

KOMATSU LTD  
Form 6-K  
October 31, 2007  
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**FORM 6-K**  
**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

\_\_\_\_\_  
**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16 under  
the Securities Exchange Act of 1934**

**For the month of October, 2007**

**COMMISSION FILE NUMBER: 1-7239**

\_\_\_\_\_  
**KOMATSU LTD.**

**Translation of registrant's name into English**

**3-6 Akasaka 2-chome, Minato-ku, Tokyo, Japan**

**Address of principal executive office**

\_\_\_\_\_  
Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F        Form 40-F   

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes        No   

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_



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INFORMATION TO BE INCLUDED IN REPORT

1. Three company announcements made on October 30, 2007.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KOMATSU LTD.  
(Registrant)

Date: October 31, 2007

By: /s/ Kenji Kinoshita  
Kenji Kinoshita  
Director and Senior Executive Officer

**Table of Contents****Komatsu Ltd.**

Corporate Communications Dept.

Tel: +81-(0)3-5561-2616

Date: October 30th, 2007

URL: <http://www.komatsu.com/>**Consolidated Interim Business Results****for the Fiscal Year Ending March 31, 2008 (U.S. GAAP)****1. Results for the First Half of the Fiscal Year Ending March 31, 2008**

(Amounts are rounded to the nearest million yen)

## (1) Consolidated Financial Results

Millions of yen &amp; US dollars

except per share amounts

	First half ended September 30,		First half ended September 30,		Changes		FY ended March 31,
	2007		2006		Increase		
	(A) Yen	Dollar	(B) Yen	(A)-(B) Yen	%	2007 Yen	
Net sales	1,080,042	9,392	888,491	191,551	21.6	1,893,343	
Operating income	162,972	1,417	112,546	50,426	44.8	244,741	
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	158,584	1,379	108,078	50,506	46.7	236,491	
Net income	103,800	903	67,208	36,592	54.4	164,638	
<b>Net income per share</b>							
<b>(Yen &amp; US cents)</b>							
Basic	¥ 104.36	90.7¢	¥ 67.65	¥ 36.71		¥ 165.70	
Diluted	¥ 104.21	90.6¢	¥ 67.51	¥ 36.70		¥ 165.40	

Notes: 1) The translation of Japanese yen amounts into US dollar amounts hereafter is included solely for convenience and has been made for the first half ended September 30, 2007 at the rate of ¥115 to \$1, the approximate rate of exchange at September 30, 2007.

- 2) Equity in earnings of affiliated companies:  
 First half period ended September 30, 2007: 3,310 millions of yen  
 First half period ended September 30, 2006: 1,307 millions of yen  
 The entire fiscal year ended March 31, 2007: 3,098 millions of yen

- 3) In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.



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## (2) Consolidated Financial Position

Millions of yen except  
per share amounts

	As of September 30, 2007	As of September 30, 2006	As of March 31, 2007
Total assets	1,927,026	1,762,030	1,843,982
Shareholders' equity	872,655	683,198	776,717
Shareholders' equity ratio	45.3%	38.8%	42.1%
Shareholders' equity per share (Yen)	¥ 877.02	¥ 687.54	¥ 781.57

## (3) Consolidated Cash Flow

Millions of yen

	First half ended September 30, 2007	First half ended September 30, 2006	The entire FY ended March 31, 2007
Net cash provided by operating activities	86,702	102,512	162,124
Net cash used in investing activities	(33,416)	(72,062)	(99,620)
Net cash used in financing activities	(27,488)	(16,607)	(41,389)
Cash and cash equivalents, end of period	117,546	84,100	92,199

**2. Dividends**

Yen

	The entire FY ending March 31, 2008 (Results)	The entire FY ending March 31, 2007
Cash dividends per share:		
Interim	20.0	13.0
Year-end	20.0	18.0
Total	40.0	31.0

**3. Projections for the Fiscal Year Ending March 31, 2008**

Millions of yen except  
per share amounts

	The entire fiscal year
Net sales	2,210,000
	(up 16.7%)
Operating income	325,000

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Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	(up 32.8%) 316,000
Net income	(up 33.6%) 205,000
Net income per share (basic)	(up 24.5%) ¥ 206.02

Notes: 1) Percentages shown above represent the rates of change compared with the corresponding periods a year ago.

2) Refer to Management Performance and Financial Conditions for preconditions of the projections above and other related issues.



**Table of Contents****4. Others**

## (1) Changes in Group of Entities

## Consolidated subsidiaries

Added:	10 companies
Added: (From affiliated companies)	1 company
Removed: (Merger etc.)	8 companies
Affiliated companies accounted for by the equity method	

Added:	2 companies
Removed: (To consolidated subsidiaries)	1 company
Removed: (Exclusion)	1 company

Note: See Basis of Financial Statements (Consolidated) on page 19 for more details.

## (2) Changes in Accounting Principles, Procedures and Presentations

1) Changes resulting from revisions in accounting principles, etc.: None

2) Change in other matters except for 1) above: None

## (3) Number of Shares of Common Stock Outstanding

1) The number of shares issued was as follows:

As of September 30, 2007:	998,744,060 shares
As of September 30, 2006:	998,744,060 shares
As of March 31, 2007:	998,744,060 shares

2) The number of shares of treasury stock was as follows:

As of September 30, 2007:	3,715,701 shares
As of September 30, 2006:	5,062,891 shares
As of March 31, 2007:	4,957,301 shares

3) The average number of shares outstanding was as follows:

First half period ended September 30, 2007:	994,615,040 shares
First half period ended September 30, 2006:	993,514,498 shares
The entire fiscal year ended March 31, 2007:	993,597,436 shares

Note:

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See Net Income per Share on page 25 for the number of shares of common stock, which was used as the basis for calculating the amount of net income per share.

**Table of Contents****[Reference]****Financial Highlights of the Parent Company**

The following financial information is prepared based on the non-consolidated financial results of the parent company in accordance with generally accepted accounting principles in Japan.

**1. Results for the First Half of the Fiscal Year Ending March 31, 2008****(1) Non-Consolidated Financial Highlights**

Millions of yen &amp; US dollars

except per share amounts

	First half ended September 30, 2007		(B) Yen	First half ended September 30, 2006		Changes Increase		FY ended March 31, 2007 Yen
	(A)			(A)-(B)		%		
	Yen	Dollar		Yen	Yen			
Net sales	424,136	3,688	355,793	68,343	19.2		758,529	
Operating profit	59,399	517	39,001	20,398	52.3		90,475	
Ordinary profit	71,929	625	45,546	26,383	57.9		98,149	
Net income	56,765	494	30,725	26,040	84.8		82,843	
Net income per share (Yen & US cents)								
Basic	¥ 57.04	49.6¢	¥ 30.91	¥ 26.13			¥ 83.34	

Note: The translation of Japanese yen amounts into US dollar amounts is included solely for convenience and has been made for the first half ended September 30, 2007, at the rate of ¥115 to \$1, the approximate rate of exchange at September 30, 2007.

**(2) Non-Consolidated Financial Position**

Millions of yen except

per share amounts

	As of September 30, 2007		As of September 30, 2006		As of March 31, 2007
	Yen	Dollar	Yen	Dollar	Yen
Total assets	1,013,291		920,942		974,858
Net assets	621,130		529,185		576,139
Equity ratio (%)	61.2%		57.4%		59.0%
Net assets per share (Yen)	¥ 623.11		¥ 532.08		¥ 578.74

**2. Projections for the Fiscal Year Ending March 31, 2008**

Millions of yen except  
per share amount

	<b>The entire fiscal year</b>
Net sales	895,000 (up 18.0%)
Operating profit	113,000 (up 24.9%)
Ordinary profit	124,000 (up 26.3%)
Net income	90,000 (up 8.6%)
Net income per share (Yen)	¥ 90.40

Note: Percentages shown above represent the rates of change compared with the corresponding period a year ago.

**Table of Contents****Management Performance and Financial Conditions****1. Outline of Operations and Business Results**

For the interim period ended September 30, 2007, the Komatsu Group registered its sixth consecutive interim period of growth in consolidated interim sales and profits, which also represents record-high 6-month figures. These results reflect a continued improvement of the construction and mining equipment business as well as a good performance of the industrial machinery, vehicles and others business.

Consolidated net sales for the interim period under review reached ¥1,080.0 billion (US\$9,392 million), up 21.6% from the previous interim period. For the construction and mining equipment business, demand remained strong against the backdrop of buoyant resource developments and infrastructure improvements around the world. While collaborating with its suppliers, the Komatsu Group continued to expand its production capacity by embarking on full-scale production at the Ibaraki Plant and building the second manufacturing facility for transmissions at the Awazu Plant. The Komatsu Group boosted interim sales by advancing sales of DANTOTSU products which feature enhanced fuel consumption and operating efficiency, by achieving price realization, and by reinforcing its product support capabilities. The Komatsu Group also stepped up interim sales of the industrial machinery, vehicles and others business, centering on forklift trucks and industrial machinery, as steady capital investments remained in Japan and overseas.

Operating income for the interim period totaled ¥162.9 billion (US\$1,417 million), registering a substantial increase of 44.8% over the previous interim period. Operating income ratio improved to 15.1%, up 2.4 percentage points a year ago. The solid improvement in operating income reflects not only expanded sales centering on construction and mining equipment but also price realization both in Japan and overseas. As a result, income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies increased 46.7% over the previous interim period, to ¥158.5 billion (US\$1,379 million) for the interim period under review. Net income for the interim period reached ¥103.8 billion (US\$903 million), up 54.4% a year ago.

[Consolidated Results for the Year]

	First half ended September 30, 2007	Changes (2007/2006)	First half ended September 30, 2007
Net sales	¥ 1,080.0 billion	21.6%	US\$ 9,392 million
Operating income	¥ 162.9 billion	44.8%	US\$ 1,417 million
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	¥ 158.5 billion	46.7%	US\$ 1,379 million
Income from discontinued operations	¥ 4.9 billion		US\$ 43 million
Net income	¥ 103.8 billion	54.4%	US\$ 903 million

Results by operation are summarized below.

[Sales by Operation]

	First half ended September 30, 2007	Changes (2007/2006)	First half ended September 30, 2007
Construction and Mining Equipment	¥ 914.3 billion	23.8%	US\$ 7,951 million
Industrial Machinery, Vehicles and Others	¥ 165.6 billion	10.6%	US\$ 1,441 million
Total	¥ 1,080.0 billion	21.6%	US\$ 9,392 million

Note: Segment profits mentioned in the review of operations below are obtained by subtracting cost of sales and selling, general and administrative expenses from net sales. Segment profit ratio is calculated by using sales after elimination of internal segment transactions.



**Table of Contents****Construction and Mining Equipment**

Consolidated net sales of construction and mining equipment for the interim period under review expanded 23.8% over the previous interim period, to ¥914.3 billion (US\$7,951 million), primarily reflecting expanded volume of sales and price realization efforts. Segment profit of the construction and mining equipment business advanced 44.1% to ¥146.1 billion (US\$1,271 million), and segment profit ratio to 16.0%, up 2.3 percentage points from the previous interim period a year ago.

[Sales of Construction and Mining Equipment by Region]

Billions of yen

	First half ended	First half ended			The entire FY ended March 31, 2007
	September 30, 2007	September 30, 2006			
	(A)	(B)			
	1USD = ¥119	1USD = ¥115	Changes Increase (Decrease)		1USD = ¥117
	1EUR = ¥163	1EUR = ¥147	(A)-(B)		1EUR = ¥151
Japan	131.4	133.2	(1.8)	(1.4)%	282.5
The Americas	243.6	245.0	(1.3)	(0.6)%	480.1
Europe & CIS	206.5	135.5	71.0	52.5%	311.8
China	75.6	46.8	28.8	61.6%	108.3
Asia & Oceania	151.6	107.6	43.9	40.8%	229.8
The Middle East & Africa	105.3	70.3	34.9	49.7%	154.8
<b>Total</b>	<b>914.3</b>	<b>738.6</b>	<b>175.6</b>	<b>23.8%</b>	<b>1,567.7</b>

**Japan**

While public-sector investments remained slack, demand for new equipment increased, especially in the rental industry, reflecting not only an increase in private-sector investments but also further stock adjustment of the market driven by buoyant exports of used equipment. For the interim period under review, the Komatsu Group worked to expand sales of new equipment, realize prices and strengthen the rental and used equipment business. However, interim sales in Japan declined slightly from the previous period a year ago, due largely to intensified competition and the withdrawal from unprofitable businesses.

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### **The Americas**

In North America, the decline of U.S. housing starts became more evident, further reducing the demand for equipment, especially in the residential construction sector. In Latin America, meanwhile, demand expanded particularly in the mining sector. Amid such market conditions, the Komatsu Group worked to sharpen its competitiveness by expanding sales of DANTOTSU models which improve fuel consumption and offer KOMTRAX (Komatsu Machine Tracking System) as a standard feature, while continuing to optimize distributors' inventories in North America. Additionally, the Komatsu Group worked to reinforce sales and product support capabilities for mining customers in North and Latin America. However, sales in the Americas declined slightly from the previous interim period, affected by declined North American demand.

### **Europe & CIS**

Demand in Europe grew, including the five major markets of Germany, the United Kingdom, France, Italy and Spain as well as central and eastern Europe where infrastructure investments were buoyant in tandem with EU expansion. Under that environment, the Komatsu Group worked to accelerate sales of DANTOTSU models with machine capabilities enhanced by KOMTRAX as a standard feature, while improving the efficiency of production, including the reduction of production lead-time. In CIS (Commonwealth of Independent States), demand remained strong in resource and energy development-related sectors as well as urban infrastructure development, and the Komatsu Group worked to strengthen its distribution network and mining equipment business. As a result, interim sales in Europe & CIS made an impressive gain over the previous interim period a year ago.

### **China**

Demand continued to advance in China, fueled by infrastructure development projects expanded nationwide, development of new mines and progress in mechanization of mining to improve management efficiency as the Chinese economy stayed on a high-growth track. The Komatsu Group concerted its efforts to expand sales of new equipment based on IT-capitalized information concerning business negotiations and equipment operations, while working to improve operational efficiency of sales and production. As a result, interim sales in China expanded sharply over the previous interim period a year ago.

### **Asia & Oceania**

In Indonesia, the largest market in Southeast Asia, demand continued to grow in civil engineering, agricultural and forestry industries. Demand for mining equipment also remained strong there. In India, demand remained strong in infrastructure development and mining sectors. Demand for mining equipment also remained strong in Australia. Reflecting expanded local production and reinforced sales and product support capabilities for mining customers in Asia, interim sales in Asia & Oceania expanded substantially over the previous interim period a year ago.

### **The Middle East & Africa**

Demand continued to accelerate in both regions, driven by expanded urban and infrastructure developments in Turkey, the largest market in the Middle East, and oil producing countries on the Gulf as well as by aggressive resource development in Africa. By carrying out proactive sales activities with distributors and reinforcing its product support capabilities, the Komatsu Group boosted interim sales in the Middle East & Africa over the previous interim period a year ago.



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**Industrial Machinery, Vehicles and Others**

Consolidated net sales of industrial machinery, vehicles and other operations increased 10.6% over the previous interim period a year ago, to ¥165.6 billion (US\$1,441 million) for the interim period under review, reflecting expanded sales of large presses in addition to boosted sales of forklift trucks by Komatsu Utility Co., Ltd. Segment profit of the industrial machinery, vehicles and others business improved 23.2% over the previous interim period, to ¥16.9 billion. (US\$147 million) Segment profit ratio also improved to 10.2%, up 1.0 percentage point over the previous interim period a year ago.

In the forklift truck business, Komatsu Utility worked to reinforce its business foundation by expanding sales of new equipment and strengthening its sales and service capabilities in fast-growth markets, such as Asia and the Middle East, implementing aggressive sales of electric forklift trucks and launching the hybrid battery model in Japan, which achieves outstanding efficiency of energy consumption.

In the industrial machinery business, the Komatsu Group advanced interim sales by zooming in on demand for capital investments both in Japan and overseas, especially by the automobile industry. With respect to large presses, Komatsu worked to step up sales of DANTOTSU products such as the AC Servo press and expanded its production capacity by embarking on full-scale production at the Kanazawa Plant which began operation in January 2007. As a result, interim sales of large presses advanced over the previous interim period a year ago. In addition, the Komatsu Group advanced collaborative efforts with NIPPEI TOYAMA CORPORATION in which Komatsu made equity participation last year, including mutual use of sales and production facilities of the two.

Notes: 1) Komatsu Forklift Co., Ltd. merged with Komatsu Zenoah Co. and changed its corporate name to Komatsu Utility Co., Ltd. in April 2007.

2) The outdoor power equipment business of Komatsu Zenoah Co. was sold to a Japanese subsidiary of Husqvarna AB of Sweden in April 2007.

**2. Conditions of Consolidated Cash Flows**

Net cash provided by operating activities declined by ¥15.8 billion from the previous interim period, to ¥86.7 billion (US\$754 million), because working capital increased, offsetting an increase in net income resulting from good business performance. Net cash used in investing activities decreased by ¥38.6 billion from the previous interim period, to ¥33.4 billion (US\$291 million), because aggressive investments were made in Japan and overseas to expand production capacities and improve productivity, offsetting proceeds from the sale of the outdoor power equipment business. Net cash used in financing activities amounted to ¥27.4 billion (US\$239 million), an increase of ¥10.8 billion from the previous interim period.

As a result, cash and cash equivalents totaled ¥117.5 billion (US\$1,022 million) at September 30, 2007, an increase of ¥25.3 billion compared to a year ago.

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[Trends of Cash Flow Indicators]

	First half ended September 30, 2007	First half ended September 30, 2006	The entire FY ended March 31, 2007
Shareholders' equity ratio (%)	45.3	38.8	42.1
Shareholders' equity ratio at aggregate market value (%)	199.3	115.0	133.7
Years of debt redemption	2.0	1.8	2.2
Interest coverage ratio	10.3	14.1	10.5
Shareholders' equity ratio: Shareholders' equity/Total assets			

Shareholders' equity ratio at aggregate market value: Aggregate market value of outstanding shares of common stock/Total assets

Years of debt redemption term: Interest-bearing debt/Net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities/Interest expense

**3. Projections for the Fiscal Year Ending March 31, 2008**

In the construction and mining equipment business, while there are some serious concerns such as declining demand for residential houses and deteriorating economic climate triggered by the subprime loan problem, we anticipate that global demand will remain buoyant driven by thriving infrastructure investments especially in China and India as well as strong resource development activities in Asia, Australia, Latin America, Africa and some other regions.

As of October 30, 2007, we have revised our earlier projections for consolidated and non-consolidated business results for the fiscal year ending March 31, 2008, which we announced on July 30, 2007, as follows.

**1) Consolidated**

Billions of yen

	Results for FY ended March 31, 2007  (A)	Current projection for FY ending March 31, 2008  (B)	Changes  Increase  (B)-(A)/(A)	Earlier projection for FY ending March 31, 2008
Net sales	1,893.3	2,210.0	16.7%	2,180.0
Operating income	244.7	325.0	32.8%	311.0
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	236.4	316.0	33.6%	302.0
Net income	164.6	205.0	24.5%	198.0

**Table of Contents****2) Non-consolidated**

Billions of yen

	Results for FY ended March 31, 2007 (A)	Current projection for FY ending March 31, 2008 (B)	Changes Increase (B)-(A)/(A)	Earlier projection for FY ending March 31, 2008
Net sales	758.5	895.0	18.0%	880.0
Operating profit	90.4	113.0	24.9%	105.0
Ordinary profit	98.1	124.0	26.3%	118.0
Net income	82.8	90.0	8.6%	85.0

Note: The table below shows our assumptions on foreign exchange rates.

	1 <sup>st</sup> half results	2 <sup>nd</sup> half projection	Full year projection
JPY/USD	119	115	117
JPY/EUR	163	155	159

#### 4. Basic Policy for Redistribution of Profits for the Interim Period Ended September 30, 2007 and Projections for the Fiscal Year Ending March 31, 2008

Komatsu is building a sound financial position and flexible and agile corporate strength to increase its corporate value. Concerning cash dividends to shareholders, the Company maintains the policy of redistributing profits by first striving to continue stable dividends and then considering consolidated business results, while working for the goal of a consolidated payout ratio of 20% or higher.

With respect to interim cash dividends, the Board of Directors set ¥20 per share, an increase of ¥7 from ¥13 for the previous interim dividends paid a year ago. This decision was reached by considering the interim business results and future business prospects at the board meeting held on October 30, 2007.

Furthermore, the Company plans to increase the annual dividends per share by ¥9, to ¥40 (i.e., ¥20 for the interim and ¥20 for the fiscal year-end dividends per share).

#### Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views 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 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.

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 cost 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; and, the impact of regulatory changes and accounting principles and practices.



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**Komatsu Group**

(As of September 30, 2007)

**Business Categories and Principal Products & Services**

**Construction and Mining Equipment**

Excavating Equipment	Hydraulic excavators, mini excavators, and backhoe loaders
Loading Equipment	Wheel loaders, mini wheel loaders, and skid steer loaders
Grading and Roadbed Preparation Equipment	Bulldozers, motor graders, and vibratory rollers
Hauling Equipment	Off-highway dump trucks, articulated dump trucks, and crawler carriers
Forestry Equipment	Harvesters, forwarders, and feller-bunchers
Tunneling Machines	Shield machines, tunnel-boring machines, and small-diameter pipe jacking machines
Recycling Equipment	Mobile debris crushers, mobile soil recyclers, and mobile tub grinders
Other Equipment	Railroad maintenance equipment
Engines and Components	Diesel engines, diesel generator sets, and hydraulic equipment
Casting Products	Steel castings and iron castings

**Industrial Machinery, Vehicles and Others**

Metal Forging and Stamping Presses	Large presses, AC-Servo presses, small and medium-sized presses, and forging presses
Sheet-Metal Machines and Machine Tools	Press brakes, shears, laser cutting machines, fine plasma cutting machines, and crank shaft millers
Industrial Vehicles and Logistics	Forklift trucks, packing and transport
Defense Systems	Ammunition and armored personnel carriers
Others	Commercial-use prefabricated structures, thermoelectric modules and temperature-control equipment for semiconductor manufacturing

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**Komatsu Group (Chart)**

(As of September 30, 2007)

Note: Komatsu changed its business segment into two, i.e., Construction and Mining Equipment, and Industrial Machinery, Vehicles and Others, including Electronics in Industrial Machinery, Vehicles and Others from the current fiscal year.

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**Management Policy**

**1. Basic Management Policy**

The cornerstone of Komatsu's management is commitment to Quality and Reliability for maximization of its corporate value. This commitment is not limited to delivering safe and innovative products and services which incorporate the viewpoints of customers. Komatsu is continuing its efforts to enhance the Quality and Reliability of all organizations, businesses, employees and management of the entire Komatsu Group. It is the top management task of Komatsu to continue improving the Quality and Reliability of all these year after year.

**2. Mid to Long-Range Management Plan, Target and Issues Ahead**

We at the Komatsu Group define our corporate value as the total sum of trust given to us by society and all stakeholders. To increase this corporate value, we have designated the following two management goals.

- 1) To maintain our top-level profitability and financial position in the industry and enhance our position in the global marketplace, especially in Greater Asia.
- 2) To continue management, while keeping market value in mind, which reflects the amount of trust given to us by society and shareholders

To achieve these management goals, we have developed the mid-range management plan "Global Teamwork for 15" for the target year ending March 31, 2010. Under this new management plan, we are focusing our efforts on the following tasks.

- 1) We will continue to concert our efforts on the market introduction of DANTOTSU products, the further enhancement of our market position in Greater Asia and further improvements of fixed costs, on a permanent basis, all which have been carried over from the first-stage Reform of Business Structure project.
- 2) We will continue to work on value-chain reform, a core element of the second-stage Reform, and human resource development on a global, group-wide basis through the reform activities.
- 3) We will also tackle the following new tasks.
  - a) Establishment of flexible manufacturing operations
  - b) Expansion of utility equipment business
  - c) Expansion of parts business
  - d) Reinforcement of industrial machinery business

**Numerical Targets**

**Items**

**Targets for Fiscal Year ending March 31, 2010**

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Operating income ratio	<b>15% or above</b>
ROE (Return on equity)	<b>Keeping 20% level</b>
Net debt-to-equity ratio	<b>0.2 or below</b>

ROE = Net income for the year / [(shareholders' equity at the beginning + shareholders' equity at the end of the fiscal year) / 2]

Net debt-to-equity ratio = (interest-bearing debt - cash and cash equivalents - time deposits) / shareholders' equity

[Premises]	Items	Targets for Fiscal Year ending March 31, 2010
	Guideline on sales	<b>¥2,400 billion ± ¥100 billion</b>
	Guidelines on exchange rate	<b>¥110/1USD      ¥145/1EUR</b>



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The Komatsu Group is also strengthening its corporate governance to ensure sound and transparent management, while working to improve management efficiency. While promoting thorough compliance, we will also ensure that all employees of the Komatsu Group share The KOMATSU Way. In addition to improving our business performance, we will facilitate the development of both corporate strength and social responsibility in a well balanced manner.

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**Cautionary Statement**

The announcement set forth herein contains forward-looking statements which reflect management's current views 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 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.

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 cost 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; and, the impact of regulatory changes and accounting principles and practices.

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**Table of Contents****Condensed Consolidated Balance Sheets**

Millions of yen

	As of September 30, 2007 (A)	As of September 30, 2006 (B)	Changes Increase (Decrease) (A)-(B)	As of March 31, 2007
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	¥ 117,546	¥ 84,100	¥ 33,446	¥ 92,199
Time deposits	201	182	19	54
Trade notes and accounts receivable	471,421	432,452	38,969	478,063
Inventories	484,780	419,980	64,800	437,894
Assets held for sale				16,321
Other current assets	114,702	117,041	(2,339)	119,214
<b>Total current assets</b>	<b>1,188,650</b>	<b>1,053,755</b>	<b>134,895</b>	<b>1,143,745</b>
Long-term trade receivables	82,355	61,788	20,567	73,669
Investments	158,287	122,793	35,494	155,146
Property, plant and equipment - Less accumulated depreciation	417,663	427,369	(9,706)	388,393
Other assets	80,071	96,325	(16,254)	83,029
<b>Total</b>	<b>1,927,026</b>	<b>1,762,030</b>	<b>164,996</b>	<b>1,843,982</b>
<b>Liabilities and Shareholders Equity</b>				
Current liabilities:				
Short-term debt (including current maturities of long-term debt)	163,647	209,645	(45,998)	174,734
Trade notes and accounts payable	362,914	348,154	14,760	365,065
Income taxes payable	34,800	33,270	1,530	54,933
Liabilities held for sale				7,919
Other current liabilities	196,297	177,131	19,166	182,529
<b>Total current liabilities</b>	<b>757,658</b>	<b>768,200</b>	<b>(10,542)</b>	<b>785,180</b>
Long-term liabilities	269,694	266,102	3,592	262,311
Minority interests	27,019	44,530	(17,511)	19,774
Shareholders equity:				
Common stock	67,870	67,870		67,870
Capital surplus	137,508	136,414	1,094	137,155
Retained earnings	627,618	457,210	170,408	541,717
Accumulated other comprehensive income *	42,374	25,276	17,098	33,501
Treasury stock	(2,715)	(3,572)	857	(3,526)
<b>Total shareholders equity</b>	<b>872,655</b>	<b>683,198</b>	<b>189,457</b>	<b>776,717</b>

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<b>Total</b>	<b>¥ 1,927,026</b>	¥ 1,762,030	¥ 164,996	¥ 1,843,982
	<b>As of September 30, 2007</b>	<b>As of September 30, 2006</b>	<b>Changes Increase (Decrease)</b>	<b>As of March 31, 2007</b>
<b>*Accumulated other comprehensive income:</b>				
Foreign currency translation adjustments	¥ <b>12,785</b>	¥ 2,518	¥ 10,267	¥ 9,204
Net unrealized holding gains on securities available for sale	<b>44,884</b>	34,093	10,791	39,807
Pension liability adjustments		(10,860)	10,860	
Pension liability adjustments-After application of SFAS No.158	<b>(15,046)</b>		(15,046)	(15,300)
Net unrealized holding gains (losses) on derivative instruments	<b>(249)</b>	(475)	226	(210)
Short & long-term debt	¥ <b>351,004</b>	¥ 376,817	¥ (25,813)	¥ 349,074

Note: In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, assets and liabilities held for sale in connection with the discontinued operations were classified as held for sale as of March 31, 2007.

**Table of Contents****Condensed Consolidated Statements of Income**

Millions of yen

	First half	First half	Changes		The entire FY ended March 31, 2007
	ended September 30, 2007 (A)	ended September 30, 2006 (B)	Increase (Decrease) (A)-(B)	%	
Net sales	¥ 1,080,042	¥ 888,491	¥ 191,551	21.6	¥ 1,893,343
Cost of sales	767,689	637,215	130,474		1,356,511
Selling, general and administrative expenses	150,607	137,994	12,613		287,086
Other operating income (expenses)	1,226	(736)	1,962		(5,005)
<b>Operating income</b>	<b>162,972</b>	<b>112,546</b>	<b>50,426</b>	<b>44.8</b>	<b>244,741</b>
Other income (expenses)					
Interest and dividend income	5,126	4,057	1,069		8,532
Interest expense	(8,383)	(7,250)	(1,133)		(15,485)
Other-net	(1,131)	(1,275)	144		(1,297)
Other income (expenses)	(4,388)	(4,468)	80		(8,250)
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	158,584	108,078	50,506	46.7	236,491
Income taxes	58,345	42,752	15,593		79,745
Minority interests in income of consolidated subsidiaries	(4,727)	(3,136)	(1,591)		(6,580)
Equity in earnings of affiliated companies	3,310	1,307	2,003		3,098
Income from continuing operations	98,822	63,497	35,325	55.6	153,264
Income from discontinued operations	4,978	3,711	1,267	34.1	11,374
<b>Net income</b>	<b>¥ 103,800</b>	<b>¥ 67,208</b>	<b>¥ 36,592</b>	<b>54.4</b>	<b>¥ 164,638</b>

Note: In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

**Table of Contents****Consolidated Statement of Shareholders Equity**

Millions of yen

	First half ended September 30, 2007	First half ended September 30, 2006	The entire FY ended March 31, 2007
<b>Common stock</b>			
Balance, beginning of period	¥ 67,870	¥ 67,870	¥ 67,870
Balance, end of period	¥ 67,870	¥ 67,870	¥ 67,870
<b>Capital surplus</b>			
Balance, beginning of period	¥ 137,155	¥ 136,137	¥ 136,137
Sales of treasury stock	238	36	394
Issuance and exercise of stock acquisition rights	115	265	663
Others		(24)	(39)
Balance, end of period	¥ 137,508	¥ 136,414	¥ 137,155
<b>Retained earnings, appropriated for legal reserve</b>			
Balance, beginning of period	¥ 24,267	¥ 23,416	¥ 23,416
Transfer from unappropriated retained earnings	(72)	519	851
Balance, end of period	¥ 24,195	¥ 23,935	¥ 24,267
<b>Unappropriated retained earnings</b>			
Balance, beginning of period	¥ 517,450	¥ 376,522	¥ 376,522
Net income	103,800	67,208	164,638
Cash dividends paid	(17,899)	(9,936)	(22,859)
Transfer to retained earnings appropriated for legal reserve	72	(519)	(851)
Balance, end of period	¥ 603,423	¥ 433,275	¥ 517,450
<b>Accumulated other comprehensive income (loss)</b>			
Balance, beginning of period	¥ 33,501	¥ 23,095	¥ 23,095
Aggregate adjustment for the period resulting from translation of foreign currency financial statements	3,581	4,758	11,444
Net increase (decrease) in unrealized holding gains on securities available for sale	5,077	(2,817)	2,897
Adjustment for the period of pension liability		439	11,299
Adjustment for the period of pension liability-After application of SFAS No.158	254		(15,300)
Net increase (decrease) in unrealized holding gains (losses) on derivative instruments	(39)	(199)	66
Balance, end of period	¥ 42,374	¥ 25,276	¥ 33,501
<b>Treasury stock</b>			
Balance, beginning of period	¥ (3,526)	¥ (4,043)	¥ (4,043)
Purchase of treasury stock	(118)	(432)	(632)
Sales of treasury stock	929	903	1,149
Balance, end of period	¥ (2,715)	¥ (3,572)	¥ (3,526)

<b>Total shareholders equity</b>	¥	<b>872,655</b>	¥	683,198	¥	776,717
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**Table of Contents****Consolidated Statements of Cash Flows**

Millions of yen

	First half ended September 30, 2007 (A)	First half ended September 30, 2006 (B)	Changes Increase (Decrease) (A)-(B)	The entire FY ended March 31, 2007
<b>Operating activities</b>				
Net income	¥ 103,800	¥ 67,208	¥ 36,592	¥ 164,638
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	36,018	38,759	(2,741)	72,709
Deferred income taxes	18,361	6,547	11,814	4,334
Net loss (gain) from sale of investment securities and subsidiaries	(8,190)	676	(8,866)	(19,101)
Net loss (gain) on sale of property	(418)	64	(482)	(13)
Loss on disposal of fixed assets	1,051	885	166	2,121
Impairment loss on long-lived assets held for use	59	2	57	81
Pension and retirement benefits, net	(9,886)	1,074	(10,960)	1,078
Changes in assets and liabilities:				
Decrease (increase) in trade receivables	2,243	(17,936)	20,179	(93,141)
Decrease (increase) in inventories	(37,292)	(45,207)	7,915	(73,448)
Increase (decrease) in trade payables	(10,165)	39,782	(49,947)	70,693
Increase (decrease) in income taxes payable	(20,518)	(3,977)	(16,541)	19,680
Other, net	11,639	14,635	(2,996)	12,493
Net cash provided by operating activities	86,702	102,512	(15,810)	162,124
<b>Investing activities</b>				
Capital expenditures	(52,719)	(63,945)	11,226	(122,860)
Proceeds from sale of property	5,703	5,188	515	17,626
Proceeds from sale of available for sale investment securities	168	249	(81)	1,844
Purchases of available for sale investment securities	(4,274)	(2,538)	(1,736)	(6,737)
Proceeds from sale of subsidiaries, net of cash disposed	16,372		16,372	35,368
Acquisition of subsidiaries and equity investees, net of cash acquired	2,576	(11,321)	13,897	(24,621)
Collection of loan receivables	4,565	3,058	1,507	5,736
Disbursement of loan receivables	(4,720)	(2,625)	(2,095)	(5,974)
Decrease (increase) in time deposits	(1,087)	(128)	(959)	(2)
Net cash used in investing activities	(33,416)	(72,062)	38,646	(99,620)
<b>Financing activities</b>				
Proceeds from long-term debt	30,514	7,446	23,068	44,781
Repayments on long-term debt	(41,832)	(22,312)	(19,520)	(74,943)
Increase (decrease) in short-term debt, net	4,823	13,476	(8,653)	22,526
Repayments of capital lease obligations	(5,383)	(5,752)	369	(11,411)
Sale (purchase) of treasury stock, net	811	471	340	517
Dividends paid	(17,899)	(9,936)	(7,963)	(22,859)
Other, net	1,478		1,478	
Net cash used in financing activities	(27,488)	(16,607)	(10,881)	(41,389)
Effect of exchange rate change on cash and cash equivalents	(451)	260	(711)	1,087

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<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25,347</b>	14,103	11,244	22,202
<b>Cash and cash equivalents, beginning of period</b>	<b>92,199</b>	69,997	22,202	69,997
<b>Cash and cash equivalents, end of period</b>	<b>¥ 117,546</b>	¥ 84,100	¥ 33,446	¥ 92,199



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**Basis of Financial Statements (Consolidated)**

1) The number of consolidated subsidiaries and affiliated companies accounted for by the equity method

Number of consolidated subsidiaries:	148 companies
Number of companies accounted for by the equity method:	42 companies

2) Changes in group of entities

Consolidated subsidiaries

Added:	10 companies Komatsu CIS, LLC and other 9 companies
Added: (From affiliated companies)	1 company
Removed: (Merger etc.)	8 companies Komatsu Zenoah Co. and other 7 companies

Affiliated companies accounted for by the equity method

Added:	2 companies
Removed: (To consolidated subsidiaries)	1 company
Removed: (Exclusion)	1 company

3) Discontinued operations

In accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, assets and liabilities held for sale in connection with the discontinued operations were classified as held for sale on the consolidated balance sheet as of March 31, 2007. The result of discontinued operations, less applicable income taxes, is presented as income from discontinued operations in the consolidated statement of income. Previously reported amounts have been reclassified accordingly.

**Table of Contents****Business Segment Information****1. Information by Business Segment**

## (1) Sales and Segment Profit

Millions of yen

	First half ended			First half ended			The entire FY ended		
	September 30, 2007			September 30, 2006			March 31, 2007		
	Sales	Segment Profit	Segment Profit Ratio (%)	Sales	Segment Profit	Segment Profit Ratio (%)	Sales	Segment Profit	Segment Profit Ratio (%)
Construction and Mining Equipment	927,772	146,194	15.8	750,538	101,462	13.5	1,587,976	220,606	13.9
Industrial Machinery, Vehicles and Others	216,810	16,928	7.8	196,707	13,736	7.0	423,363	32,695	7.7
Subtotal	1,144,582	163,122	14.3	947,245	115,198	12.2	2,011,339	253,301	12.6
Corporate & Elimination	(64,540)	(1,376)		(58,754)	(1,916)		(117,996)	(3,555)	
Total	1,080,042	161,746	15.0	888,491	113,282	12.7	1,893,343	249,746	13.2
Other operating income (expenses)		1,226			(736)			(5,005)	
Operating income		162,972			112,546			244,741	
Interest and dividend income		5,126			4,057			8,532	
Interest expense		(8,383)			(7,250)			(15,485)	
Other-net		(1,131)			(1,275)			(1,297)	
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies		158,584			108,078			236,491	

Note: Sales amount of every business segment includes inter-segment transactions as below:

	First half ended September 30, 2007	First half ended September 30, 2006	The entire FY ended March 31, 2007
Construction and Mining Equipment	13,420	11,844	20,253
Industrial Machinery, Vehicles and Others	51,120	46,910	97,743
Total	64,540	58,754	117,996

Notes: 1) Sales and segment profit by business segment for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

2) Starting in the first half ended September 30, 2007, Komatsu changed its business segments. Sales and segment profit by business segment for the first half ended September 30, 2006 and the entire fiscal year ended March 31, 2007 have been retrospectively reclassified according to the new business segment.



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## (2) Assets, Depreciation and Capital Investment

Millions of yen

	First half ended			First half ended		
	As of Sept. 30, 2007	Sept. 30, 2007		As of Sept. 30, 2006	Sept. 30, 2006	
	Assets	Depreciation and Amortization	Capital Investment	Assets	Depreciation and Amortization	Capital Investment
Construction and Mining Equipment	1,490,171	31,297	57,986	1,250,029	28,346	46,172
Industrial Machinery, Vehicles and Others	310,479	4,267	7,132	415,179	3,848	8,955
<b>Subtotal</b>	<b>1,800,650</b>	<b>35,564</b>	<b>65,118</b>	1,665,208	32,194	55,127
Corporate & Elimination	126,376			96,822		
<b>Total</b>	<b>1,927,026</b>	<b>35,564</b>	<b>65,118</b>	1,762,030	32,194	55,127

	The entire FY ended		
	As of Mar. 31, 2007	March 31, 2007	
	Assets	Depreciation and Amortization	Capital Investment
Construction and Mining Equipment	1,423,744	57,444	111,003
Industrial Machinery, Vehicles and Others	317,462	7,977	18,677
<b>Subtotal</b>	<b>1,741,206</b>	<b>65,421</b>	<b>129,680</b>
Corporate & Elimination	102,776		
<b>Total</b>	<b>1,843,982</b>	<b>65,421</b>	<b>129,680</b>

Notes: 1) Depreciation and capital investment by business segment for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

2) Assets, depreciation and capital investment by business segment for the first half ended September 30, 2006 and the entire fiscal year ended March 31, 2007 have been retrospectively reclassified due to the change in business segments.

**Table of Contents****2. Information by Region**

## (1) Sales and Segment Profit

Millions of yen

	First half ended			First half ended			The entire FY ended		
	September 30, 2007			September 30, 2006			March 31, 2007		
	Sales	Segment Profit	Ratio (%)	Sales	Segment Profit	Ratio (%)	Sales	Segment Profit	Ratio (%)
Japan	596,833	81,459	13.6	534,821	59,744	11.2	1,135,567	140,193	12.3
The Americas	290,688	31,994	11.0	282,436	31,377	11.1	566,013	51,842	9.2
Europe & CIS	227,267	25,479	11.2	146,483	12,242	8.4	332,959	32,104	9.6
Others	242,205	31,769	13.1	164,270	17,290	10.5	348,514	38,033	10.9
Subtotal	1,356,993	170,701	12.6	1,128,010	120,653	10.7	2,383,053	262,172	11.0
Corporate & Elimination	(276,951)	(8,955)		(239,519)	(7,371)		(489,710)	(12,426)	
Total	1,080,042	161,746	15.0	888,491	113,282	12.7	1,893,343	249,746	13.2

Notes: 1) Sales by region includes inter-region transactions.

2) Sales and segment profit by region for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

## (2) Assets

Millions of yen

	As of September 30, 2007		As of September 30, 2006		As of March 31, 2007	
	Assets	Ratio (%)	Assets	Ratio (%)	Assets	Ratio (%)
Japan	1,067,208	55.4	1,098,699	62.3	1,065,487	57.8
The Americas	490,404	25.4	446,394	25.3	481,144	26.1
Europe & CIS	255,942	13.3	173,693	9.9	221,012	12.0
Others	273,492	14.2	229,030	13.0	237,839	12.9
Subtotal	2,087,046	108.3	1,947,816	110.5	2,005,482	108.8
Corporate & Elimination	(160,020)	(8.3)	(185,786)	(10.5)	(161,500)	(8.8)
Total	1,927,026	100.0	1,762,030	100.0	1,843,982	100.0

**Table of Contents****3. Overseas Sales**

(1) For the first half ended September 30, 2007

Millions of yen

	<b>The Americas</b>	<b>Europe &amp; CIS</b>	<b>Others</b>	<b>Total</b>
Overseas sales	<b>277,882</b>	<b>213,073</b>	<b>354,635</b>	<b>845,590</b>
Consolidated net sales				<b>1,080,042</b>
Ratio of overseas sales to consolidated net sales (%)	<b>25.7</b>	<b>19.7</b>	<b>32.9</b>	<b>78.3</b>

(2) For the first half ended September 30, 2006

Millions of yen

	<b>The Americas</b>	<b>Europe &amp; CIS</b>	<b>Others</b>	<b>Total</b>
Overseas sales	273,214	140,431	249,957	663,602
Consolidated net sales				888,491
Ratio of overseas sales to consolidated net sales (%)	30.8	15.8	28.1	74.7

(3) For the entire fiscal year ended March 31, 2007

Millions of yen

	<b>The Americas</b>	<b>Europe &amp; CIS</b>	<b>Others</b>	<b>Total</b>
Overseas sales	537,836	324,071	544,333	1,406,240
Consolidated net sales				1,893,343
Ratio of overseas sales to consolidated net sales (%)	28.4	17.1	28.8	74.3

Notes: 1) Overseas sales represent the sales of the Company and its consolidated subsidiaries to customers in countries or regions other than Japan.

2) Area segments are separated by the geographic proximity. Main countries or areas of each segment above are as follows:

- a) The Americas: North America and Latin America
- b) Europe & CIS: Germany, U.K. and Russia
- c) Others: China, Australia, and Southeast Asia

3) Overseas sales and consolidated net sales for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

**Table of Contents****Consolidated Sales by Operation**

Millions of yen

	First half ended September 30, 2007		First half ended September 30, 2006		Changes Increase (Decrease)		The entire FY ended March 31, 2007	
	(A)		(B)		(A)-(B)		Sales	(%)
	Sales	Ratio (%)	Sales	Ratio (%)	Sales	(%)		
<b>Construction and Mining Equipment</b>								
Japan	<b>131,445</b>	<b>12.2</b>	133,277	15.0	(1,832)	(1.4)	282,596	14.9
Overseas	<b>782,907</b>	<b>72.5</b>	605,417	68.1	177,490	29.3	1,285,127	67.9
	<b>914,352</b>	<b>84.7</b>	738,694	83.1	175,658	23.8	1,567,723	82.8
<b>Industrial Machinery, Vehicles and Others</b>								
Japan	<b>103,007</b>	<b>9.5</b>	91,612	10.3	11,395	12.4	204,507	10.8
Overseas	<b>62,683</b>	<b>5.8</b>	58,185	6.6	4,498	7.7	121,113	6.4
	<b>165,690</b>	<b>15.3</b>	149,797	16.9	15,893	10.6	325,620	17.2
<b>Total</b>								
Japan	<b>234,452</b>	<b>21.7</b>	224,889	25.3	9,563	4.3	487,103	25.7
Overseas	<b>845,590</b>	<b>78.3</b>	663,602	74.7	181,988	27.4	1,406,240	74.3
	<b>1,080,042</b>	<b>100.0</b>	888,491	100.0	191,551	21.6	1,893,343	100.0

Notes: 1) Consolidated sales by operation for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

2) Consolidated sales by operation for the first half ended September 30, 2006 and the entire fiscal year ended March 31, 2007 have been retrospectively reclassified due to the change in business segments.

**Table of Contents****Net Income per Share**

	Millions of yen		
	First half ended September 30, 2007	First half ended September 30, 2006	The entire FY ended March 31, 2007
Net Income	103,800	67,208	164,638
	Number of shares		
	First half ended September 30, 2007	First half ended September 30, 2006	The entire FY ended March 31, 2007
Weighted average common shares outstanding, less treasury stock	994,615,040	993,514,498	993,597,436
Diluted effect of:			
Stock options	1,436,122	1,946,493	1,788,951
Weighted average diluted common shares outstanding	996,051,162	995,460,991	995,386,387
	Yen		
	First half ended September 30, 2007	First half ended September 30, 2006	The entire FY ended March 31, 2007
Net income per share:			
Basic	104.36	67.65	165.70
Diluted	104.21	67.51	165.40
			(end)



**Table of Contents****For Immediate Release**

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**Revision of Projections for the Fiscal Year Ending March 31, 2008**

Komatsu Ltd. has revised the projections for consolidated and non-consolidated results for the fiscal year ending March 31, 2008, which the Company announced on July 30, 2007.

**1. Consolidated (U.S.GAAP)**

Millions of yen

except per share amounts

	Earlier projection	Current Projection	Changes		Results for FY ended March 31, 2007
	(A)	(B)	(B)-(A)		
Net sales	2,180,000	<b>2,210,000</b>			
	(up 15.1%)	<b>(up 16.7%)</b>	30,000	1.4%	1,893,343
Operating income	311,000	<b>325,000</b>			
	(up 27.1%)	<b>(up 32.8%)</b>	14,000	4.5%	244,741
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	302,000	<b>316,000</b>			
	(up 27.7%)	<b>(up 33.6%)</b>	14,000	4.6%	236,491
Net income	198,000	<b>205,000</b>			
	(up 20.3%)	<b>(up 24.5%)</b>	7,000	3.5%	164,638
Net income per share	¥ 199.04	¥ <b>206.02</b>	¥ 6.98		¥ 165.70

Note: The amounts in parentheses indicate the changes from the previous interim period.

**2. Non-consolidated**

Millions of yen

except per share amounts

	Earlier projection	Current Projection	Changes		Results for FY ended March 31, 2007
	(A)	(B)	(B)-(A)		
Net sales	880,000	<b>895,000</b>	15,000	1.7%	758,529

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	(up 16.0%)	<b>(up 18.0%)</b>			
Operating profit	105,000	<b>113,000</b>			
	(up 16.1%)	<b>(up 24.9%)</b>	8,000	7.6%	90,475
Ordinary profit	118,000	<b>124,000</b>			
	(up 20.2%)	<b>(up 26.3%)</b>	6,000	5.1%	98,149
Net income	85,000	<b>90,000</b>			
	(up 2.6%)	<b>(up 8.6%)</b>	5,000	5.9%	82,843
Net income per share	¥ 85.40	<b>¥ 90.40</b>	¥ 5.00		¥ 83.34

Note: The amounts in parentheses indicate the changes from the previous interim period.

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**Table of Contents****3. Reasons for the Revision**

As we had earlier projected concerning the global market conditions for construction and mining equipment, the decline in North American demand was covered by the increase in demand in other regions of the world. This demonstrated the strong growth of global demand during the first half period under review. However, we are anticipating larger sales in China, Latin America and some other regions of the world than our earlier projections, and thereby we have revised our projection of both consolidated and non-consolidated full-year business results based on the assumption of average foreign exchange rates below.

	<b>1<sup>st</sup> half results</b>	<b>2<sup>nd</sup> half projection</b>	<b>Full year projection</b>
JPY/USD	119	<b>115</b>	<b>117</b>
JPY/EUR	163	<b>155</b>	<b>159</b>

(end)

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**Cautionary Statement**

The announcement set forth herein contains forward-looking statements which reflect management's current views 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 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.

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 cost 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; and, the impact of regulatory changes and accounting principles and practices.

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**Table of Contents****For Immediate Release**

**Komatsu Ltd.**  
 Corporate Communications Dept.  
 Tel: +81-(0)3-5561-2616  
 Date: October 30, 2007  
 URL: <http://www.komatsu.com/>

**Payment of Cash Dividends and Revision of Year-End Cash Dividends**

In the Board meeting held on October 30, 2007, the Board of Directors of Komatsu Ltd. (President & CEO: Kunio Noji) made a resolution concerning the following cash dividends as of September 30, 2007, the date of record. The Company also revised the projection of year-end dividends.

**1. Contents of the Dividends**

	Detailed dividends resolved to be distributed September 30, 2007	Latest projection (announced on April 26, 2007) Same as on left	Interim results for FY ended
			March 31, 2007 September 30, 2006
Record date			
Cash dividends per share	¥ 20.0	¥18.0	¥ 13.0
Total amount of dividends	¥ 19,911 million		¥ 12,922 million
Effective date	November 30, 2007		December 1, 2006
Resource for dividend	Retained earnings		Retained earnings

**2. Reasons for the Revision**

Concerning cash dividends to shareholders, Komatsu maintains the policy of redistributing profits by first striving to continue stable dividends and the considering consolidated business results, while working toward the goal of a consolidated payout ratio of 20% or higher.

For the interim period of the current fiscal year ending March 31, 2008, the Komatsu Group improved its business results centering on the construction and mining equipment business. Concerning the full-year business results, we have also revised our earlier projections upward.

After considering the interim business results and the future business outlook of the Komatsu Group, the Board of Directors set the interim dividends at ¥20 per share, an increase of ¥2 from the projected amount announced on April 26, 2007. The Company has also revised and set the year-end dividends at ¥20 per share, an increase of ¥2 yen from the earlier projection. As a result of these revisions, cash dividends for the year, ending March 31, 2008, will be ¥40 per share, an increase of ¥9 from the previous fiscal year.

Record date	Cash dividends per share		
	Interim	Year-end	Total
Earlier projection (announced on April 26,2007)	¥ 18.0	¥ 18.0	¥ 36.0
Current projection		¥ 20.0	¥ 40.0
Results for FY ending March 31, 2008	¥ 20.0		
Results for FY ended March 31, 2007	¥ 13.0	¥ 18.0	¥ 31.0 (end)