

KOMATSU LTD  
Form 6-K  
August 09, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**under the Securities Exchange Act of 1934**

**For the month of August, 2013**

**COMMISSION FILE NUMBER: 1-7239**

**KOMATSU LTD.**

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

**3-6 Akasaka 2-chome, Minato-ku, Tokyo, 107-8414, Japan**

**(Address of principal executive office)**

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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):

INFORMATION INCLUDED IN THIS REPORT

1. Quarterly Report for the First Quarter of the 145<sup>th</sup> Fiscal Year filed on August 8, 2013

On August 8, 2013, the registrant filed its Quarterly Report (*Shihanki Houkokusho*) with the Director of the Kanto Local Finance Bureau of Japan pursuant to the Financial Instruments and Exchange Act of Japan. This Quarterly Report contains, among other information, Quarterly Consolidated Financial Statements for the three month period ended June 30, 2013.

Material information in the report, other than the Quarterly Consolidated Financial Statements, has already been reported by the registrant in its press release dated July 29, 2013, a copy of which was submitted under cover of Form 6-K on July 30, 2013 by the registrant.

Attached is an English translation of the registrant's Quarterly Consolidated Financial Statements for the three month ended June 30, 2013.

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.

Date: August 9, 2013

By:

KOMATSU LTD.  
(Registrant)

/S/ Mikio Fujitsuka  
Mikio Fujitsuka  
Director and Senior Executive Officer

**[Quarterly Consolidated Financial Statements]****Consolidated Balance Sheets (Unaudited)**

Komatsu Ltd. and Consolidated Subsidiaries

June 30, 2013 and March 31, 2013

	June 30, 2013		March 31, 2013	
	Millions of yen	Component ratio (%)	Millions of yen	Component ratio (%)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents (Note 11)	¥ 93,557		¥ 93,620	
Time deposits (Note 11)	222		217	
Trade notes and accounts receivable, net (Notes 3 and 11)	580,283		606,904	
Inventories (Note 4)	672,293		633,647	
Deferred income taxes and other current assets (Notes 10, 11 and 12)	160,589		157,668	
<b>Total current assets</b>	<b>1,506,944</b>	<b>58.9</b>	<b>1,492,056</b>	<b>59.3</b>
<b>Long-term trade receivables, net (Notes 3 and 11)</b>	<b>241,283</b>	<b>9.4</b>	<b>235,825</b>	<b>9.4</b>
<b>Investments</b>				
Investments in and advances to affiliated companies	19,581		19,404	
Investment securities (Notes 5, 11 and 12)	61,594		59,279	
Other	2,714		2,574	
<b>Total investments</b>	<b>83,889</b>	<b>3.3</b>	<b>81,257</b>	<b>3.2</b>
<b>Property, plant and equipment less accumulated depreciation and amortization of ¥717,294 million at June 30, 2013 and ¥706,297 million at March 31, 2013</b>	<b>602,210</b>	<b>23.5</b>	<b>585,220</b>	<b>23.2</b>
<b>Goodwill</b>	<b>35,427</b>	<b>1.4</b>	<b>34,703</b>	<b>1.4</b>
<b>Other intangible assets less accumulated amortization</b>	<b>58,014</b>	<b>2.3</b>	<b>58,523</b>	<b>2.3</b>
<b>Deferred income taxes and other assets (Notes 10, 11 and 12)</b>	<b>32,172</b>	<b>1.2</b>	<b>30,273</b>	<b>1.2</b>
	<b>¥ 2,559,939</b>	<b>100.0</b>	<b>¥ 2,517,857</b>	<b>100.0</b>

The accompanying Notes are an integral part of these Quarterly Consolidated Financial Statements.

	June 30, 2013		March 31, 2013	
	Millions of yen	Component ratio (%)	Millions of yen	Component ratio (%)
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Short-term debt (Note 11)	¥ 254,192		¥ 205,156	
Current maturities of long-term debt (Notes 11 and 12)	117,738		130,793	
Trade notes, bills and accounts payable (Note 11)	228,908		226,275	
Income taxes payable	14,180		33,227	
Deferred income taxes and other current liabilities (Notes 10, 11 and 12)	228,048		232,125	
<b>Total current liabilities</b>	<b>843,066</b>	<b>32.9</b>	<b>827,576</b>	<b>32.8</b>
<b>Long-term liabilities</b>				
Long-term debt (Notes 11 and 12)	321,582		343,814	
Liability for pension and retirement benefits	50,082		49,912	
Deferred income taxes and other liabilities (Notes 10, 11 and 12)	46,964		43,860	
<b>Total long-term liabilities</b>	<b>418,628</b>	<b>16.4</b>	<b>437,586</b>	<b>17.4</b>
<b>Total liabilities</b>	<b>1,261,694</b>	<b>49.3</b>	<b>1,265,162</b>	<b>50.2</b>
<b>Commitments and contingent liabilities (Note 9)</b>				
<b>Equity</b>				
<b>Komatsu Ltd. shareholders equity</b>				
Common stock:				
Authorized 3,955,000,000 shares at June 30, 2013 and at March 31, 2013				
Issued 983,130,260 shares at June 30, 2013 and at March 31, 2013	67,870		67,870	
Outstanding 953,146,985 shares at June 30, 2013 and 952,778,859 shares at March 31, 2013				
Capital surplus	138,898		138,818	
Retained earnings:				
Appropriated for legal reserve	39,624		38,230	
Unappropriated	1,047,521		1,034,504	
Accumulated other comprehensive income (loss) (Notes 5, 6, 10 and 12)	(12,108)		(43,440)	
Treasury stock at cost, 29,983,275 shares at June 30, 2013 and 30,351,401 shares at March 31, 2013	(42,267)		(42,788)	
<b>Total Komatsu Ltd. shareholders equity</b>	<b>1,239,538</b>	<b>48.4</b>	<b>1,193,194</b>	<b>47.4</b>
<b>Noncontrolling interests</b>	<b>58,707</b>	<b>2.3</b>	<b>59,501</b>	<b>2.4</b>
<b>Total equity</b>	<b>1,298,245</b>	<b>50.7</b>	<b>1,252,695</b>	<b>49.8</b>
	<b>¥ 2,559,939</b>	<b>100.0</b>	<b>¥ 2,517,857</b>	<b>100.0</b>

The accompanying Notes are an integral part of these Quarterly Consolidated Financial Statements.

**Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Unaudited)**

Komatsu Ltd. and Consolidated Subsidiaries

Three months ended June 30, 2013 and 2012

**Consolidated Statements of Income**

	Three months ended June 30, 2013		Three months ended June 30, 2012	
	Millions of yen	Component ratio (%)	Millions of yen	Component ratio (%)
Net sales	¥ 455,159	100.0	¥ 469,948	100.0
Cost of sales (Note 10)	325,366	71.5	343,155	73.0
Selling, general and administrative expenses (Note 7)	77,247	17.0	71,529	15.2
Other operating income (expenses), net	(133)	(0.0)	454	0.1
<b>Operating income</b>	<b>52,413</b>	<b>11.5</b>	<b>55,718</b>	<b>11.9</b>
<b>Other income (expenses), net</b>				
Interest and dividend income	1,402	0.3	1,316	0.3
Interest expense	(2,247)	(0.5)	(2,123)	(0.5)
Other, net (Notes 5, 10 and 12)	21	0.0	(3,669)	(0.8)
Total	(824)	(0.2)	(4,476)	(1.0)
<b>Income before income taxes and equity in earnings of affiliated companies</b>	<b>51,589</b>	<b>11.3</b>	<b>51,242</b>	<b>10.9</b>
<b>Income taxes</b>				
Current	6,577		14,604	
Deferred	5,967		2,540	
Total	12,544	2.8	17,144	3.6
<b>Income before equity in earnings of affiliated companies</b>	<b>39,045</b>	<b>8.6</b>	<b>34,098</b>	<b>7.3</b>
<b>Equity in earnings of affiliated companies</b>	<b>291</b>	<b>0.1</b>	<b>230</b>	<b>0.0</b>
<b>Net income</b>	<b>39,336</b>	<b>8.6</b>	<b>34,328</b>	<b>7.3</b>
<b>Less: Net income attributable to noncontrolling interests</b>	<b>2,045</b>	<b>0.4</b>	<b>2,204</b>	<b>0.5</b>
<b>Net income attributable to Komatsu Ltd.</b>	<b>¥ 37,291</b>	<b>8.2</b>	<b>¥ 32,124</b>	<b>6.8</b>

	Yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
<b>Net income attributable to Komatsu Ltd. per share (Note 8)</b>		
Basic	¥ 39.13	¥ 33.73
Diluted	39.09	33.71
<b>Cash dividends per share (Note 14)</b>	<b>24.00</b>	<b>21.00</b>

The accompanying Notes are an integral part of these Quarterly Consolidated Financial Statements.



**Consolidated Statements of Comprehensive Income**

	<b>Three months ended June 30, 2013 Millions of yen</b>	<b>Three months ended June 30, 2012 Millions of yen</b>
<b>Net income</b>	¥ 39,336	¥ 34,328
<b>Other comprehensive income (loss), for the period, net of tax</b>		
Foreign currency translation adjustments (Note 6)	28,645	(38,800)
Net unrealized holding gains (losses) on securities available for sale (Notes 5 and 6)	1,671	(4,432)
Pension liability adjustments (Note 6)	295	564
Net unrealized holding gains (losses) on derivative instruments (Notes 6 and 10)	887	1,361
<b>Total</b>	<b>31,498</b>	<b>(41,307)</b>
<b>Comprehensive income (loss)</b>	<b>70,834</b>	<b>(6,979)</b>
<b>Less: Comprehensive income (loss) attributable to noncontrolling interests</b>	<b>2,187</b>	<b>(568)</b>
<b>Comprehensive income (loss) attributable to Komatsu Ltd.</b>	<b>¥ 68,647</b>	<b>¥ (6,411)</b>

The accompanying Notes are an integral part of these Quarterly Consolidated Financial Statements.

**Consolidated Statements of Equity (Unaudited)**

Komatsu Ltd. and Consolidated Subsidiaries

Three months ended June 30, 2013

Millions of yen

	Retained earnings				Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholder equity	Noncontrolling interests	Total equity
	Common stock	Capital surplus	Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2013	¥ 67,870	¥ 138,818	¥ 38,230	¥ 1,034,504	¥ (43,440)	¥ (42,788)	¥ 1,193,194	¥ 59,501	¥ 1,252,695
Cash dividends (Note 14)				(22,880)			(22,880)	(2,920)	(25,800)
Transfer to retained earnings appropriated for legal reserve			1,394	(1,394)					
Other changes		(68)			(24)		(92)	(61)	(153)
Net income				37,291			37,291	2,045	39,336
Other comprehensive income(loss), for the period, net of tax (Note 6)					31,356		31,356	142	31,498
Issuance and exercise of stock acquisition rights (Note 7)		(189)					(189)		(189)
Purchase of treasury stock						(9)	(9)		(9)
Sales of treasury stock		337				530	867		867
Balance at June 30, 2013	¥ 67,870	¥ 138,898	¥ 39,624	¥ 1,047,521	¥ (12,108)	¥ (42,267)	¥ 1,239,538	¥ 58,707	¥ 1,298,245

Three months ended June 30, 2012

Millions of yen

	Retained earnings				Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholder equity	Noncontrolling interests	Total equity
	Common stock	Capital surplus	Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2012	¥ 67,870	¥ 138,384	¥ 37,954	¥ 951,395	¥ (142,389)	¥ (43,518)	¥ 1,009,696	¥ 47,761	¥ 1,057,457
Cash dividends (Note 14)				(20,009)			(20,009)	(4,760)	(24,769)
Transfer to retained earnings appropriated for legal reserve			296	(296)					
Other changes								34	34
Net income				32,124			32,124	2,204	34,328
Other comprehensive income(loss), for the period, net of tax (Note 6)					(38,535)		(38,535)	(2,772)	(41,307)
Issuance and exercise of stock acquisition rights (Note 7)									
Purchase of treasury stock						(5)	(5)		(5)
Sales of treasury stock				(54)		107	53		53
Balance at June 30, 2012	¥ 67,870	¥ 138,384	¥ 38,250	¥ 963,160	¥ (180,924)	¥ (43,416)	¥ 983,324	¥ 42,467	¥ 1,025,791

The accompanying Notes are an integral part of these Quarterly Consolidated Financial Statements.

**Consolidated Statements of Cash Flows (Unaudited)**

Komatsu Ltd. and Consolidated Subsidiaries

Three months ended June 30, 2013 and 2012

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
<b>Operating activities</b>		
Net income	¥ 39,336	¥ 34,328
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,968	21,138
Deferred income taxes	5,967	2,540
Impairment loss and net loss (gain) from sale of investment securities	(7)	70
Net loss (gain) on sale of property	(103)	(132)
Loss on disposal of fixed assets	549	272
Pension and retirement benefits, net	56	359
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	41,454	47,612
Decrease (increase) in inventories	(23,164)	(33,942)
Increase (decrease) in trade payables	54	(20,090)
Increase (decrease) in income taxes payable	(19,433)	(5,868)
Other, net	(8,832)	(6,268)
Net cash provided by (used in) operating activities	55,845	40,019
<b>Investing activities</b>		
Capital expenditures	(37,054)	(32,382)
Proceeds from sale of property	2,462	2,304
Proceeds from sale of available for sale investment securities	449	418
Purchases of available for sale investment securities	(31)	(1)
Acquisition of subsidiaries and equity investees, net of cash acquired	(4,539)	283
Collection of loan receivables	101	591
Disbursement of loan receivables	(16)	(206)
Decrease (increase) in time deposits, net	1	614
Net cash provided by (used in) investing activities	(38,627)	(28,379)
<b>Financing activities</b>		
Proceeds from debt issued (Original maturities greater than three months) (Note 2)	37,824	110,854
Payment on debt (Original maturities greater than three months) (Note 2)	(59,627)	(105,434)
Short-term debt net (Original maturities three months or less) (Note 2)	28,986	18,448
Repayments of capital lease obligations	(813)	(2,380)
Sale (purchase) of treasury stock, net	(8)	50
Dividends paid	(22,880)	(20,009)
Other, net	(2,941)	(3,244)
Net cash provided by (used in) financing activities	(19,459)	(1,715)
Effect of exchange rate change on cash and cash equivalents	2,178	(3,228)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(63)</b>	<b>6,697</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>93,620</b>	<b>83,079</b>

<b>Cash and cash equivalents, end of period</b>	¥ 93,557	¥	89,776
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The accompanying Notes are an integral part of these Quarterly Consolidated Financial Statements.

**Komatsu Ltd. and Consolidated Subsidiaries**

**Three months ended June 30, 2013 and 2012**

**Notes to Quarterly Consolidated Financial Statements (Unaudited)**

**1. Basis of Quarterly Financial Statement Presentation and Summary of Significant Accounting Policies**

**Basis of Quarterly Financial Statement Presentation**

Komatsu Ltd. ( Company ) and consolidated subsidiaries (together Komatsu ) prepare and present the accompanying quarterly consolidated financial statements in accordance with generally accepted accounting principles in the United States of America.

**Summary of Significant Accounting Policies**

(1) Adoption of new accounting standards

Komatsu adopted the Accounting Standards Update ( ASU ) 2013-02 Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income , starting in the first quarter period of FY2013, ending March 31, 2014. This Update requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component, and to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. ASU 2013-02 being a disclosure regulation, such adoption did not have any impact on Komatsu 's financial position and results of operations. The disclosures required by ASU2013-02 are provided in Note 6. Other Comprehensive Income (Loss).

(2) Change in depreciation method

The company and some of its consolidated subsidiaries which had adopted the declining balance method for depreciation of property, plant and equipment changed the depreciation method to the straight-line method beginning April 1, 2013.

Komatsu promotes continuous innovation of technologies by concentrating the production of high-value added and technologically important key components in Japan, and also undertakes integrated development and production under the Mother Plant system. As a general rule, Komatsu engages in local production in different parts of the world where there is sufficient market demand for its products. With respect to mainstay products, however, Komatsu has facilitated effective use of its global production capacities by cross sourcing finished products after producing them at its most cost-effective plants and exporting them in light of changes in market demand and foreign exchange rate. Komatsu is establishing its production efficiency, standardization of production and stable operation of production facilities through renewing its old factory buildings in Japan, reassessing logistics and reforming production process by technology innovation as well as cutting down electric power consumption in half at its plants in Japan. With respect to capital investment, Komatsu continues to invest in its production facilities for renovation at a constant level. In light of those activities, Komatsu expects stable production and facility utilization within its production capacity, and is able to receive economic benefits from those facilities at a constant rate throughout their durable periods.

As a result of reviewing its depreciation method, Komatsu concluded that the straight-line method would be an appropriate depreciation method to reflect its usage of property, plants and equipment and to allocate the costs in earnings.

The effect of the change in depreciation method is recognized prospectively as a change in accounting estimate in accordance with the FASB Accounting Standards Codification (ASC) 250 Accounting Changes and Error Corrections .

As a result of the change in depreciation method, depreciation expense for the three months ended June 30, 2013 decreased by ¥3,042 million. Net Income attributable to Komatsu Ltd. for the three months ended June 30, 2013 increased by ¥1,883 million. Basic and Diluted net income attributable to Komatsu Ltd. per common share and for the three months ended June 30, 2013 increased by ¥1.98, and ¥1.97, respectively.

Excluding the above, there is no material change for Summary of Significant Accounting Policies stated in annual report for the year ended March 31, 2013.

**2. Supplemental Cash Flow Information**

Additional cash flow information and noncash investing and financing activities for the three months ended June 30, 2013 and 2012 are as follows:

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
<b>Additional cash flow information:</b>		
Interest paid	¥ 2,898	¥ 2,507
Income taxes paid	21,522	22,301
<b>Noncash investing and financing activities:</b>		
Capital lease obligations incurred	¥ 371	¥ 976

In the consolidated Statements of cash flow, Komatsu disclosed its cash flow of short-term debt in financing activities on a net amount basis in the previous first quarter period ended June 30, 2012. Komatsu discloses its cash flow on a net amount basis for the debts whose original maturities are three months or less in this first quarter period ended June 30, 2013. The consolidated statements of cash flow for the first quarter period ended June 30, 2012 has been re-presented to be consistent with June 30, 2013. This change does not have any impact on the total cash flow from financing activities.

**3. Allowance for Doubtful Receivables**

At June 30, 2013 and at March 31, 2013, allowances for doubtful receivables deducted from Trade notes and accounts receivable, net and Long-term trade receivables, net are ¥18,068 million and ¥17,994 million, respectively.

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**4. Inventories**

At June 30, 2013 and at March 31, 2013, inventories comprised the following:

	Millions of yen	
	June 30, 2013	March 31, 2013
Finished products, including finished parts held for sale	¥ 467,830	¥ 437,729
Work in process	151,838	141,166
Materials and supplies	52,625	54,752
Total	¥ 672,293	¥ 633,647

**5. Investment Securities**

Investment securities at June 30, 2013 and at March 31, 2013, primarily consisted of securities available for sale. Unrealized holding gains and losses are included as a component of accumulated other comprehensive income (loss) until realized. The cost, gross unrealized holding gains and losses, and fair value for such investment securities by major security types at June 30, 2013 and at March 31, 2013, are as follows:

	Cost	Millions of yen Gross unrealized holding		Fair value
		Gains	Losses	
<b>At June 30, 2013</b>				
Investment securities:				
Marketable equity securities available for sale	¥ 17,916	¥ 35,620	¥ 2	¥ 53,534
Other investment securities at cost	8,060			
	¥ 25,976			
<b>At March 31, 2013</b>				
Investment securities:				
Marketable equity securities available for sale	¥ 17,915	¥ 33,047	¥ 8	¥ 50,954
Other investment securities at cost	8,325			
	¥ 26,240			

Other investment securities primarily include non-marketable equity securities. Proceeds from the sales of investment securities available for sale were ¥449 million and ¥418 million for the three months ended June 30, 2013 and 2012, respectively. Impairment loss and net gain (loss) from sale of investment securities available for sale during the three months ended June 30, 2013 and 2012 amounted to gains of ¥7 million and losses of ¥70 million, respectively. Such gains and losses were included in other income (expenses), net in the accompanying consolidated statements of income. The cost of the investment securities sold was computed based on the average-cost method.

Gross unrealized holding losses and the fair value of available-for-sale securities, aggregated by length of time that individual securities have been in a continuous unrealized loss position at June 30,2013 and March 31, 2013, are as follows:

	Less than 12 months		Millions of yen 12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
<b>At June 30, 2013</b>						
Investment securities:						
Marketable equity securities available for sale	¥ 28	¥ 2	¥	¥	¥ 28	¥ 2
<b>At March 31, 2013</b>						
Investment securities:						
Marketable equity securities available for sale	¥ 190	¥ 8	¥	¥	¥ 190	¥ 8

Komatsu judged the decline in fair value of investment securities at June 30, 2013 and at March 31,2013, to be temporary, by considering such factors as financial and operating conditions of issuer, the industry in which the issuer operates and other relevant factors.

**6. Other Comprehensive Income (Loss)**

Changes in accumulated other comprehensive income (loss) for the three months ended June 30, 2013 are as follows:

	Millions of yen				
	Three months ended June 30, 2013				
	Foreign currency translation adjustments	Net unrealized holding gains (losses) on securities available for sale	Pension liability adjustments	Net unrealized holding gains (losses) on derivative instruments	Total
Balance, beginning of year	¥ (38,833)	¥ 21,519	¥ (24,835)	¥ (1,291)	¥ (43,440)
Other comprehensive income (loss) before reclassifications	28,645	1,671	(118)	(2,616)	27,582
Amounts reclassified from accumulated other comprehensive income (loss)			413	3,503	3,916
Net current-period other comprehensive income (loss)	28,645	1,671	295	887	31,498
Less: other comprehensive income (loss) attributable to noncontrolling interests	134		(1)	9	142
Other comprehensive income (loss) attributable to Komatsu Ltd.	28,511	1,671	296	878	31,356
Equity transactions with noncontrolling interests	(24)				(24)
Balance, end of period	¥ (10,346)	¥ 23,190	¥ (24,539)	¥ (413)	¥ (12,108)

All amounts are net of tax

Reclassifications out of accumulated other comprehensive income (loss) for the three months ended June 30, 2013 are as follows:

	Millions of yen	
	Three months ended June 30, 2013	Affected line items in consolidated statements of income
<b>Pension liability adjustments</b>		
Amortization of actuarial loss and prior service cost	¥ (612)	*2
	(612)	Total before tax
	199	Income taxes
	(413)	Net of tax
<b>Net unrealized holding gains (losses) on derivative instruments</b>		
Forwards contracts	(5,658)	Other income (expenses), net: Other, net
	(5,658)	Total before tax
	2,155	Income taxes
	(3,503)	Net of tax
<b>Total reclassifications for the period</b>	<b>¥ (3,916)</b>	<b>Net of tax</b>

- \*1 Amounts in parentheses indicate debits in profit/loss.
- \*2 This amount is included in the computation of net periodic pension cost.

Tax effects allocated to each component of other comprehensive income (loss) for the three months ended June 30, 2013 are as follows:

	Millions of yen		
	Three months ended June 30, 2013		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
<b>Foreign currency translation adjustments</b>			
Foreign currency translation adjustments arising during period	¥ 28,703	¥ (58)	¥ 28,645
Less: reclassification adjustment for gains included in net income			
Net foreign currency translation adjustments	28,703	(58)	28,645
<b>Net unrealized holding gains (losses) on securities available for sale</b>			
Unrealized holding gains arising during period	2,593	(922)	1,671
Less: reclassification adjustment for gains included in net income			
Net unrealized gains	2,593	(922)	1,671
<b>Pension liability adjustments</b>			
Pension liability adjustments arising during period	(268)	150	(118)
Less: reclassification adjustment for gains included in net income	612	(199)	413
Net pension liability adjustments	344	(49)	295
<b>Net unrealized holding gains (losses) on derivative instruments</b>			
Changes in fair value of derivatives	(4,229)	1,613	(2,616)
Net gains reclassified into earnings	5,658	(2,155)	3,503
Net unrealized gains	1,429	(542)	887
<b>Other comprehensive income (loss)</b>	<b>¥ 33,069</b>	<b>¥ (1,571)</b>	<b>¥ 31,498</b>

**7. Share-Based Compensation**

The Company intends to transfer the Company's shares to directors and certain employees and certain directors of subsidiaries under an agreement granting the right for them to request such transfers at a predetermined price. Komatsu recognizes compensation expense using the fair value method. For the three months ended June 30, 2013 and 2012, no compensation expense was recorded as no right was granted.

**8. Net Income Attributable to Komatsu Ltd. per Share**

A reconciliation of the numerators and denominators of the basic and diluted net income attributable to Komatsu Ltd. per share computations is as follows:

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
Net income attributable to Komatsu Ltd.	¥ 37,291	¥ 32,124

  

	Number of shares	
	Three months ended June 30, 2013	Three months ended June 30, 2012
Weighted average common shares outstanding, less treasury stock	952,974,378	952,310,027
Dilutive effect of:		
Stock options	969,467	757,193
Weighted average diluted common shares outstanding	953,943,845	953,067,220

  

	Yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
Net income attributable to Komatsu Ltd. per share:		
Basic	¥ 39.13	¥ 33.73
Diluted	¥ 39.09	¥ 33.71

## 9. Contingent Liabilities

At June 30, 2013 and at March 31, 2013, Komatsu was contingently liable for discounted and transferred receivables on a recourse basis with the financial institutions of ¥309 million and ¥406 million, respectively. Komatsu provides guarantees to third parties of loans of the employees, affiliated companies, customers and other companies. The guarantees of loans relating to the employees are mainly made for their housing loans. The guarantees of loans relating to the affiliated companies, customers and other companies are made to enhance the credit of those companies. For each guarantee provided, Komatsu would have to perform under a guarantee, if the borrower defaults on a payment within the contract terms. The contract terms are from 10 years to 30 years in the case of employees with housing loans, and from 1 year to 11 years in the case of loans relating to the affiliated companies, customers and other companies. The maximum amount of undiscounted payments Komatsu would have had to make in the event of default was ¥91,742 million and ¥94,776 million at June 30, 2013 and at March 31, 2013, respectively. The fair value of the liabilities recognized for Komatsu's obligations as guarantors under those guarantees at June 30, 2013 was insignificant. Certain of those guarantees were secured by collateral and insurance issued to Komatsu. Management of Komatsu believes that losses from those contingent liabilities, if any, would not have a material effect on the consolidated financial statements. Komatsu is involved in certain legal actions and claims arising in the ordinary course of its business. It is the opinion of management and legal counsel that such litigation and claims will be resolved without material effect on Komatsu's financial statements. Komatsu has business activities with customers, dealers and associates around the world and its trade receivables from such parties are well diversified to minimize concentrations of credit risks. Management does not anticipate incurring losses on its trade receivables in excess of established allowances.

**10. Derivative Financial Instruments**

Notional principal amounts of derivative financial instruments outstanding at June 30, 2013 and at March 31, 2013 are as follows:

	Millions of yen	
	June 30, 2013	March 31, 2013
Forwards:		
Sale of foreign currencies	¥ 142,402	¥ 130,060
Purchase of foreign currencies	53,239	39,904
Interest rate swaps, cross-currency swaps and interest rate cap agreements	95,905	103,182

Fair values of derivative instruments at June 30, 2013 and March 31, 2013 on the consolidated balance sheets are as follows (Notes 11 and 12):

Derivative instruments designated as hedging instruments	Derivative Assets		Derivative Liabilities	
	Location on the consolidated Balance Sheets		Location on the consolidated Balance Sheets	
	Estimated fair value	Estimated fair value	Estimated fair value	Estimated fair value
Forwards contracts	Deferred income taxes and other current assets	¥ 259	Deferred income taxes and other current liabilities	¥ 857
	Deferred income taxes and other assets		Deferred income taxes and other liabilities	5,099
Interest rate swaps, cross-currency swaps and interest rate cap agreements	Deferred income taxes and other current assets	18	Deferred income taxes and other current liabilities	937
Total		¥ 277		¥ 6,893
	Derivative Assets		Derivative Liabilities	
	Location on the consolidated Balance Sheets		Location on the consolidated Balance Sheets	
	Estimated fair value	Estimated fair value	Estimated fair value	Estimated fair value
Forwards contracts	Deferred income taxes and other current assets	¥ 1,389	Deferred income taxes and other current liabilities	¥ 3,867
	Deferred income taxes and other assets	1	Deferred income taxes and other liabilities	5
Interest rate swaps, cross-currency swaps and interest rate cap agreements	Deferred income taxes and other current assets	261	Deferred income taxes and other current liabilities	606
	Deferred income taxes and other assets	162	Deferred income taxes and other liabilities	461
Total		¥ 1,813		¥ 4,939
Total Derivative Instruments		¥ 2,090		¥ 11,832

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Derivative instruments designated as hedging instruments	Derivative Assets		Derivative Liabilities	
	Location on the consolidated		Location on the consolidated	
	Balance Sheets	Estimated fair value	Balance Sheets	Estimated fair value
Forwards contracts	Deferred income taxes and other current assets	¥ 43	Deferred income taxes and other current liabilities	¥ 2,479
	Deferred income taxes and other assets		Deferred income taxes and other liabilities	3,905
Interest rate swaps, cross-currency swaps and interest rate cap agreements	Deferred income taxes and other current assets	42	Deferred income taxes and other current liabilities	1,063
<b>Total</b>		<b>¥ 85</b>		<b>¥ 7,447</b>

  

Undesignated derivative instruments	Derivative Assets		Derivative Liabilities	
	Location on the consolidated		Location on the consolidated	
	Balance Sheets	Estimated fair value	Balance Sheets	Estimated fair value
Forwards contracts	Deferred income taxes and other current assets	¥ 463	Deferred income taxes and other current liabilities	¥ 3,628
	Deferred income taxes and other assets	1	Deferred income taxes and other liabilities	11
Interest rate swaps, cross-currency swaps and interest rate cap agreements	Deferred income taxes and other current assets	2	Deferred income taxes and other current liabilities	791
	Deferred income taxes and other assets	288	Deferred income taxes and other liabilities	272
<b>Total</b>		<b>¥ 754</b>		<b>¥ 4,702</b>
<b>Total Derivative Instruments</b>		<b>¥ 839</b>		<b>¥ 12,149</b>

The effects of derivative instruments on the consolidated statements of income and consolidated statements of comprehensive income for the three months ended June 30, 2013 and 2012 are as follows:

**Derivative instruments designated as cash flow hedging relationships**

Millions of yen					
<b>Three months ended June 30, 2013</b>					
	Effective portion			Ineffective portion and amount excluded from effectiveness testing	
	Amount of gains (losses) recognized in OCI on derivatives	Location of gains (losses) reclassified from accumulated OCI into income	Amount of gains (losses) reclassified from accumulated OCI into income	Location of gains (losses) recognized in income on derivatives	Amount of gains (losses) recognized in income on derivatives
Forwards contracts	¥ (4,262)	Other income (expenses), net: Other, net	¥ (5,658)		¥
Interest rate swaps, cross-currency swaps and interest rate cap agreements	33				
<b>Total</b>	<b>¥ (4,229)</b>		<b>¥ (5,658)</b>		<b>¥</b>

Millions of yen					
<b>Three months ended June 30, 2012</b>					
	Effective portion			Ineffective portion and amount excluded from effectiveness testing	
	Amount of gains (losses) recognized in OCI on derivatives	Location of gains (losses) reclassified from accumulated OCI into income	Amount of gains (losses) reclassified from accumulated OCI into income	Location of gains (losses) recognized in income on derivatives	Amount of gains (losses) recognized in income on derivatives
Forwards contracts	¥ 4,028	Other income (expenses), net: Other, net	¥ 1,270		¥
Interest rate swaps, cross-currency swaps and interest rate cap agreements	(498)				
<b>Total</b>	<b>¥ 3,530</b>		<b>¥ 1,270</b>		<b>¥</b>

\* OCI stands for other comprehensive income (loss).

**Derivative instruments not designated as hedging instruments relationships**

Millions of yen		
<b>Three months ended June 30, 2013</b>		
	Location of gains (losses) recognized	Amount of gains (losses) recognized
	in income on derivatives	in income on derivatives
Forwards contracts	Other income (expenses), net: Other, net	¥ 220
Option contracts	Other income (expenses), net: Other, net	0
Interest rate swaps, cross-currency swaps and interest rate cap agreements	Cost of sales	58
	Other income (expenses), net: Other, net	136
<b>Total</b>		<b>¥ 414</b>

Millions of yen		
<b>Three months ended June 30, 2012</b>		
	Location of gains (losses) recognized	Amount of gains (losses) recognized
	in income on derivatives	in income on derivatives
Forwards contracts	Other income (expenses), net: Other, net	¥ 1,905
Option contracts	Other income (expenses), net: Other, net	1
Interest rate swaps, cross-currency swaps and interest rate cap agreements	Cost of sales	(77)
	Other income (expenses), net: Other, net	307
<b>Total</b>		<b>¥ 2,136</b>

**11. Fair Values of Financial Instruments**

**(1) Cash and cash equivalents, Time deposits, Trade notes and accounts receivable, Other current assets, Short-term debt, Trade notes, bills and accounts payables, and Other current liabilities**

The carrying amount approximates fair value because of the short maturity of these instruments.

**(2) Investment securities, marketable equity securities**

The fair values of investment securities available for sale for which it is practicable to estimate fair value are based on quoted market prices and are recognized on the accompanying consolidated balance sheets.

**(3) Long-term trade receivables**

The fair values of long-term trade receivables are based on the present value of future cash flows through maturity, discounted using estimated current interest rates. The fair values computed on such a basis approximate the carrying amounts.

**(4) Long-term debt, including current portion(Note 12)**

The fair values of each of the long-term debts are based on the quoted price in the most active market or the present value of future cash flows associated with each instrument discounted using the current borrowing rate for similar debt of comparable maturity and is classified in Level 2 in the fair value hierarchy.

**(5) Derivatives(Notes 10 and 12)**

The fair values of derivative financial instruments, consisting principally of foreign exchange contracts and interest swap agreements, are estimated by obtaining quotes from brokers and are recognized on the accompanying consolidated balance sheets.

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The carrying amounts and the estimated fair values of the financial instruments, including financial instruments not qualifying as hedge, at June 30, 2013 and at March 31, 2013, are summarized as follows:

	Millions of yen			
	June 30, 2013		March 31, 2013	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Cash and cash equivalents	¥ 93,557	¥ 93,557	¥ 93,620	¥ 93,620
Time deposits	222	222	217	217
Trade notes and accounts receivable	580,283	580,283	606,904	606,904
Long-term trade receivables	241,283	241,283	235,825	235,825
Investment securities, marketable equity securities	53,534	53,534	50,954	50,954
Short-term debt	254,192	254,192	205,156	205,156
Trade notes, bills and accounts payable	228,908	228,908	226,275	226,275
Long-term debt, including current portion	439,320	429,825	474,607	469,444
Derivatives:				
Forwards and options				
Assets	1,649	1,649	507	507
Liabilities	9,828	9,828	10,023	10,023
Interest rate swaps, cross-currency swaps and interest rate cap agreements				
Assets	441	441	332	332
Liabilities	2,004	2,004	2,126	2,126

**Limitations**

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could affect the estimates.

**12. Fair value measurements**

ASC 820, Fair Value Measurements and Disclosures defines that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

**Level 3** Unobservable inputs for the assets or liabilities

**Assets and liabilities that are measured at fair value on a recurring basis**

The fair value hierarchy levels of assets and liabilities that are measured at fair value on a recurring basis at June 30, 2013 and at March 31, 2013 are as follows:

June 30, 2013	Millions of yen			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Investment securities available for sale				
Manufacturing industry	¥ 28,051	¥	¥	¥ 28,051
Financial service industry	21,833			21,833
Other	3,650			3,650
<b>Derivatives</b>				
Forward contracts		1,649		1,649
Interest rate swaps, cross-currency swaps and interest rate cap agreements		441		441
<b>Total</b>	<b>¥ 53,534</b>	<b>¥ 2,090</b>	<b>¥</b>	<b>¥ 55,624</b>
<b>Liabilities</b>				
<b>Derivatives</b>				
Forward contracts	¥	¥ 9,828	¥	¥ 9,828
Interest rate swaps, cross-currency swaps and interest rate cap agreements		2,004		2,004
Other		79,524	594	80,118
<b>Total</b>	<b>¥</b>	<b>¥ 91,356</b>	<b>¥ 594</b>	<b>¥ 91,950</b>

March 31, 2013	Millions of yen			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Investment securities available for sale				
Manufacturing industry	¥ 28,061	¥	¥	¥ 28,061
Financial service industry	19,299			19,299
Other	3,594			3,594
<b>Derivatives</b>				
Forward contracts		507		507
Interest rate swaps, cross-currency swaps and interest rate cap agreements		332		332
<b>Total</b>	<b>¥ 50,954</b>	<b>¥ 839</b>	<b>¥</b>	<b>¥ 51,793</b>
<b>Liabilities</b>				
<b>Derivatives</b>				
Forward contracts	¥	¥ 10,023	¥	¥ 10,023
Interest rate swaps, cross-currency swaps and interest rate cap agreements		2,126		2,126
Other		76,239	639	76,878
<b>Total</b>	<b>¥</b>	<b>¥ 88,388</b>	<b>¥ 639</b>	<b>¥ 89,027</b>

**Investment securities available for sale**

Marketable equity securities are classified in Level 1 in the fair value hierarchy. Marketable equity securities are measured using a market approach based on the quoted market prices in active markets.

**Derivatives (Notes 10 and 11)**

Derivatives primarily represent foreign exchange contracts and interest rate swap agreements. The fair value of foreign exchange contracts is based on a valuation model that discounts cash flows resulting from the differential between contract rate and the market-based forward rate and is classified in Level 2 in the fair value hierarchy. The fair value of interest rate swap agreements is based on a valuation model that discounts cash flows based on the terms of the contract and the swap curves and is classified in Level 2 in the fair value hierarchy.

**Other**

Other primarily represents loans which are measured at fair value under the Fair Value Option of FASB ASC 825, Financial Instruments. The fair value of loans is based on a valuation model based on market yield curve data and credit spread data and is classified in Level 2 in the fair value hierarchy. The credit spread data was obtained through use of credit default swaps for each counterparty.

The following table summarizes information about changes of Level 3 for the three months ended June 30, 2013 and 2012

	Millions of yen	
	Three months ended	
	June 30, 2013	Three months ended June 30, 2012
Balance, beginning of year	¥ (639)	¥ (752)
Total gains or losses (realized / unrealized)	45	148
Included in earnings	75	124
Included in other comprehensive income (loss)	(30)	24
Balance, end of period	¥ (594)	¥ (604)

The amounts of unrealized gains on classified in Level 3 liabilities recognized in earnings for the three months ended June 30, 2013 and 2012 related to liabilities still held at June 30, 2013 and 2012 were gains of ¥75 million and gains of ¥124 million, respectively. These gains were reported in other income (expenses), net of the consolidated statements of income.

**Assets and liabilities that are measured at fair value on a non-recurring basis**

During three months ended June 30, 2013 and 2012 assets and liabilities that were measured at fair value on a non-recurring basis were not material.

**13. Committed Credit Lines**

Certain consolidated subsidiaries maintain committed credit line agreements totaling ¥46,347 million and ¥49,997 million, respectively, at June 30, 2013 and at March 31, 2013 with financial institutions to secure liquidity. At June 30, 2013 and at March 31, 2013, ¥10,350 million and ¥14,738 million, respectively, were available to be used under such credit line agreements.

**14. Dividends****Three months ended June 30, 2013****Payment amount of dividends**

Resolution	Type of stock	Aggregate amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 19, 2013	Common stock	22,879	Retained earnings	24	March 31, 2013	June 20, 2013

Note : The amount is rounded down to nearest million yen.

**Three months ended June 30, 2012****Payment amount of dividends**

Resolution	Type of stock	Aggregate amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 20, 2012	Common stock	20,008	Retained earnings	21	March 31, 2012	June 21, 2012

Note : The amount is rounded down to nearest million yen.

**15. Business Segment and Geographic Information**

Komatsu has two operating segments: 1) Construction, Mining and Utility Equipment 2) Industrial Machinery and Others.

The accounting policies used by the segments are the same as those used in the preparation of the quarterly consolidated financial statements.

Segment profit is determined by subtracting the cost of sales and selling, general and administrative expenses from net sales attributed to the operating segment. Segment profit excludes certain general corporate administration and finance expenses, such as costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal and public relations. Segment profit also excludes certain charges which may otherwise relate to operating segments, including impairments of long lived assets and goodwill.

**Operating segments:**

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
<b>Net sales:</b>		
Construction, Mining and Utility Equipment		
External customers	¥ 415,905	¥ 428,921
Intersegment	732	855
<b>Total</b>	<b>416,637</b>	<b>429,776</b>
Industrial Machinery and Others		
External customers	39,254	41,027
Intersegment	1,124	2,059
<b>Total</b>	<b>40,378</b>	<b>43,086</b>
Elimination	(1,856)	(2,914)
<b>Consolidated</b>	<b>¥ 455,159</b>	<b>¥ 469,948</b>
<b>Segment profit:</b>		
Construction, Mining and Utility Equipment		
Industrial Machinery and Others	¥ 52,611	¥ 54,202
	823	2,376
<b>Total segment profit</b>	<b>53,434</b>	<b>56,578</b>
Corporate expenses and elimination	(888)	(1,314)
<b>Total</b>	<b>52,546</b>	<b>55,264</b>
Other operating income (expenses), net	(133)	454
<b>Operating income</b>	<b>52,413</b>	<b>55,718</b>
Interest and dividend income	1,402	1,316
Interest expense	(2,247)	(2,123)
Other, net	21	(3,669)
<b>Consolidated income before income taxes and equity in earnings of affiliated companies</b>	<b>¥ 51,589</b>	<b>¥ 51,242</b>

Business categories and principal products and services included in each operating segment are as follows:

a. Construction, Mining and Utility Equipment:

Excavating equipment, loading equipment, grading and roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, recycling equipment, industrial vehicles, other equipment, engines and components, casting products and logistics

b. Industrial Machinery and Others:

Metal forging and stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment and others

Transfers between segments are made at estimated arm's-length prices.

**Geographic information:**

Net sales determined by customer location for the three months ended June 30, 2013 and 2012 are as follows:

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
Japan	¥ 80,034	¥ 80,726
The Americas	131,899	129,090
Europe and CIS	51,487	55,074
China	47,756	47,311
Asia (excluding Japan and China) and Oceania	105,424	130,096
Middle East and Africa	38,559	27,651
Consolidated net sales	¥ 455,159	¥ 469,948

Net sales determined by geographic origin for the three months ended June 30, 2013 and 2012 are as follows:

	Millions of yen	
	Three months ended June 30, 2013	Three months ended June 30, 2012
Japan	¥ 130,576	¥ 148,455
U.S.A.	124,000	124,989
Europe and CIS	56,238	52,240
China	42,233	37,529
Others	102,112	106,735
Consolidated net sales	¥ 455,159	¥ 469,948

Other than in Japan, U.S.A. and China, no individual country had a material impact on net sales to external customers.

There were no sales to a single major external customer for the three months ended June 30, 2013 and 2012.

**16. Subsequent Event**

There was no significant subsequent event to be disclosed.