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KOMATSU LTD  
Form 6-K  
December 28, 2001

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

REPORT OF FOREIGN ISSUER

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

For the month of December, 2001

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 offices

- 2 -

INFORMATION TO BE INCLUDED IN REPORT  
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1. Information Distributed to Security Holders  
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The registrant, KOMATSU LTD., distributed, or made available from its web-site, to its security holders either or both of the following two documents:

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- (1) Interim Report for 2002 (as of September 30, 2001) relative to the 133rd Fiscal Period; original prepared and distributed in the Japanese language which is not attached hereto as it is covered by the Semi-Annual Report referred to in (2) below;
- (2) Semi-Annual Report 2002 for the six-month period ended September 30, 2001, prepared in the English language, which is attached hereto and constitutes a part hereof.

2. Information Required to Make Public  
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Pursuant to Article 24-5 of the Securities Exchange Law of Japan (Law No. 25 of 1948, as amended hereinafter the "Law"), the registrant filed on December 20, 2001 with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan and eight stock exchanges in Japan a Semi-Annual Report (hanki-hokokusho) for the 133rd Fiscal

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Period from April 1, 2001 to September 30, 2001 prepared in the Japanese language. Said Semi-Annual Report (hanki-hokokusho) was made

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public in Japan by the Kanto Local Finance Bureau and by those exchanges. All significant information contained therein and required to be included herein is contained in the document identified in Item 1.(2) above attached hereto and made a part hereof.

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.  
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(Registrant)

Date: December 28, 2001

By: /s/ Kenji Kinoshita  
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Kenji Kinoshita  
Executive Officer

Semi-Annual Report 2002  
Six-month period ended September 30, 2001

[GRAPHIC]

A Message to Our Shareholders

Financial Highlights

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Consolidated Balance Sheets (Unaudited)

Consolidated Statements of Income and Unappropriated Retained Earnings  
(Unaudited)

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Consolidated Statements of Cash Flows (Unaudited)

Consolidated Business Information (Unaudited)

Nonconsolidated Balance Sheets

Nonconsolidated Statements of Income and Unappropriated Retained Earnings

Directors and Officers

Corporate Information

Cautionary Statement

This semi-annual report contains 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" 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; 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 obtain and project certain intellectual property rights; and the impact of regulatory changes and revisions to accounting principles and practices.

A Message to Our Shareholders

[PHOTO]

Board of Directors

Front row, from left:

Tetsuya Katada  
Satoru Anzaki  
Masahiro Sakane  
Toshitaka Hagiwara

Back row, from left:

Kazuhiro Aoyagi  
Koji Ogaki  
Toshio Morikawa  
Kunio Noji

During the fiscal 2002 interim period, ended September 30, 2001, international economies in general slowed down, and their prospects became even more uncertain under the effects of the terrorist attacks in the United States and other adverse developments. In Japan, the recessionary economy has been further deteriorating, with sharp drops in exports and production of the manufacturing industries, as well as reduced corporate earnings and capital outlays.

In overseas markets for mining and construction equipment, we saw recovery

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in demand for mining equipment and continued expansion of the Chinese market. At the same time, however, we also faced sluggish conditions in the North American market and slowing demand in European markets, which had demonstrated steady growth over the past few years. As a result, overall overseas demand remained slack during the period. In Japan, the government has cut back public investments as part of its urgent measures to accelerate structural reforms. This initiative has had considerable impact on the construction equipment market, including psychological factors, resulting in a drastic drop in demand from the corresponding period last year.

Our electronics businesses also faced a very tough market environment on the whole. International markets for semiconductors deteriorated rapidly, recording the worst fall of demand in their history in 2001. Demand for silicon wafers was no exception, with a large decline. Demand for thermoelectric modules for use in fiber optic communication networks also fell sharply, in part as a rebound from outstanding growth over last fiscal year.

### Interim Results

Komatsu posted consolidated net sales of (Yen)505.4 billion (US\$4,248 million, at US\$1=(Yen)119) for the interim period under review, a decline of 8.8% from the corresponding period last year. However, the Company registered a consolidated operating loss of (Yen)5.3 billion (US\$45 million), compared to operating income of (Yen)12.8 billion for the fiscal 2001 interim period. A consolidated net loss of (Yen)42.6 billion (US\$359 million) was posted for the interim period, compared to net income of (Yen)3.1 billion a year earlier, which largely reflects (Yen)38.3 billion (US\$323 million) for the impairment of fixed assets of two subsidiaries engaging in the electronics business.

On a nonconsolidated basis, net sales for the interim period amounted to (Yen)183.3 billion (US\$1,541 million), down 11.4% from the corresponding period last year. Ordinary profit decreased 39.9%, to (Yen)2.5 billion (US\$22 million) for the interim period under review. The Company has to report a net loss of (Yen)21.9 billion (US\$184 million) for the six-month period, compared to net income of (Yen)3.7 billion for the previous corresponding period. Concerning interim cash dividends, the Board of Directors meeting, held on November 9 this year, set (Yen)3.0 (2.5 U.S. cents) per share, the same as those for the corresponding period a year ago, despite the interim net loss mentioned above.

### Reform of Management Structure

To overcome such difficult management conditions, we have recently embarked on a groupwide program to reform our management structure in order to improve earnings for the early recovery of our performance. To build and solidly a corporate structure capable of securing stable earnings, we are firmly determined to accomplish a consequential amount of reduction in our fixed and production costs. At the same time, we are prepared to execute a number of decisive measures designed to accelerate the growth of our core business of construction and mining equipment. Under the leadership of the newly established Committee for Structural Reform, we are resolute in our goal of generating positive outcomes.

### Reduction of Fixed Costs

We will, first of all, reduce fixed costs thoroughly. Our fixed costs, higher than those of our competitors in the international marketplace, have resulted in a weighty factor pressing our earnings. We will commit ourselves in this effort and score a reduction of (Yen)30.0 billion by the end of March 2004 from the current level on a consolidated basis. We are going to curtail a substantial amount of manpower costs and SG&A expenses through consolidation of separate businesses, reorganization and operational rationalization on a groupwide basis. In Japan, especially, we are prepared to cut down overhead costs by offering

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early retirement and transferring employees to affiliated companies in order to reinforce business operations and improve earnings of both Komatsu and affiliated companies. Specifically, we are planning to include approximately (Yen)23.0 billion as a temporary expense for both early retirement and transfers of employees to affiliated companies for the second half of fiscal 2002.

### Sizable Cutbacks of Production Costs

Next, we are working to cut down our production costs worldwide. With full deployment of our technologies and expertise based on the "spirits of manufacturers" gained in Japanese plants over the years, we are set to reduce production costs at our offshore plants. To attain notable results, we will work to lower our costs substantially in the product development phase, in addition to conventional cost reduction programs. Moreover, in addition to our continued alliance with Cummins Inc. in the area of engines, we will also look into global alliances for production as represented by the recent announcement of cooperation with Volvo Construction Equipment for development and production of components for construction equipment.

### To Renew Growth of Our Construction and Mining Equipment Business

To maintain and enhance our profitability in the Japanese market, where demand for construction equipment has remained depressed, we have striven to expand after-sale businesses such as rental and used equipment, parts and services, while continuing to develop creative products as represented by the GALEO series, by committing ourselves to technology innovation. Such initiatives mean a reform of our business structure itself, and these new business models are indispensable for further growth in Japan. By capitalizing on our advantage from Komatsu machines in use, which outnumber other brands in the Japanese market, and utilizing IT, we are ready to aggressively expand our business in downstream markets in line with the lifecycle of equipment.

Demand for construction and mining equipment in overseas markets has grown in a long-range time span. Therefore, we consider the current, difficult market conditions as temporary adjustments in the supply and demand cycle. We are focusing our business expansion in the major markets of North America and Europe, as well as the rapidly expanding Chinese market, where we are going to implement proactive measures by region and product line in order to enhance our global market position.

### Impairment of Fixed Assets of Subsidiaries in the Electronics Business

In our electronics business, we recorded impairment losses on fixed assets of two subsidiaries in the United States during the interim period in response to the drastic deterioration of market conditions for silicon wafers.

Concerning Komatsu Silicon America, Inc., we had planned to reuse it as a production facility for silicon wafers. However, it is projected that market recovery may be delayed longer than anticipated earlier. In this light, we have changed our policy to consider a wider range of options, including the possibility of disposal. In the meantime, we will continue our silicon wafer business by focusing on Komatsu Electronic Metals Co., Ltd. and Formosa Komatsu Silicon Corporation, as before.

Demand for polycrystalline silicon as a material for silicon wafers has also weakened further since the spring of this year. Advanced Silicon Materials LLC.'s plant in Montana is unlikely to maintain a sufficient rate of operation in the foreseeable future. Thus, we recorded an impairment loss of their fixed assets.

For Komatsu to overcome the current difficult times and achieve an upturn in its performance, it is imperative that all employees of the Komatsu Group, in addition, of course, to top management, work together with individual talents

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and actions for their respective businesses. We are firmly determined to improve our earnings and make an early recovery of our business results. To this end, all employees will strive to accomplish the reform of our management structure with the spirit of unity and in superior teamwork, while each and every employee fully demonstrates his or her capabilities.

On behalf of members of the Board, we would like to extend our sincere appreciation to our valued shareholders, customers, business partners and employees around the world for their continued support.

December 2001

/s/Satoru Anzaki

/s/Masahiro Sakane

Satoru Anzaki  
Chairman of the Board

Masahiro Sakane  
President

### Financial Highlights

Komatsu Ltd. and subsidiaries

For the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001, and fiscal 2001 ended March 31, 2001

|  | Millions of yen<br>(except per share amounts) |               |                 | Thousand<br>U.S. do<br>(except pe<br>amount |
|--|---|---------------|-----------------|---|
| Consolidated   | 2002  | 2001          | 2001            | 2002  |
| Sales  | (Yen) 505,455                                 | (Yen) 554,530 | (Yen) 1,096,369 | \$4,  |
| Japan  | 239,542                                       | 288,922       | 586,865         | 2,  |
| Overseas   | 265,913                                       | 265,608       | 509,504         | 2,  |
| Operating income (loss)  | (5,320)                                       | 12,839        | 27,815          |   |
| Income (loss) before income taxes,<br>minority interests and equity in<br>earnings | (50,857)                                      | 11,195        | 20,064          | (   |
| Net income (loss)  | (42,665)                                      | 3,152         | 6,913           | (   |
| Net income (loss) per share -- basic   | (44.69)                                       | 3.29          | 7.24            |   |
| Total assets   | 1,300,430                                     | 1,388,875     | 1,403,195       | 10,   |
| Total shareholders' equity   | 424,210                                       | 472,002       | 474,257         | 3,  |
| Total shareholders' equity per share   | 444.45  | 493.46        | 497.12          |   |
| Capital expenditures   | 28,690  | 30,076        | 79,310          |   |
| Research and development<br>expenses   | 21,391  | 22,682        | 45,282          |   |

Notes: 1. The accompanying consolidated financial information is prepared in accordance with generally accepted accounting principles in the United States.

2. The translations of Japanese yen amounts into United States dollar amounts are included solely for convenience and have been made at the rate of (Yen)119 to U.S.\$1, the approximate rate of exchange at September 28, 2001.

Net Sales

Operating Income (Loss)

Net Income (Loss)

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|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| (Billions of Yen)        | (Billions of Yen)        | (Billions of Yen)        |
| -----                    | -----                    | -----                    |
| [PLOT POINTS TO COME]    | [PLOT POINTS TO COME]    | [PLOT POINTS TO COME]    |
| -----                    | -----                    | -----                    |
| 1998 1999 2000 2001 2002 | 1998 1999 2000 2001 2002 | 1998 1999 2000 2001 2002 |

|                                      | Millions of yen<br>(except per share amounts) |              |              | Thous<br>U.S.<br>(except<br>amo |
|--------------------------------------|---|--------------|--------------|---------------------------------|
| Nonconsolidated                      | 2002  | 2001         | 2001         | -----                           |
| Sales                                | (Yen)183,367                                  | (Yen)206,929 | (Yen)430,270 | \$                              |
| Japan                                | 117,074                                       | 131,833      | 283,148      |                                 |
| Overseas                             | 66,293  | 75,096       | 147,122      |                                 |
| Operating income                     | 1,941   | 4,804        | 14,181       |                                 |
| Ordinary profit                      | 2,587   | 4,307        | 11,281       |                                 |
| Net income (loss)                    | (21,909)                                      | 3,719        | 7,222        |                                 |
| Net income (loss) per share -- basic | (22.85)                                       | 3.87         | 7.52         |                                 |
| Dividends per share                  | 3.00  | 3.00         | 6.00         |                                 |
| Total assets                         | 704,622                                       | 752,793      | 765,446      |                                 |
| Total shareholders' equity           | 445,007                                       | 478,652      | 473,794      |                                 |
| Total shareholders' equity per share | 464.07  | 499.16       | 494.09       |                                 |
| Capital expenditures                 | 5,862   | 7,104        | 20,478       |                                 |
| Research and development expenses    | 13,147  | 14,474       | 28,682       |                                 |

Notes: 1. Yen figures of less than one million are omitted.  
2. The translations of Japanese yen amounts into United States dollar amounts are included solely for convenience and have been made at the rate of (Yen)119 to U.S.\$1, the approximate rate of exchange at September 28, 2001.

|                                |                                      |  |
|--------------------------------|--------------------------------------|--|
| Net Sales<br>(Billions of yen) | Ordinary Profit<br>(Billions of yen) | Net Income (Loss)<br>(Billions of yen) |
| -----                          | -----                                | -----                                  |
| (PLOT POINTS TO COME)          | (PLOT POINTS TO COME)                | (PLOT POINTS TO COME)                  |

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1998 1999 2000 2001 2002      1998 1999 2000 2001 2002      1998 1999 2000 2001 2002  
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### Review of Operations

#### Construction and Mining Equipment

Consolidated net sales of the construction and mining equipment business for the interim period declined 2.7% from the corresponding period last year, to (Yen)353.0 billion (US\$2,967 million). Nonconsolidated net sales amounted to (Yen)156.9 billion (US\$1,319 million), registering a decrease of 10.9%.

Japanese sales for the interim period fell 9.2% from the corresponding period last year, to (Yen)129.6 billion (US\$1,089 million) on a consolidated basis, while nonconsolidated sales in Japan were (Yen)93.8 billion (US\$789 million), down 10.6%. Total demand for construction equipment in Japan dropped more than anticipated, as the Japanese construction industry became increasingly reluctant to make equipment investments, because of a recessionary mindset compounded by reduced public investments.

Against this backdrop, Komatsu embarked on full-scale market launches of the new-generation construction equipment GALEO series and worked to expand sales during the interim period. We also accelerated our involvement in downstream markets. Together with our distributors and affiliated rental companies nationwide, we reinforced our sales-rental-service integrated initiatives and application-specific sales of new machines. Furthermore, we continued to offer our customers value programs such as management strategy seminars, strengthening our relationship with customers.

IT (Information Technology) is a very effective means for us to sharpen our product competitiveness and differentiation. We introduced our original KOMTRAX machine operation management system to selected models of the GALEO series as a standard feature. Based on real-time information concerning the conditions of equipment, we are now positioned to effectively deliver new services and establish new business models in which we will be able to help our customers reduce their total costs.

Consolidated overseas sales improved 1.5% over the corresponding period last year, to (Yen)223.4 billion (US\$1,878 million). Nonconsolidated overseas sales decreased 11.3%, to (Yen)63.1 billion (US\$530 million).

In North America, market demand for construction equipment slipped further, largely due to reduced equipment investment by customers who were concerned about uncertainty over the economy, inventory cutbacks by rental customers and other negative developments. Against this backdrop, we converged efforts in sales of new machines such as minimal rear-swing radius hydraulic excavators, but fell short of improving sales over the corresponding period last year.

In Europe, while major markets such as France sustained firm demand, demand sharply dropped in the largest European market of Germany. As a result, European demand, which had continued to expand since 1997, underwent a downturn for the interim period under review.

Chinese demand for construction equipment continued to sustain the momentum of rapid expansion carried over the last few years. Already with a wealth of business experience over many years, we further reinforced our business, as



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represented by the establishment of Komatsu (China) Ltd. in February, and accomplished substantial growth in sales over the corresponding period a year ago. In Southeast Asia, recovery of demand for construction equipment was delayed amid political turmoil in Indonesia and the Philippines, and our sales declined slightly from the corresponding period last year. However, we expect to improve sales for fiscal 2002 over the previous year, as demand for mining and other equipment is recovering in Indonesia in line with progress toward political stability.

Demand in the mining equipment market has been growing substantially, supported by demand for fleet renewals against the backdrops of the stabilized price of copper and increased price of coal. We have been expanding sales of super-large dump trucks, in particular, in which we enjoy the high evaluation of customers for high rates of operation and levels of reliability.

Worldwide demand for utility equipment, which had expanded steadily, declined under the effects of slowed demand in the major markets of North America and Europe. While we project a continued trend toward decreased demand into the second half, we are prepared to expand our market share and sales by introducing new models and expanding sales in regions other than North America and Europe. We are also planning to launch production in 2002 at a new plant currently under construction in South Carolina, U.S.A. With this local production, we will strive to expand sales in the North American market.

[GRAPHIC]

In line with the market launch of our GALEO series equipment, we held the "2001 New Product Debut" in Osaka and Yokohama in July by inviting some 3,000 customers nationwide. We demonstrated our solutions in 10 different market segments ranging from civil engineering, urban civil engineering and quarrying to recycling and coastal and underwater construction.

[GRAPHIC]

Komatsu Botswana (Pty) Ltd., a subsidiary of Komatsu Southern Africa (Pty) Ltd., has recently delivered new fleets of large dump trucks and bulldozers to two mines owned by Debswana Diamond Company, a joint venture formed between the Botswana government and De Beers. Shown is one of the 730E dump trucks delivered in January 2001.

### Electronics

Consolidated net sales of electronic products dropped 26.2% from the previous corresponding period, to (Yen)41.0 billion (US\$345 million) for the interim period under review, as they were adversely affected by worldwide IT-triggered sluggish economies. Our nonconsolidated sales declined 45.4%, to (Yen)2.2 billion (US\$19 million) for the interim period.

On a nonconsolidated basis, sales of electronic products decreased from the corresponding period last year, as expanded sales of network terminals and new wireless LAN products were offset by dropped sales of FA-use panel computers and programmable displays.

Komatsu Electronic Metals Co., Ltd. secured profits on a nonconsolidated basis, while the market conditions for silicon wafers remained sluggish. In addition to reinforcing sales and service operations, the company worked to

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improve corporate strength by cutting total costs with substantial reduction of fixed costs. Formosa Komatsu Silicon Corporation, its subsidiary, worked to expand its product mix and export sales. However, it fell short of absorbing a loss associated with the start-up cost in Taiwan, where the semiconductor market was hit hardest.

Advanced Silicon Materials LLC., in an effort to meet a drastic decline of demand for polycrystalline silicon for semiconductors, strove to expand sales of both polycrystalline silicon for use in solar batteries and silane. However, sales for the interim period declined from the previous corresponding period. In addition to the reduced sales, the company also faced an increased burden of electric power rates due to the change in power companies. As a result of expanded production costs, the company reported an operating loss for the interim period. In relation to the cancellation of power supply contracts, the company included a penalty of (Yen)7.6 billion (US\$64 million) as nonoperating income for the interim period, which was paid by the electric power company that had canceled the supply contract. The company also reported an impairment loss of (Yen)13.4 billion (US\$113 million) on fixed assets of its Butte Plant, based on future cash flows.

Komatsu Electronics, Inc. experienced a drastic decline in sales of thermoelectric modules for use in fiber optic communication networks, compared to outstanding sales up through last year. The drop in sales during the interim period reflects reduced investments and inventory adjustments by telecommunication equipment manufacturers. Despite these conditions, the company continued to focus its efforts in the development of next-generation products. Sales of semiconductor manufacturing related equipment also dropped sharply for the interim period as client manufacturers refrained from equipment investments.

GIGAPHOTON INC., a company accounted for by the equity method and in charge of the Excimer laser business, focused on research and development of industry-pace-setting, next-generation technologies and the realignment of global sales networks. As a result, the company advanced sales for the interim period over the previous corresponding period, despite adverse effects of investment cutbacks by semiconductor manufacturers. With heavy expenses appropriated to new product development, however, the company was not able to significantly improve earnings for the interim period.

[GRAPHIC]

GIGAPHOTON has commercialized the next-generation ArF laser G40A series for steppers.

Others

Consolidated net sales of the industrial machinery and other businesses totaled (Yen)111.3 billion (US\$936 million), an 18.1% decline from the corresponding period a year ago. Nonconsolidated sales decreased 9.4%, to (Yen)24.1 billion (US\$203 million).

On a nonconsolidated basis, our large press business improved sales over the previous corresponding period. We set up an operations system capable of meeting different needs and expectations of customers promptly, thereby contributing to their business expansion, such as the Japanese automobile industry, our major customer. As a result, sales for the interim period expanded over the corresponding period a year ago.

Komatsu Industries Corporation, in charge of sheet metal forming machinery and small and medium-sized presses, advanced sales for the interim period, while the press and machine tool industries faced a very difficult environment with a downturn in industry-wide orders received. The success of the company reflects

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the positive outcome of proposal-oriented sales activities and expanded demand for medium-sized presses from automotive-related manufacturers who need larger equipment. Since the start of the new management board in 1999, the company has continued to increase orders, sales and earnings, achieving improvements for the past four consecutive interim periods.

While Japanese demand for agricultural equipment slowed down, Komatsu Zenoah Co. expanded sales of machinery for environmental conservation to the lease and rental industries in Japan. The company also registered buoyant sales of outdoor power equipment in North America and Europe supported by outstanding growth in orders for blowers developed for North America.

Komatsu Forklift Co. launched renewed models of 2-ton shovel loaders and expanded its market share substantially. The company continued to forge its alliance relationship with Linde AG of Germany, including sales of Linde-made forklift trucks in Japan since October 2000. The company also enjoyed successful production of its engine-powered forklift trucks for Europe at Fiat OM Carrelli Elevatori S.p.A. in Italy since the production start-up in January 2001. While the company concerted its efforts to expand sales both in Japan and overseas and enhance product competitiveness, they were offset by adverse effects from a drastic fall of demand for industrial vehicles in the United States. As a result, while sales for the interim period dropped sharply from the corresponding period last year, the company maintained earnings at a minimal decline.

Concerning our business with Japan's Defense Agency, sales were steady during the interim period but declined from the previous corresponding period. Sales of environmental control and systems slipped considerably.

### Sales by Operation (Consolidated)

For the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

|                                   | Millions of yen |               | Thousands of<br>U.S. dollars |
|-----------------------------------|-----------------|---------------|------------------------------|
|                                   | 2002            | 2001          | 2002                         |
| Construction and mining equipment | (Yen) 353,072   | (Yen) 362,919 | \$2,966,992                  |
| Electronics                       | 41,048          | 55,599        | 344,941                      |
| Others                            | 111,335         | 136,012       | 935,588                      |
| Total                             | (Yen) 505,455   | (Yen) 554,530 | \$4,247,521                  |

[CHART]

For the six months ended September 30, 2001

|                                   |       |
|-----------------------------------|-------|
| Construction and mining equipment | 69.9% |
| Electronics                       | 8.1%  |
| Others                            | 22.0% |

### Sales by Region (Consolidated)

For the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

|  | Millions of yen |      | Thousands of<br>U.S. dollars |
|--|-----------------|------|------------------------------|
|  | 2002            | 2001 | 2002                         |
|  |                 |      |                              |

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|   |               |               |             |
|---|---------------|---------------|-------------|
| Japan                                       | (Yen) 239,542 | (Yen) 288,922 | \$2,012,958 |
| Americas                                    | 120,470       | 129,787       | 1,012,353   |
| Europe                                      | 62,248        | 66,019        | 523,092     |
| Asia (excluding Japan) and Oceania          | 62,252        | 58,128        | 523,126     |
| Middle East and Africa                      | 20,943        | 11,674        | 175,992     |
| <hr style="border-top: 1px dashed black;"/> |               |               |             |
| Total                                       | (Yen) 505,455 | (Yen) 554,530 | \$4,247,521 |
| <hr style="border-top: 1px dashed black;"/> |               |               |             |

[CHART]

For the six months ended September 30, 2001

|                                    |       |
|------------------------------------|-------|
| Japan                              | 47.4% |
| Americas                           | 23.8% |
| Europe                             | 12.3% |
| Asia (excluding Japan) and Oceania | 12.3% |
| Middle East and Africa             | 4.2%  |

Sales by Operation (Nonconsolidated)

For the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

|   | Millions of yen |               | Thousands of<br>U.S. dollars |
|---|-----------------|---------------|------------------------------|
|   | 2002            | 2001          | 2002                         |
| <hr style="border-top: 1px dashed black;"/> |                 |               |                              |
| Construction and mining equipment           | (Yen) 156,958   | (Yen) 176,122 | \$1,318,981                  |
| Electronics                                 | 2,266           | 4,148         | 19,047                       |
| Others                                      | 24,142          | 26,659        | 202,878                      |
| <hr style="border-top: 1px dashed black;"/> |                 |               |                              |
| Total                                       | (Yen) 183,367   | (Yen) 206,929 | \$1,540,907                  |
| <hr style="border-top: 1px dashed black;"/> |                 |               |                              |

Note: Yen figures of less than one million are omitted.

[CHART]

|                                      |       |
|--------------------------------------|-------|
| Construction and<br>Mining Equipment | 85.6% |
| Others                               | 13.2% |
| Electronics                          | 1.2%  |

For the six months ended September 30, 2001

Sales by Region (Nonconsolidated)

For the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

|   | Millions of yen |               | Thousands of<br>U.S. dollars |
|---|-----------------|---------------|------------------------------|
|   | 2002            | 2001          | 2002                         |
| <hr style="border-top: 1px dashed black;"/> |                 |               |                              |
| Japan                                       | (Yen) 117,074   | (Yen) 131,833 | \$ 983,815                   |
| Americas                                    | 20,000          | 27,713        | 168,067                      |
| Europe                                      | 17,253          | 19,614        | 144,983                      |
| Asia (excluding Japan) and Oceania          | 17,948          | 19,076        | 150,824                      |

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|                        |               |               |             |
|------------------------|---------------|---------------|-------------|
| Middle East and Africa | 11,091        | 8,693         | 93,202      |
| -----                  |               |               |             |
| Total                  | (Yen) 183,367 | (Yen) 206,929 | \$1,540,907 |
| -----                  |               |               |             |

Note: Yen figures of less than one million are omitted.

[CHART]

|                                    |       |
|------------------------------------|-------|
| Asia (excluding Japan) and Oceania | 9.8%  |
| Europe                             | 9.4%  |
| Americas                           | 10.9% |
| Middle East and Africa             | 6.1%  |
| Japan                              | 63.8% |

For the Six Months Ended September 30, 2001

News Briefs

New-Generation GALEO Series Machines Launched

We embarked on full-scale market launchings of new-generation construction and mining equipment in the GALEO series in May this year. Starting with our in-house developed HM400 articulated dump truck, we had already introduced a total of 11 new models in hydraulic excavators, bulldozers, wheel loaders and dump trucks as of the end of the interim period under review. We have incorporated the latest technologies in each model of the GALEO series on our committed criteria of safety, environmental conservation and productivity.

[GRAPHIC]  
GALEO

[GRAPHIC]  
PC78US Hydraulic excavator

[GRAPHIC]  
D39X Bulldozer

[GRAPHIC]  
PC200 Hydraulic excavator

[GRAPHIC]  
BZ210 Mobile soil stabilizer/recycler

[GRAPHIC]  
WA470 Wheel loader

Cumulative Sales of 2,000 Units Achieved for the Mobile Crusher/Recycler Series

During the interim period under review, we accomplished cumulative sales of 2,000 units of the mobile crusher/recycler series of our original construction equipment exclusively designed for use in environmental conservation.

In 1992, we led others in the market introduction of a mobile debris crusher developed with our technological expertise in construction equipment. Ever since, we have been widely advocating the on-site recycling construction method, as our machines can take advantage of mobility and recycle wastes from jobsites, such as stone, concrete, wood and soil. Positioned as the frontrunner of construction equipment for environmental conservation, we are committed to providing solutions to customers' concerns for environmental protection.

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### One-Sided Plasma Spot Welding Machine Developed

Jointly with Toyota Auto Body Co., Ltd., we have successfully developed the one-sided plasma spot welding machine (patent pending). Utility and reliability have already been confirmed in the production line at Toyota Auto Body. Today, the two contrary properties of light weight and high rigidity are increasingly expected from automotive bodies in light of environmental protection and safety. As an innovative technology, the newly developed one-sided plasma spot welding enables auto body manufacturers to achieve this task.

[GRAPHIC]

One-sided plasma spot welding machine in operation at Toyota Auto Body

### Our Panel Computers Go to Local Community Network

We have delivered some 2,000 units of our WebLight network information terminal to the town of Ooi, a small rural community of 2,000 households on the coast of the Japan Sea. While our WebLight terminals are developed for industrial applications, the town office has installed them to all households as home-use information terminals as part of its local information network plan. Under this plan, the town office is offering a wide range of information services, including public administration, local news and e-mail communication among residents. Our WebLight terminals were chosen for easy operation, application and management.

[GRAPHIC]

Senior citizens and other residents have taken the introductory course, where they learned how to use our WebLight terminals.

### Consolidated Balance Sheets (Unaudited)

Komatsu Ltd. and subsidiaries

As of September 30, 2001 and 2000, of fiscal 2002 and 2001

|   | Millions of yen |              | Thousands of<br>U.S. dollars |
|---|-----------------|--------------|------------------------------|
|   | 2002            | 2001         | 2002                         |
| <b>ASSETS</b>   |                 |              |                              |
| Current assets  |                 |              |                              |
| Cash and cash equivalents   | (yen) 29,138    | (yen) 54,713 | \$244,857                    |
| Time deposits   | 2,764           | 899          | 23,227                       |
| Marketable securities   | -               | 1,196        | -                            |
| Trade notes and accounts receivables,<br>less allowance for doubtful<br>receivables | 342,228         | 388,019      | 2,875,866                    |
| Inventories   | 253,713         | 238,458      | 2,132,042                    |
| Other current assets  | 102,195         | 104,450      | 858,781                      |
| Total current assets  | 730,038         | 787,735      | 6,134,773                    |
| Investments   | 83,483          | 101,304      | 701,538                      |
| Property, plant and equipment<br>-- less accumulated depreciation                   | 397,665         | 426,502      | 3,341,723                    |
| Other assets  | 89,244          | 73,334       | 749,949                      |

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Total (yen) 1,300,430 (yen) 1,388,875 \$10,927,983

LIABILITIES AND SHAREHOLDERS' EQUITY

|  | Millions of yen |                 |
|--|-----------------|-----------------|
|  | 2002            | 2001            |
| Current liabilities  |                 |                 |
| Short-term debt (including current maturities of long-term debt) | (yen) 191,595   | (yen) 237,000   |
| Trade notes and accounts payable                                 | 178,308         | 209,000         |
| Income taxes payable   | 4,584           | 7,000           |
| Other current liabilities  | 134,051         | 125,000         |
| Total current liabilities  | 508,538         | 580,000         |
| Long-term liabilities  | 321,564         | 288,000         |
| Minority interests   | 46,118          | 48,000          |
| Shareholders' equity   |                 |                 |
| Common stock   | 67,870          | 67,000          |
| Capital surplus  | 117,439         | 117,000         |
| Retained earnings:   |                 |                 |
| Appropriated for legal reserve                                   | 20,859          | 20,000          |
| Unappropriated   | 251,121         | 299,000         |
| Accumulated other comprehensive income (loss)                    | (30,167)        | (31,000)        |
| Treasury stock   | (2,912)         | (1,000)         |
| Total shareholders' equity                                       | 424,210         | 472,000         |
| Total  | (yen) 1,300,430 | (yen) 1,388,875 |
| Accumulated other comprehensive income (loss):                   |                 |                 |
| Foreign currency translation adjustments                         | (yen) (23,022)  | (yen) (39,000)  |
| Net unrealized holding gains on securities available for sale    | 3,741           | 12,000          |
| Pension liability adjustments                                    | (10,518)        | (4,000)         |
| Net unrealized gains (losses) on derivative instruments          | (368)           |                 |

Note: The translations of Japanese yen amounts into United States dollar amounts are included solely for convenience and have been made at the rate of (Yen)119 to U.S.\$1, the approximate rate of exchange at September 28, 2001.

Consolidated Statements of Income and Unappropriated Retained Earnings (Unaudited)

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Komatsu Ltd. and subsidiaries

For the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

|  | Millions of yen |               |
|--|-----------------|---------------|
|  | 2002            | 2001          |
| <hr/>  |                 |               |
| Revenues   |                 |               |
| Net sales  | (Yen) 505,455   | (Yen) 554,530 |
| Interest and other income  | 15,993          | 19,640        |
| <hr/>  |                 |               |
| Total  | 521,448         | 574,170       |
| <hr/>  |                 |               |
| Costs and expenses   |                 |               |
| Cost of sales  | 381,666         | 409,590       |
| Selling, general and administrative  | 129,109         | 132,090       |
| Interest   | 9,045           | 10,800        |
| Other  | 52,485          | 10,480        |
| <hr/>  |                 |               |
| Total  | 572,305         | 562,980       |
| <hr/>  |                 |               |
| Income (loss) before income taxes,<br>minority interests and equity in earnings            | (50,857)        | 11,190        |
| Income taxes   | (5,502)         | 8,630         |
| Minority interests in income (loss) of<br>consolidated subsidiaries                        | 2,123           | 500           |
| Equity in earnings (losses) of affiliated companies  | 567             | 530           |
| <hr/>  |                 |               |
| Net income (loss)  | (42,665)        | 3,150         |
| <hr/>  |                 |               |
| Unappropriated retained earnings at<br>beginning of the period                             | 300,499         | 305,480       |
| Decrease resulting from the change of<br>fiscal year for certain consolidated subsidiaries | (3,705)         |               |
| Cash dividends paid  | (2,867)         | (2,900)       |
| Transfer to retained earnings<br>appropriated for legal reserve                            | (141)           | (260)         |
| Retirement of treasury stock   | -               | (5,840)       |
| <hr/>  |                 |               |
| Unappropriated retained earnings<br>at end of the period                                   | (Yen) 251,121   | (Yen) 299,630 |

|                              | Yen           |            | U.S.cents      |
|------------------------------|---------------|------------|----------------|
|                              | 2002          | 2001       | 2002           |
| <hr/>                        |               |            |                |
| Net income (loss) per share: |               |            |                |
| Basic                        | (yen) (44.69) | (yen) 3.29 | (37.6) (cents) |
| Diluted                      | -             | -          | -              |
| Dividends per share          | 3.00          | 3.00       | 2.5            |

Notes: 1. Based on Statement of Financial Accounting Standards (SFAS) No.130, "Reporting Comprehensive Income" aggregated net loss for the



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six months ended September 30, 2001 and 2000, were (Yen)53,075 million (US\$446,008 thousand) and (Yen)9,067 million, respectively.

2. At the beginning of fiscal 2002, the Company changed the consolidated closing date for certain overseas subsidiaries from December 31 to March 31. As a result, unappropriated retained earnings decreased by (Yen)3,705 million (US\$31,134 thousand), and other comprehensive income increased by (Yen)9,447 million (US\$79,387 thousand).
3. Effective from fiscal 2002, the Company adopted SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No.138, "Accounting for Derivative Instruments and Certain Hedging Activities, an Amendment of FASB Statement No.133."

Consolidated Statements of Cash Flows (Unaudited)  
 Komatsu Ltd. and subsidiaries  
 For the six months ended September 30, 2001, of fiscal 2002

|  | Millions of yen |             | Thous<br>U.S. |
|--|-----------------|-------------|---------------|
|  | 2002            | 2001        | 2002          |
| <hr style="border-top: 1px dashed black;"/>  |                 |             |               |
| Operating activities   |                 |             |               |
| Net income (loss)  | (YEN) (42,665)  | (YEN) 3,152 | \$            |
| Adjustments to reconcile net<br>income (loss) to net cash provided<br>by (used in) operating activities: |                 |             |               |
| Depreciation and amortization  | 31,474          | 33,841      |               |
| Provision (reversal) for deferred<br>income taxes  | (8,631)         | (4,526)     |               |
| Net loss (gain) from marketable<br>securities and investments  | 5,756           | (11,835)    |               |
| Gain on sales of property  | (1,430)         | (2,369)     |               |
| Loss on disposal or sale of<br>fixed assets  | 1,065           | 2,120       |               |
| Impairment loss on long-lived assets   | 38,394          | 4,279       |               |
| Provision (reversal) for<br>postretirement benefits, net   | (2,464)         | 4,464       |               |
| Changes in assets and liabilities:   |                 |             |               |
| Decrease (increase) in trade<br>receivables  | 45,219          | (19,981)    |               |
| Decrease (increase) in inventories   | 10,177          | (15,254)    |               |
| Increase (decrease) in trade payables  | (32,278)        | 27,659      |               |
| Increase (decrease) in income taxes<br>payable   | (5,360)         | (1,112)     |               |
| Other, net   | 2,536           | 830         |               |
| <hr style="border-top: 1px dashed black;"/>  |                 |             |               |
| Net cash provided by<br>operating activities   | 41,793          | 21,268      |               |
| <hr style="border-top: 1px dashed black;"/>  |                 |             |               |
| Investing activities   |                 |             |               |
| Capital expenditures   | (24,316)        | (30,076)    |               |
| Proceeds from sales of property  | 7,128           | 11,891      |               |
| Proceeds from sales of marketable<br>securities and investments  | 1,313           | 52,057      |               |
| Purchases of marketable securities   |                 |             |               |

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|  |          |          |
|--|----------|----------|
| and investments  | (741)    | (30,442) |
| Acquisition or sale of subsidiaries                    | -        | (2,510)  |
| Collection of loan receivables                         | 2,960    | 2,315    |
| Disbursement of loan receivables                       | (4,290)  | (2,644)  |
| Decrease (increase) in time deposits                   | (1,655)  | 16       |
| -----  |          |          |
| Net cash provided by (used in)<br>investing activities | (19,601) | 607      |
| -----  |          |          |

Financing activities

|   |              |              |
|---|--------------|--------------|
| Proceeds from long-term debt  | (Yen) 35,618 | (Yen) 6,972  |
| Repayments on long-term debt  | (25,258)     | (30,983)     |
| Increase (decrease) in short-term debt                                  | (39,899)     | (14,188)     |
| Repayments of Capital lease   | (2,446)      | -            |
| Sales (repurchase) of common stock net                                  | 201          | (6,485)      |
| Dividends paid  | (2,867)      | (2,900)      |
| -----   |              |              |
| Net cash provided by (used in) financing activities                     | (34,651)     | (47,584)     |
| -----   |              |              |
| Effect of exchange rate change<br>on cash and cash equivalents          | 19           | (54)         |
| -----   |              |              |
| Net increase (decrease) in cash and cash equivalents                    | (12,440)     | (25,763)     |
| Cash and cash equivalents, beginning of year                            | 39,760       | 80,476       |
| Adjustments for change of fiscal<br>period on consolidated subsidiaries | 1,818        | -            |
| -----   |              |              |
| Cash and cash equivalents, end of year                                  | (Yen) 29,138 | (Yen) 54,713 |
| -----   |              |              |

Consolidated Business Information (Unaudited)

Komatsu Ltd. and subsidiaries

As of September 30, 2001 and 2000 as well as for the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

Information by business unit

|                                   | Millions of yen |               | Tho  |
|-----------------------------------|-----------------|---------------|------|
|                                   | 2002            | 2001          | U.S. |
| -----                             |                 |               |      |
| Net sales:                        |                 |               |      |
| Construction and mining equipment | (Yen) 356,892   | (Yen) 366,297 |      |
| Electronics                       | 41,199          | 55,823        |      |
| Others                            | 125,683         | 162,171       |      |
| -----                             |                 |               |      |
| Total                             | 523,774         | 584,291       |      |
| Corporate and elimination         | (18,319)        | (29,761)      |      |

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|  |                |               |
|--|----------------|---------------|
| Consolidated                                   | (Yen) 505,455  | (Yen) 554,530 |
| Operating income (loss):                       |                |               |
| Construction and mining equipment              | (Yen) 282      | (Yen) 13,300  |
| Electronics                                    | (4,850)        | (2,520)       |
| Others   | 2,390          | 3,992         |
| Total  | (2,178)        | 14,772        |
| Corporate and elimination                      | (3,142)        | (1,933)       |
| Consolidated operating income (loss)           | (5,320)        | 12,839        |
| Interest and other income                      | 15,993         | 19,649        |
| Interest expense                               | 9,045          | 10,805        |
| Other expenses                                 | 52,485         | 10,488        |
| Consolidated income (loss) before income taxes | (Yen) (50,857) | (Yen) 11,195  |

Consolidated Business Information (Unaudited)

Komatsu Ltd. and subsidiaries

As of September 30, 2001 and 2000 as well as for the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

Information by business unit

|                                   | Millions of yen |                 | Thousands of U.S. dollars |
|-----------------------------------|-----------------|-----------------|---------------------------|
|                                   | 2002            | 2001            | 2002                      |
| Identifiable assets:              |                 |                 |                           |
| Construction and mining equipment | (Yen) 836,855   | (Yen) 746,382   | \$7,032,39                |
| Electronics                       | 186,226         | 236,944         | 1,564,92                  |
| Others                            | 241,184         | 288,222         | 2,026,75                  |
| Total                             | 1,264,265       | 1,271,548       | 10,624,07                 |
| Corporate and elimination         | 36,165          | 117,327         | 303,90                    |
| Consolidated                      | (Yen) 1,300,430 | (Yen) 1,388,875 | \$10,927,98               |
| Depreciation and amortization:    |                 |                 |                           |
| Construction and mining equipment | (Yen) 18,051    | (Yen) 14,693    | \$151,68                  |
| Electronics                       | 9,092           | 9,680           | 76,40                     |
| Others                            | 3,772           | 8,197           | 31,69                     |
| Total                             | 30,915          | 32,570          | 259,79                    |
| Corporate and elimination         | 14              | -               | 11                        |
| Consolidated                      | (Yen) 30,929    | (Yen) 32,570    | \$259,90                  |
| Capital expenditures:             |                 |                 |                           |
| Construction and mining equipment | (Yen) 20,241    | (Yen) 15,085    | \$170,09                  |
| Electronics                       | 2,843           | 3,783           | 23,89                     |
| Others                            | 5,606           | 11,208          | 47,10                     |

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-----  
 Consolidated (Yen) 28,690 (Yen) 30,076 \$241,09  
 -----

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Geographic information

Net sales recognized by sales destination for the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001

|                                    | Millions of yen |               | Thousands of U.S. dollars |
|------------------------------------|-----------------|---------------|---------------------------|
|                                    | 2002            | 2001          | 2002                      |
| Japan                              | (Yen) 239,542   | (Yen) 288,922 | \$2,012,958               |
| Americas                           | 120,470         | 129,787       | 1,012,353                 |
| Europe                             | 62,248          | 66,019        | 523,092                   |
| Asia (excluding Japan) and Oceania | 62,252          | 58,128        | 523,126                   |
| Middle East and Africa             | 20,943          | 11,674        | 175,992                   |
| Consolidated                       | (Yen) 505,455   | (Yen) 554,530 | \$4,247,521               |

Net sales recognized by geographic origin and long-lived assets at September 30, 2001 and 2000, of fiscal 2002 and 2001

|            | Millions of yen |               | Thousands of U.S. dollars |
|------------|-----------------|---------------|---------------------------|
|            | 2002            | 2001          | 2002                      |
| Net sales: |                 |               |                           |
| Japan      | (Yen) 280,025   | (Yen) 322,099 | \$2,353,151               |
| U.S.A.     | 125,362         | 131,310       | 1,053,462                 |
| Europe     | 53,401          | 58,851        | 448,748                   |
| Others     | 46,667          | 42,270        | 392,160                   |
| Total      | (Yen) 505,455   | (Yen) 554,530 | \$4,247,521               |

Long-lived assets:

|        |               |               |             |
|--------|---------------|---------------|-------------|
| Japan  | (Yen) 316,528 | (Yen) 312,442 | \$2,659,899 |
| U.S.A. | 103,072       | 126,980       | 866,152     |
| Europe | 10,941        | 8,772         | 91,941      |
| Others | 31,012        | 29,107        | 260,605     |

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|       |               |               |             |
|-------|---------------|---------------|-------------|
| Total | (Yen) 461,553 | (Yen) 477,301 | \$3,878,597 |
|-------|---------------|---------------|-------------|

---

Note: No individual country within Europe or other areas had a material impact on net sales or long-lived assets. There were no sales to a single major external customer during the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001.

| Information by region | Millions of ye |      |
|-----------------------|----------------|------|
|                       | 2002           | 2001 |

---

|                           |               |               |
|---------------------------|---------------|---------------|
| Net sales:                |               |               |
| Japan                     | (Yen) 336,342 | (Yen) 336,342 |
| Americas                  | 133,174       | 133,174       |
| Europe                    | 57,967        | 57,967        |
| Others                    | 49,555        | 49,555        |
| Corporate and elimination | (71,583)      | (71,583)      |

---

|              |               |               |
|--------------|---------------|---------------|
| Consolidated | (Yen) 505,455 | (Yen) 505,455 |
|--------------|---------------|---------------|

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Operating income (loss):

|                           |               |               |
|---------------------------|---------------|---------------|
| Japan                     | (Yen) (1,311) | (Yen) (1,311) |
| Americas                  | (2,390)       | (2,390)       |
| Europe                    | 1,388         | 1,388         |
| Others                    | (420)         | (420)         |
| Corporate and elimination | (2,587)       | (2,587)       |

---

|              |               |               |
|--------------|---------------|---------------|
| Consolidated | (Yen) (5,320) | (Yen) (5,320) |
|--------------|---------------|---------------|

---

Identifiable assets:

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Japan                            | (Yen) 971,306 | (Yen) 971,306 |
| Americas                         | 314,375       | 314,375       |
| Europe                           | 78,157        | 78,157        |
| Others                           | 95,352        | 95,352        |
| Corporate assets and elimination | (158,760)     | (158,760)     |

---

|              |                 |                 |
|--------------|-----------------|-----------------|
| Consolidated | (Yen) 1,300,430 | (Yen) 1,300,430 |
|--------------|-----------------|-----------------|

---

Overseas sales:

|          | Millions of ye |               |
|----------|----------------|---------------|
|          | 2002           | 2001          |
| Americas | (Yen) 120,470  | (Yen) 120,470 |
|          | 23.8%          |               |
| Europe   | 62,248         | 62,248        |

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|              |       |               |         |
|--------------|-------|---------------|---------|
| Others       | 12.3% | 83,195        | 16.5%   |
| Total        |       | 265,913       | 52.6%   |
| Consolidated |       | (Yen) 505,455 | (Yen) 5 |

- Notes: 1. Overseas sales represent the sales of the Company and consolidated subsidiaries generated in all countries and regions of the world except for Japan.
2. Regions are categorized depending on geographical proximity.
3. Major regions for the geographical categories are as follows:
- (1) The Americas: the United States
  - (2) Europe: Germany and the United Kingdom
  - (3) Others: China, Australia and Southeast Asia

Nonconsolidated Balance Sheets

Komatsu Ltd.

As of September 30, 2001 and 2000, of fiscal 2002 and 2001  
Yen figures of less than one million are omitted.

|                                      | Millions of yen |               | Tho |
|--------------------------------------|-----------------|---------------|-----|
|                                      | 2002            | 2001          | U.  |
| <b>ASSETS</b>                        |                 |               |     |
| Current assets                       | (Yen) 307,449   | (Yen) 331,396 |     |
| Cash on hand and in banks            | 8,430           | 28,856        |     |
| Notes receivable                     | 7,200           | 8,515         |     |
| Accounts receivable-trade            | 150,589         | 160,788       |     |
| Finished products                    | 26,033          | 25,534        |     |
| Materials and supplies               | 2,062           | 2,395         |     |
| Work in process                      | 24,841          | 24,428        |     |
| Prepaid expenses                     | 1,165           | 1,302         |     |
| Deferred income taxes-current        | 11,016          | 10,959        |     |
| Short-term loans receivable          | 68,743          | 61,878        |     |
| Other current assets                 | 12,584          | 13,048        |     |
| Allowance for doubtful receivables   | (5,219)         | (6,311)       |     |
| Fixed assets                         | 397,173         | 421,397       |     |
| Tangible fixed assets                | 140,818         | 145,649       |     |
| Buildings                            | 46,784          | 48,399        |     |
| Structures                           | 8,783           | 8,877         |     |
| Machinery and equipment              | 29,784          | 32,910        |     |
| Vehicles and delivery equipment      | 240             | 272           |     |
| Tools, furniture and fixtures        | 7,973           | 10,394        |     |
| Land                                 | 46,402          | 43,163        |     |
| Construction in progress             | 849             | 1,632         |     |
| Intangible fixed assets              | 11,654          | 9,784         |     |
| Utility rights                       | 179             | 188           |     |
| Software                             | 11,409          | 9,521         |     |
| Other intangible assets              | 65              | 74            |     |
| Investments and miscellaneous assets | 244,700         | 265,962       |     |
| Investment securities                | 52,225          | 69,905        |     |

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|  |               |               |
|--|---------------|---------------|
| Security and other investments in subsidiaries | 177,209       | 204,427       |
| Long-term loans receivable                     | 4,604         | 4,422         |
| Noncurrent prepaid expenses                    | 702           | 762           |
| Deferred income taxes-noncurrent               | 25,567        | -             |
| Treasury stock                                 | 2,373         | 1,212         |
| Other investments                              | 4,838         | 5,449         |
| Allowance for doubtful receivables             | (437)         | (175)         |
| Allowance for investments valuation            | (22,383)      | (20,041)      |
| <hr/>  |               |               |
| Total assets                                   | (Yen) 704,622 | (Yen) 752,793 |
| <hr/>  |               |               |

- Notes: 1. Accumulated depreciation of tangible fixed assets  
2002 --- (Yen)299,956 million      2001 --- (Yen)296,610 million
2. Net income (loss) per share (using the number of outstanding shares at  
end of interim period)  
2002 --- (Yen) (22.85)                      2001 --- (Yen)3.88

Millions of yen

2002                      2001

LIABILITIES AND SHAREHOLDERS' EQUITY

|   |              |              |
|---|--------------|--------------|
| Current liabilities                         | (yen)134,909 | (yen)150,430 |
| Notes payable - trade                       | 3,588        | 3,777        |
| Accounts payable - trade                    | 70,655       | 81,268       |
| Short-term loans payable                    | 9,141        | 6,668        |
| Commercial paper                            | -            | 1,000        |
| Accounts payable                            | 31,183       | 30,429       |
| Accrued corporation taxes, etc              | 300          | 4,295        |
| Advances received                           | 800          | 1,284        |
| Deferred profit on installment sales        | 5,692        | 8,649        |
| Accrued bonuses                             | 4,903        | 4,892        |
| Warranty reserve                            | 4,144        | 3,823        |
| Other current liabilities                   | 4,499        | 4,341        |
| Long-term liabilities                       | 124,705      | 123,710      |
| Bonds                                       | 62,447       | 62,447       |
| Long-term loans payable                     | 27,045       | 15,101       |
| Liabilities for severance payments          | 33,374       | 39,708       |
| Liabilities for postretirement benefits     | 1,040        | 989          |
| Deferred tax liabilities                    | -            | 5,033        |
| Other long-term liabilities                 | 796          | 430          |
| <hr/>                                       |              |              |
| Total liabilities                           | 259,614      | 274,140      |
| <hr/>                                       |              |              |
| Shareholders' equity                        |              |              |
| Capital                                     | 70,120       | 70,120       |
| Common stock                                | 70,120       | 70,120       |
| Legal reserves                              | 127,366      | 127,366      |
| Capital surplus                             | 109,337      | 109,337      |
| Legal surplus                               | 18,029       | 18,029       |
| Retained earnings                           | 241,882      | 266,088      |
| Reserve for special depreciation            | 168          | 192          |
| Reserve for losses on overseas investments  | 1            | 1            |
| Reserve for advanced depreciation deduction | 15,068       | 11,977       |

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|  |               |               |
|--|---------------|---------------|
| Reserve for special advanced depreciation account  | -             | 10,745        |
| General reserve                                    | 230,359       | 205,359       |
| Unappropriated retained earnings (losses)          | (3,714)       | 37,811        |
| Net income (loss) for interim period               | (21,909)      | 3,719         |
| Unrealized gains on revaluation, net of tax effect | 5,637         | 15,076        |
| Unrealized gains on revaluation, net of tax effect | 5,637         | 15,076        |
| <hr/>  |               |               |
| Total shareholders' equity                         | 445,007       | 478,652       |
| <hr/>  |               |               |
| Total liabilities and shareholders' equity         | (yen) 704,622 | (yen) 752,793 |
| <hr/>  |               |               |

Nonconsolidated Statements of Income and Unappropriated Retained Earnings  
Komatsu Ltd.

For the six months ended September 30, 2001 and 2000, of fiscal 2002 and 2001  
Yen figures of less than one million are omitted.

|   | Millions of yen |         | Th<br>U. |
|---|-----------------|---------|----------|
|   | 2002            | 2001    |          |
| <hr/>   |                 |         |          |
| Ordinary profits and losses                           |                 |         |          |
| Operating profits and losses                          |                 |         |          |
| Operating income                                      |                 |         |          |
| Net sales   | (Yen) 183,367   | 206,929 |          |
| Operating expenses                                    | 181,426         | 202,125 |          |
| Cost of sales   | 137,347         | 152,773 |          |
| Deferred profit on installment sales                  | (4,079)         | (1,648) |          |
| Selling, general and administrative expenses          | 48,158          | 50,999  |          |
| <hr/>   |                 |         |          |
| Operating income                                      | 1,941           | 4,804   |          |
| Nonoperating profits and losses                       |                 |         |          |
| Nonoperating income                                   | 6,298           | 5,157   |          |
| Interest and dividend income                          | 4,691           | 3,456   |          |
| Other nonoperating income                             | 1,606           | 1,701   |          |
| Nonoperating expenses                                 | 5,652           | 5,654   |          |
| Interest expenses                                     | 927             | 949     |          |
| Other nonoperating expenses                           | 4,724           | 4,705   |          |
| <hr/>   |                 |         |          |
| Ordinary profit                                       | 2,587           | 4,307   |          |
| Special profits and losses                            |                 |         |          |
| Special income  | 1,685           | 17,100  |          |
| Proceeds from sale of land                            | 1,097           | -       |          |
| Profit on sale of investment securities               | 588             | 11,747  |          |
| Profit on sale of shares of subsidiaries              | -               | 3,168   |          |
| Profit on origination of retirement benefits trust    | -               | 1,231   |          |
| Variance changing to retirement benefits accounting   | -               | 953     |          |
| Special losses  | 44,116          | 17,040  |          |
| Loss from sale of land                                | 57              | -       |          |
| Valuation loss of investment securities               | 4,526           | 202     |          |
| Valuation loss of shares of subsidiaries              | 24,376          | 1,430   |          |
| Deferred allowance of securities investment valuation | 15,155          | 2,591   |          |
| Loss from reorganization of subsidiaries              | -               | 12,816  |          |
| <hr/>   |                 |         |          |
| Income (loss) before income taxes                     | (39,843)        | 4,367   |          |
| Corporate, residential and business taxes             | 26              | 3,728   |          |
| Deferred income tax expense                           | (17,959)        | (3,079) |          |
| <hr/>   |                 |         |          |



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|   |               |        |
|---|---------------|--------|
| Net income (loss) for interim period                              | (21,909)      | 3,719  |
| Unappropriated retained earnings<br>at beginning of the period    | 18,195        | 40,433 |
| Retirement of treasury stock                                      | -             | 6,340  |
| Unappropriated retained earnings (losses)<br>at end of the period | (Yen) (3,714) | 37,811 |

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Directors and Officers  
As of November 30, 2001  
Board of Directors

Satoru Anzaki  
Chairman of the Board

Masahiro Sakane\*  
President

Toshitaka Hagiwara\*  
Executive Vice President  
Assistant to President, Corporate  
Administration, Related Businesses and  
Corporate Communications

Koji Ogaki\*  
Executive Managing Director  
President, Research Division  
Environment and Safety Management

Kazuhiro Aoyagi\*  
Executive Managing Director  
General Manager,  
Corporate Planning Division

Kunio Noji\*  
Managing Director  
President, Production Division, and  
President, e-KOMATSU Division

Tetsuya Katada  
Director  
Counselor

Toshio Morikawa  
Director  
Advisor, Sumitomo Mitsui Banking  
Corporation

\*Also acts as Executive Officer

Statutory Auditors

Norimichi Kitagawa  
Standing Auditor

Hiroyuki Watanabe  
Standing Auditor

Masahiro Yoshiike  
Auditor  
President, The Taiyo Mutual Life  
Insurance Co.

Takaharu Dohi  
Auditor

Executive Officers

Naomi Anesaki  
Senior Executive Officer  
Compliance, General Affairs and  
Defense Systems

Kunihiko Komiyama  
Senior Executive Officer  
President, Engines and Hydraulics  
Business Division

Hisashi Wada  
Senior Executive Officer  
President, Japanese  
Marketing Division

Teruo Nakahara  
Senior Executive Officer  
President, Development Division

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Shuji Sugi  
Executive Officer  
Vice President,  
Development Division

Susumu Isoda  
Executive Officer  
Vice President, Production Division, and  
Osaka Plant Manager

Teruo Nagayasu  
Executive Officer  
President, Product  
Support Division

Kanetake Nakatani  
Executive Officer  
Awazu Plant Manager, Production Division

Yuzo Tsumura  
Executive Officer  
President, Procurement Division

Masahiro Yoneyama  
Executive Officer  
Vice President, e-KOMATSU Division, and  
Deputy General Manager, Corporate  
Planning Division

Shigeki Fujimori  
Executive Officer  
President, Defense  
Systems Division

Munenori Nakao  
Executive Officer  
President, Environment Control and  
System Development Business Division

Yuji Watanabe  
Executive Officer  
Deputy General Manager,  
Corporate Planning Division

Kenji Kinoshita  
Executive Officer  
CFO

Makoto Nakamura  
Executive Officer  
President, International Division

Hiroshi Suzuki  
Executive Officer  
Vice President, Japanese  
Marketing Division

Mamoru Hironaka  
Executive Officer  
Vice President,  
Development Division

Masao Fuchigami  
Executive Officer  
Vice President, Research Division  
Intellectual Properties, New Technology  
Information and New Business Promotion

Global Officers  
James E. Boyle  
Chairman & CEO, Komatsu America  
International Company

David W. Grzelak  
Chairman & CEO  
Komatsu Mining Systems, Inc.

Kota Hoshino  
President & COO  
Komatsu Mining Systems, Inc.

Peter J. Howe  
Managing Director, Komatsu UK Ltd.

Junro Kawanabe  
President, Komatsu do  
Brasil Ltda.

Michael W. Kerschen  
President & COO  
Advanced Silicon Materials LLC.

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Yoichi Kobayashi  
President, Komatsu  
Latin-America Corp.

Yoshinori Komamura  
Managing Director, Komatsu Europe  
International N.V.

Gerhard Lehnen  
President, Komatsu Hanomag AG

John H. Matlok  
President & CEO  
Komatsu Silicon America, Inc.

Edson R. McCord  
President, North  
America Development  
Division, Komatsu America Corp.

Kenichi Nakamura  
President & COO, Komatsu America  
International Company

Teruaki Noda  
President & COO  
Komatsu America Corp.

Ian Olivieri  
Managing Director,  
Komatsu Australia Pty. Ltd.

Yoshitaka Omura  
President, Komatsu  
Asia & Pacific Pte Ltd.

Toshiji Onuma  
President, Komatsu Mexicana S.A. de C.V.

Frank Plancke  
Managing Director, Komatsu Europe  
Coordination Center N.V.

Enrico Tonetti  
President, Komatsu Utility Europe S.p.A.

Hideo Ueda  
Chairman & CEO  
Advanced Silicon Materials LLC.

Norbert H.H. Walther  
President, Komatsu Mining Germany GmbH

### Corporate Information As of September 30, 2001

Name Komatsu Ltd.

Address (Head Office)

2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan  
<http://www.komatsu.com/>

-----  
Corporate Communications Department

Tel: 81-3-5561-2687

Fax: 81-3-3582-8332

E-mail: [ir@komatsu.co.jp](mailto:ir@komatsu.co.jp)  
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Date of Establishment May 13, 1921

Common Stock

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### Outstanding

Consolidated: (Yen) 67,870 million (US\$628 million)

Nonconsolidated: (Yen) 70,120 million (US\$649 million)

### Number of Employees

Consolidated: 31,372

Nonconsolidated: 6,321

Shares of Common  
Stock Issued and  
Outstanding 958,921,701

Number of Shareholders 65,103

### Breakdown of Shareholders

[CHART]

Corporate 4.6%  
772 shareholders  
43,912,808 shares

Individual and other 18.8%  
63,594 shareholders  
180,666,720 shares

Foreign 34.4%  
462 shareholders  
329,458,570 shares

Securities 0.9%  
79 shareholders  
8,597,099 shares

Financial 41.3%  
196 shareholders  
396,286,504 shares

Settlement Date March 31 of each year

Annual Meeting of  
Shareholders June of each year

Transfer Agent for  
Common Stock The Toyo Trust and Banking Co., Ltd.  
4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo  
100-0005, Japan

Number of Per-Unit 1,000

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Shares

Stock Listings            Tokyo, Osaka, Nagoya, Fukuoka, Sapporo,  
Luxembourg, Frankfurt

Depositories

ADRs:                      Citibank N.A., 111 Wall Street, 5th Floor,  
New York, NY 10043, U.S.A.

EDRs:                      Citibank N.A., PO Box 18055, 5 Carmelite Street,  
London EC4Y 0PA, U.K.

GBCs:                      Dresdner Bank AG, Jurgen-Ponto-Platz 1, 60301,  
Frankfurt am Main, Germany