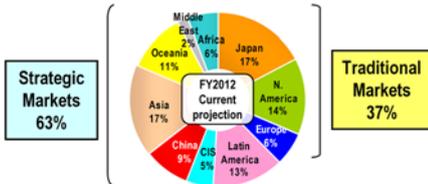
- We have revised our projection of April 26, 2012 for fiscal 2012 business results by reassessing prolonging recovery of demand in China, risks of slowing demand for mining equipment and large and medium-sized construction equipment for use in coal mines against the backdrop of price decline of thermal coal, and sluggish demand for wire saws.
- With respect to foreign exchange rates for our current projection, we have set the preconditions of 79 yen per US dollar, 99 yen per Euro, up 6 yen from the initial precondition, and 12.6 yen per Renminbi.
- Compared to the initial projection, we are projecting 1,970.0 billion yen for consolidated net sales, a decline of 130.0 billion yen, and 262.0 billion yen for operating income, a decrease of 53.0 billion yen.

**Construction, Mining & Utility Equipment: Projection of FY2012 Sales by Region (To Outside Customers)**

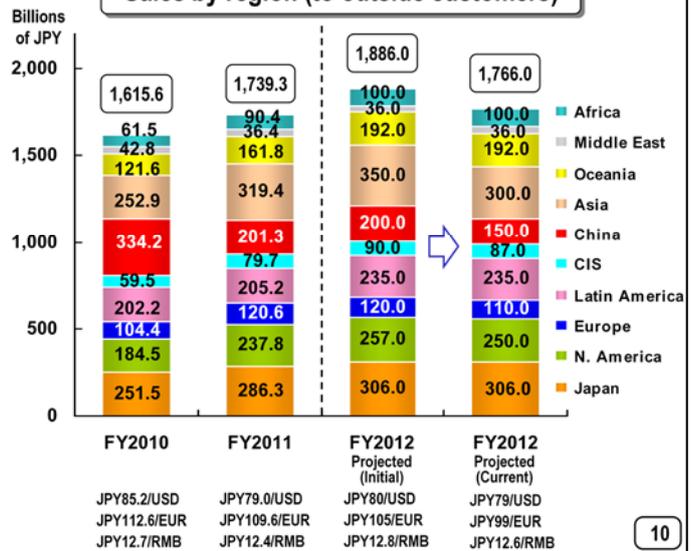
- We are projecting that full-year sales to outside customers will decline by 120 billion yen from our initial projection to 1,766 billion yen.
- Of this decline, 80 billion yen should consist of reduced sales of construction equipment in China due to delaying recovery of demand as well as a drop in sales in Asia centering on medium-sized equipment for coal mines in Indonesia.
- With respect to mining equipment, we are estimating that a decline of 40 billion yen in sales mainly in Indonesia as adversely affected by falling prices of thermal coal.

**Revision of sales from the initial projection**

Billions of JPY			
	Construction equipment	Mining equipment	Total
China	(50.0)		(50.0)
Asia	(20.0)	(30.0)	(50.0)
Europe	(10.0)		(10.0)
N. America		(7.0)	(7.0)
CIS		(3.0)	(3.0)
<b>Total</b>	<b>(80.0)</b>	<b>(40.0)</b>	<b>(120.0)</b>



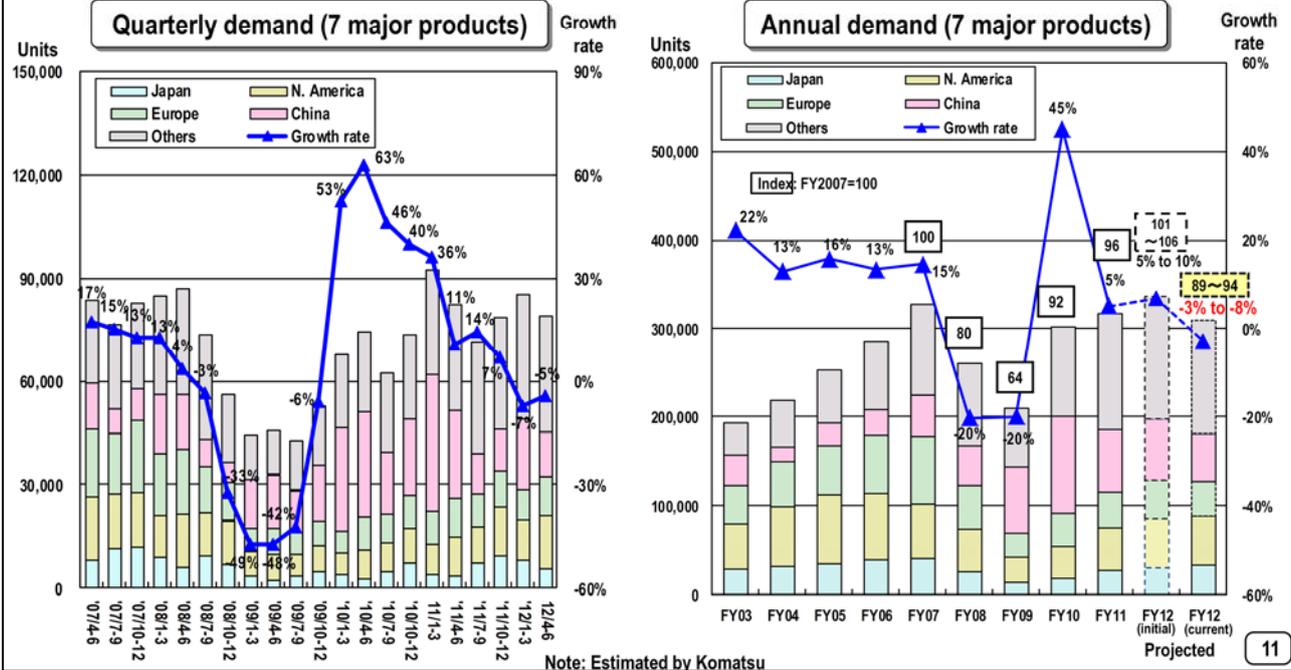
**Sales by region (to outside customers)**



- Under the current projection, we are estimating 1,766.0 billion yen for sales of construction, mining and utility equipment, 120.0 billion less than the initial projection.
- The table on the left shows a breakdown of revised figures. We are estimating that 50.0 billion yen less, resulting from prolonging recovery of demand for construction equipment in China, 50.0 billion yen less for mining and construction equipment for use in Indonesian mines and 10.0 billion yen less in North America and CIS together as affected by the price fall of thermal coal, and 10.0 billion yen less as affected by the difference in Euro exchange rates.

Construction, Mining & Utility Equipment: Demand for Seven Major Products

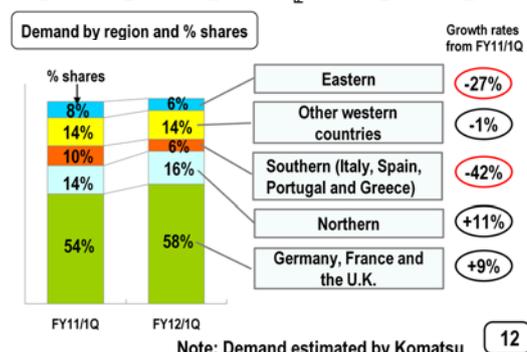
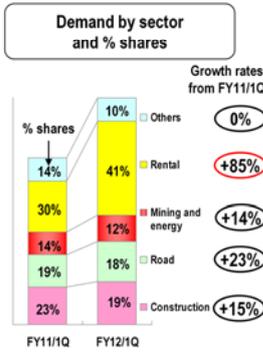
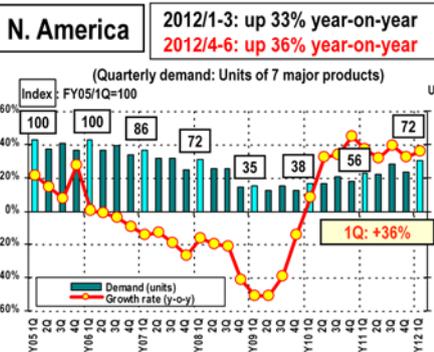
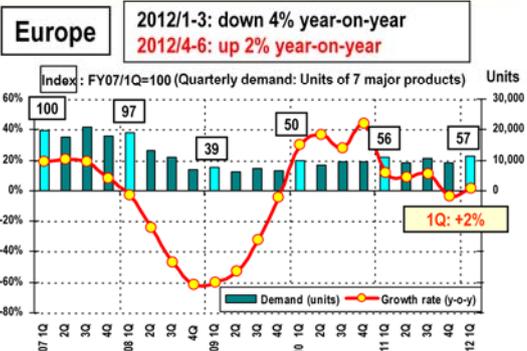
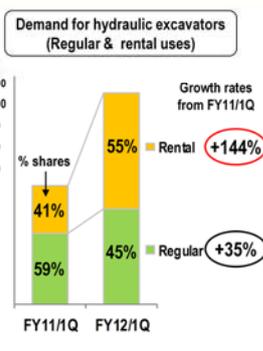
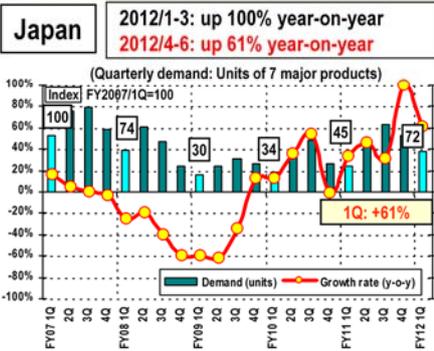
- First-quarter results: While demand remained firm in Japan and North America, demand dropped to about half in China from 1Q FY2011. Demand declined by 5% from 1Q FY2011.
- Full-year projection: In addition to delaying recovery of demand in China, we are projecting demand for medium and large equipment for use in coal mines to slow down mainly in Indonesia against the backdrop of falling prices of thermal coal. Global demand should decline by 3% to 8% from FY2011.



- While first-quarter demand for seven major products of construction and mining equipment remained steady in Japan, North America, Oceania and some other regions, that dropped almost by half in China. As a result, global demand declined by 5% from the corresponding period a year ago.
- With respect to our projection of full-year demand in fiscal 2012, we are estimating a decline of 3 to 8% from fiscal 2011 by reflecting delayed recovery in Chinese demand and the risk of demand slowdown for equipment for use in coal mines against the backdrop of the price fall of thermal coal.

**Construction, Mining & Utility Equipment: Demand in Major Markets: 1) Traditional Markets**

- First-quarter Japanese demand climbed by 61% from 1Q FY2011, driven by demand from rental companies.
- First-quarter North American demand expanded by 36% from 1Q FY2011, driven by growing demand from the rental industry in addition to firm demand in the housing and road construction sectors.
- In Europe, first-quarter demand increased by 2% from 1Q FY2011, supported by steady growth in Germany, France, the U.K. and Scandinavian countries, while demand plunged in southern and eastern regions.



Note: Demand estimated by Komatsu 12

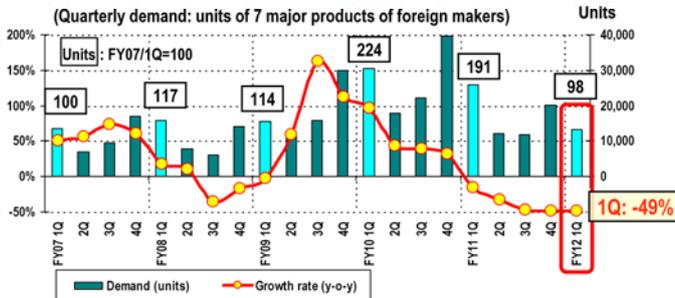
- During the first quarter under review, demand for construction equipment made an impressive gain of 61% in Japan from the corresponding period a year ago, as the need for rental equipment expanded for use in restoration and reconstruction of the regions devastated by the Great East Japan Earthquake and tsunami. As reconstruction gains more momentum, we may be able to see demand expand in areas other than rental equipment.
- In North America, first-quarter demand expanded by 36%, driven by firm demand for construction equipment for use in residential and highway construction, as well as in the rental industry.
- In Europe, first-quarter demand in Germany, France and the United Kingdom, which account for about 60% of total European demand, increased by 9%. Demand in southern Europe, where sovereign debt problems affect market conditions, has minimal impact, as it represents only about 6% of total European demand. Demand in northern Europe remained firm, centering on the forestry industry. As a result, overall first-quarter demand increased by 2% in Europe.

**Construction, Mining & Utility Equipment: Demand in Major Markets: 2) Strategic Markets (China)**

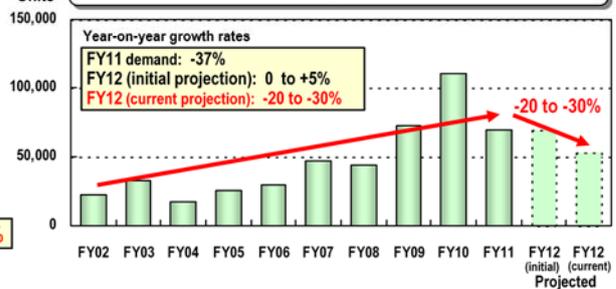
- First-quarter demand remained sluggish and declined by 49% from 1Q FY2011, reflecting delayed recovery of new construction project starts.
- With no signs of recovery today, demand should remain sluggish into the near future. Demand in FY2012 should decline by 20 to 30% from FY2011.

**China**

2012/1-3: down 49% year-on-year  
2012/4-6: down 49% year-on-year



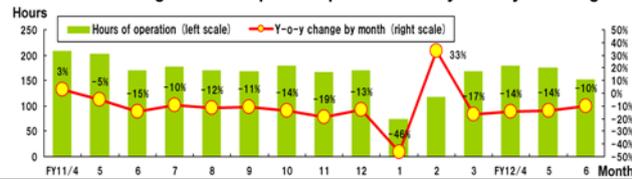
**Annual demand for 7 major products (foreign makers)**



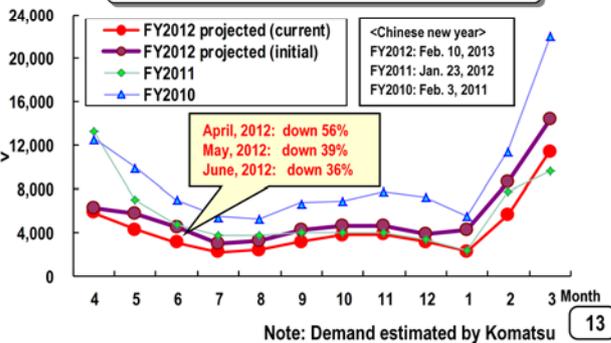
1. While government policies have intended to push economic growth, full recovery of demand has not been realized.

- 1) Lowered the reserve rate: (Nov.2011, Feb. May 2012: by 1.5% in total. 20% today)
  - 2) Lowered bank's interest rate: (Jun, Jul 2012: by 0.56% in total. 6.00% today)
  - 3) The government announced expansion of railroad construction investment.
2. No signs of recovery are seen in current hours of machine operation.

**<KOMTRAX: Average hours of operation per month and year-on-year change in China >**



**Monthly demand for hydraulic excavators (Foreign makers: Total of 6-ton and larger models)**

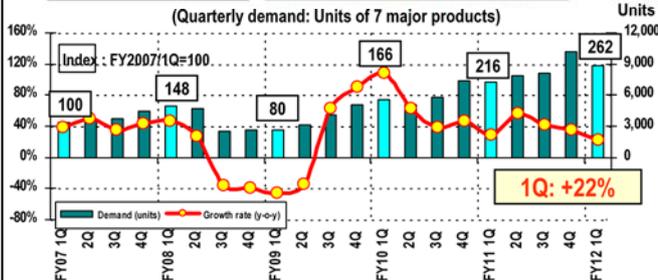


- In China, the central government has introduced financial measures but they have not triggered an increase in new construction work. Quarterly demand for construction and mining equipment has remained about 50% for three consecutive quarters, year-on-year, since the third quarter of fiscal 2011.
- As we can see no clear signs for recovery at present, we are anticipating that sluggish demand will continue for the near future. We are projecting that full-year demand for fiscal 2012 will decline by 20 to 30% from fiscal 2011.

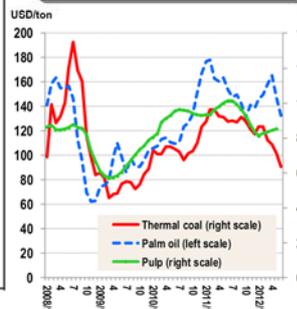
- First-quarter demand advanced by 22% from 1Q FY2011, while current demand is softening against the backdrop of falling prices of thermal coal.
- We are estimating that demand will slow down, especially in Indonesia, from the second quarter.

**Southeast Asia**

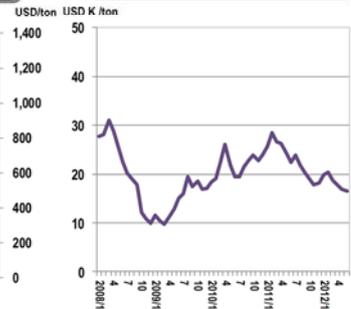
2012/1-3: up 36% year-on-year  
2012/4-6: up 22% year-on-year



**Prices of thermal coal, palm oil and pulp**



**Nickel price**



**Market conditions in Indonesia**

1) Reducing or halting production in coal mines due to falling prices of thermal coal

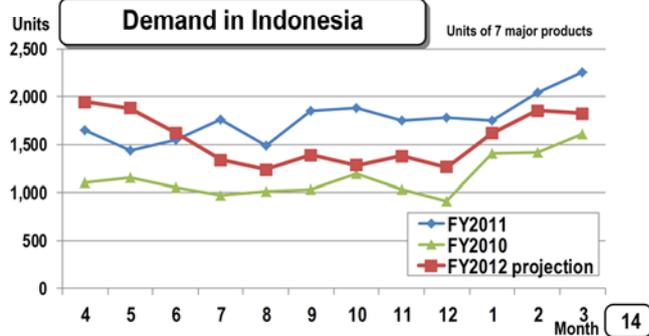
Trend of coal mines (owners & contractors)

	Owners	Contractors
Small & medium	Some mines are halting operation	
Majors	Shifting from high-cost, low-calorie coal	Reducing production

2) Export tariff on raw ores (May 2012 and onward)

- Applied: 65 items (nickel, tin, etc.)
- Export tariff: 20% (Total export ban in 2014 and onward)

**Demand in Indonesia**

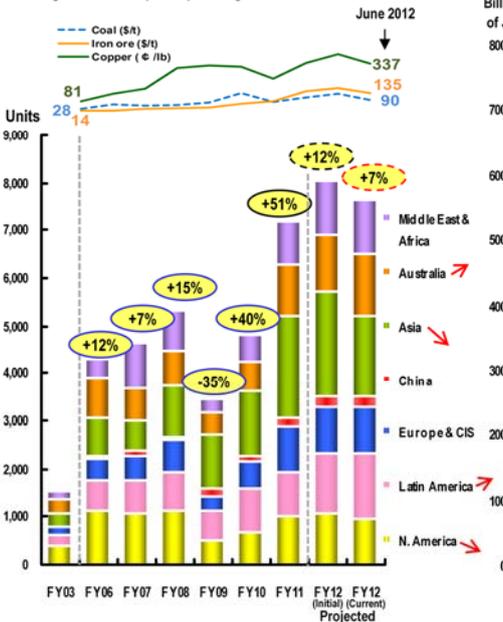


- In Indonesia, which accommodates about 60% of total demand for construction and mining equipment in Southeast Asia, demand for equipment for use in mines has plunged against the backdrop of the drop in price of thermal coal. Small and medium-scale mines with low profits, in particular, are slowing down production.

- Although demand should decline from our initial projection due to falling prices of thermal coal, it should increase by 7% from FY2011.
- FY2012 sales should also decline from our initial projection, but should advance by 13% from FY2011.
- Orders and inquiries remain brisk except for Indonesia, and backlog orders also remain steady.

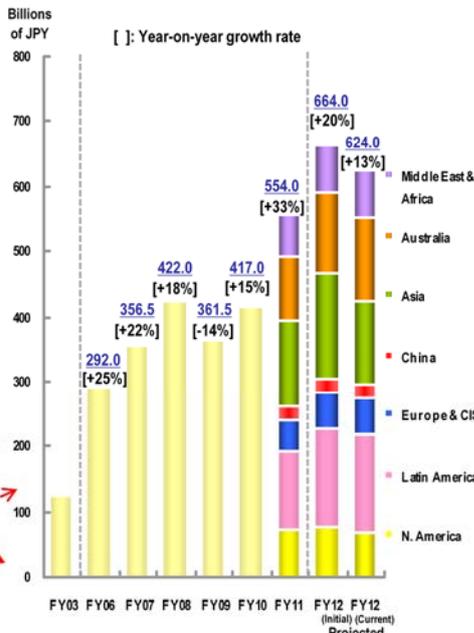
**Demand by region**

- Dump trucks: 75 tons (HD785) and larger - Bulldozers: 525HP (D375) and larger
- Excavators: 200 tons (PC2000) and larger - Wheel loaders: 810HP (WA800) and larger
- Motor graders: 280HP (GD825) and larger



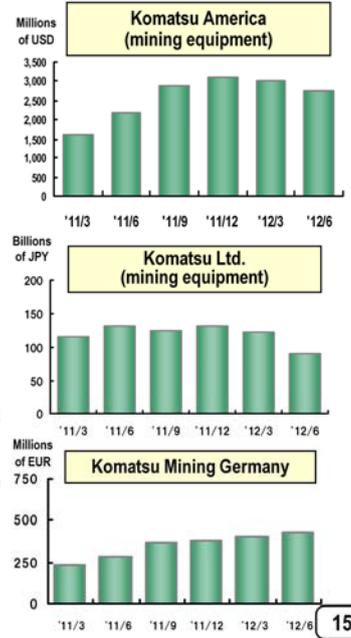
**Sales by region (incl. parts and service)**

[ ]: Year-on-year growth rate



**Backlog orders\***

\*Equipment only (excl. parts and service) Include informal orders



- Demand for mining equipment remains strong for use in iron ore and copper mines. However, we have revised our initial projection of growth rate for fiscal 2012 from 12% to 7% by reflecting the slowdown in demand for equipment for use in coal mines in Indonesia, North America and some other regions against the backdrop of the price fall of thermal coal.
- With respect to backlog orders for mining equipment, Komatsu in Japan is experiencing a decline, as we have a large portion of HD785 dump trucks and other equipment for Indonesia in our backlog. Meanwhile, Komatsu America Corp. for electric dump trucks and Komatsu Mining Germany GmbH for super-large hydraulic excavators, continue to keep a high level of backlog orders for their respective products.
- Both Komatsu America and Komatsu Mining Germany have already fulfilled over 90% of their orders for fiscal 2012, and are receiving orders for fiscal 2013 and starting negotiations for fiscal 2014. All in all, demand for mining equipment remains strong worldwide, except for Indonesia.

## Cautionary Statement

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.

The new hydrostatic transmission-assisted FH50-1 forklift truck which features our accumulated technological expertise in hydraulics and controls of construction equipment

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