

KOMATSU LTD
Form 6-K
November 13, 2012

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 November, 2012

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 Second Quarter of the 144th Fiscal Year filed on November 12, 2012

On November 12, 2012, 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 six month period ended September 30, 2012 and the three month period ended September 30, 2012.

Material information in the report, other than the Quarterly Consolidated Financial Statements, has already been reported by the registrant in its press release dated October 30, 2012, a copy of which was submitted under cover of Form 6-K on October 31, 2012 by the registrant.

Attached is an English translation of the registrant's Quarterly Consolidated Financial Statements for the six month period ended September 30, 2012 and the three month period ended September 30, 2012.

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: November 13, 2012

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

September 30, 2012 and March 31, 2012

| | September 30, 2012 | | March 31, 2012 | |
|--|--------------------|---------------------|--------------------|---------------------|
| | Millions of yen | Component ratio (%) | Millions of yen | Component ratio (%) |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | ¥ 79,943 | | ¥ 83,079 | |
| Time deposits | 199 | | 907 | |
| Trade notes and accounts receivable (Note 3) | 472,713 | | 559,749 | |
| Inventories (Note 4) | 602,903 | | 612,359 | |
| Deferred income taxes and other current assets (Notes 7, 10, 11 and 12) | 137,752 | | 144,278 | |
| Total current assets | 1,293,510 | 58.7 | 1,400,372 | 60.3 |
| Long-term trade receivables (Note 3) | 187,352 | 8.5 | 184,294 | 8.0 |
| Investments | | | | |
| Investments in and advances to affiliated companies | 20,034 | | 20,565 | |
| Investment securities (Notes 5, 11 and 12) | 43,119 | | 54,192 | |
| Other | 2,192 | | 2,582 | |
| Total investments | 65,345 | 3.0 | 77,339 | 3.3 |
| Property, plant and equipment less accumulated depreciation and amortization of ¥657,831 million at September 30, 2012 and ¥656,248 million at March 31, 2012 | 534,630 | 24.2 | 529,656 | 22.8 |
| Goodwill | 30,422 | 1.4 | 31,229 | 1.4 |
| Other intangible assets less accumulated amortization | 52,549 | 2.4 | 57,953 | 2.5 |
| Deferred income taxes and other assets (Notes 7, 10, 11 and 12) | 40,269 | 1.8 | 39,686 | 1.7 |
| | ¥ 2,204,077 | 100.0 | ¥ 2,320,529 | 100.0 |

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

| | September 30, 2012 | | March 31, 2012 | |
|---|--------------------|---------------------|--------------------|---------------------|
| | Millions of yen | Component ratio (%) | Millions of yen | Component ratio (%) |
| Liabilities and Equity | | | | |
| Current liabilities | | | | |
| Short-term debt | ¥ 230,303 | | ¥ 215,824 | |
| Current maturities of long-term debt (Notes 11 and 12) | 120,893 | | 119,457 | |
| Trade notes, bills and accounts payable | 219,642 | | 273,460 | |
| Income taxes payable | 17,634 | | 23,195 | |
| Deferred income taxes and other current liabilities (Notes 7, 10, 11 and 12) | 204,970 | | 231,774 | |
| Total current liabilities | 793,442 | 36.0 | 863,710 | 37.2 |
| Long-term liabilities | | | | |
| Long-term debt (Notes 11 and 12) | 268,776 | | 312,519 | |
| Liability for pension and retirement benefits | 49,730 | | 50,685 | |
| Deferred income taxes and other liabilities (Notes 7, 10, 11 and 12) | 36,579 | | 36,158 | |
| Total long-term liabilities | 355,085 | 16.1 | 399,362 | 17.2 |
| Total liabilities | 1,148,527 | 52.1 | 1,263,072 | 54.4 |
| Commitments and contingent liabilities (Note 9) | | | | |
| Equity | | | | |
| Komatsu Ltd. shareholders equity | | | | |
| Common stock: | | | | |
| Authorized 3,955,000,000 shares at September 30, 2012 and at March 31, 2012 | | | | |
| Issued 983,130,260 shares at September 30, 2012 and at March 31, 2012 | 67,870 | | 67,870 | |
| Outstanding 952,326,780 shares at September 30, 2012 and 952,261,022 shares at March 31, 2012 | | | | |
| Capital surplus | 138,583 | | 138,384 | |
| Retained earnings: | | | | |
| Appropriated for legal reserve | 38,254 | | 37,954 | |
| Unappropriated | 997,144 | | 951,395 | |
| Accumulated other comprehensive income (loss) (Notes 5, 10 and 12) | (187,210) | | (142,389) | |
| Treasury stock at cost, 30,803,480 shares at September 30, 2012 and 30,869,238 shares at March 31, 2012 | (43,426) | | (43,518) | |
| Total Komatsu Ltd. shareholders equity | 1,011,215 | 45.9 | 1,009,696 | 43.5 |
| Noncontrolling interests | 44,335 | 2.0 | 47,761 | 2.1 |
| Total equity | 1,055,550 | 47.9 | 1,057,457 | 45.6 |
| | ¥ 2,204,077 | 100.0 | ¥ 2,320,529 | 100.0 |

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

Six months ended September 30, 2012 and 2011

Consolidated Statements of Income

| | Six months ended September 30, 2012 | | Six months ended September 30, 2011 | |
|--|--|------------------------|--|------------------------|
| | Millions of yen | Component ratio (%) | Millions of yen | Component ratio (%) |
| Net sales | ¥ 930,849 | 100.0 | ¥ 985,867 | 100.0 |
| Cost of sales (Note 10) | 678,085 | 72.8 | 712,988 | 72.3 |
| Selling, general and administrative expenses (Note 6) | 141,484 | 15.2 | 140,139 | 14.2 |
| Other operating income (expenses), net | (16) | (0.0) | 209 | 0.0 |
| Operating income | 111,264 | 12.0 | 132,949 | 13.5 |
| Other income (expenses), net | (5,880) | | (2,706) | |
| Interest and dividend income | 2,268 | 0.2 | 2,085 | 0.2 |
| Interest expense | (4,506) | (0.5) | (3,655) | (0.4) |
| Other, net (Notes 5, 10 and 12) | (3,642) | (0.4) | (1,136) | (0.1) |
| Income before income taxes and equity in earnings of affiliated companies | 105,384 | 11.3 | 130,243 | 13.2 |
| Income taxes (Note 7) | | | | |
| Current | 36,234 | | 34,783 | |
| Deferred | (1,518) | | (2,521) | |
| Total | 34,716 | 3.7 | 32,262 | 3.3 |
| Income before equity in earnings of affiliated companies | 70,668 | 7.6 | 97,981 | 9.9 |
| Equity in earnings of affiliated companies | 568 | 0.1 | 1,034 | 0.1 |
| Net income | 71,236 | 7.7 | 99,015 | 10.0 |
| Less net income attributable to noncontrolling interests | (5,124) | (0.6) | (4,340) | (0.4) |
| Net income attributable to Komatsu Ltd. | ¥ 66,112 | 7.1 | ¥ 94,675 | 9.6 |

| | Yen | |
|---|---|---|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Net income attributable to Komatsu Ltd. per share (Note 8) | | |
| Basic | ¥ 69.42 | ¥ 97.82 |
| Diluted | 69.37 | 97.74 |
| Cash dividends per share (Note 14) | 21.00 | 20.00 |

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

Consolidated Statements of Comprehensive Income

| | Six months ended September 30, 2012 Millions of yen | Six months ended September 30, 2011 Millions of yen |
|---|--|--|
| Net income | ¥ 71,236 | ¥ 99,015 |
| Other comprehensive income (loss), for the period, net of tax (Notes 5, 10 and 12) | | |
| Foreign currency translation adjustments | (43,822) | (55,736) |
| Net unrealized holding gains (losses) on securities available for sale | (6,513) | (8,196) |
| Pension liability adjustments | 1,202 | (435) |
| Net unrealized holding gains (losses) on delivative instruments | 1,380 | 680 |
| Total | (47,753) | (63,687) |
| Comprehensive income (loss) | 23,483 | 35,328 |
| Comprehensive income (loss) attributable to noncontrolling interests | 2,192 | 264 |
| Comprehensive income (loss) attributable to Komatsu Ltd. | ¥ 21,291 | ¥ 35,064 |

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

Three months ended September 30, 2012 and 2011

Consolidated Statements of Income

| | Three months ended September 30, 2012 | | Three months ended September 30, 2011 | |
|--|--|------------------------|--|------------------------|
| | Millions of yen | Component ratio (%) | Millions of yen | Component ratio (%) |
| Net sales | ¥ 460,901 | 100.0 | ¥ 491,690 | 100.0 |
| Cost of sales (Note 10) | 334,930 | 72.7 | 356,351 | 72.5 |
| Selling, general and administrative expenses (Note 6) | 69,955 | 15.2 | 70,711 | 14.4 |
| Other operating income (expenses), net | (470) | (0.1) | (48) | (0.0) |
| Operating income | 55,546 | 12.1 | 64,580 | 13.1 |
| Other income (expenses), net | (1,404) | | (2,778) | |
| Interest and dividend income | 952 | 0.2 | 790 | 0.2 |
| Interest expense | (2,383) | (0.5) | (1,767) | (0.4) |
| Other, net (Notes 5, 10 and 12) | 27 | 0.0 | (1,801) | (0.4) |
| Income before income taxes and equity in earnings of affiliated companies | 54,142 | 11.7 | 61,802 | 12.6 |
| Income taxes (Note 7) | | | | |
| Current | 21,630 | | 18,042 | |
| Deferred | (4,058) | | 3,084 | |
| Total | 17,572 | 3.8 | 21,126 | 4.3 |
| Income before equity in earnings of affiliated companies | 36,570 | 7.9 | 40,676 | 8.3 |
| Equity in earnings of affiliated companies | 338 | 0.1 | 453 | 0.1 |
| Net income | 36,908 | 8.0 | 41,129 | 8.4 |
| Less net income attributable to noncontrolling interests | (2,920) | (0.6) | (2,160) | (0.4) |
| Net income attributable to Komatsu Ltd. | ¥ 33,988 | 7.4 | ¥ 38,969 | 7.9 |

| | Yen | |
|---|--|---|
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |
| Net income attributable to Komatsu Ltd. per share (Note 8) | | |
| Basic | ¥ 35.69 | ¥ 40.27 |
| Diluted | 35.66 | 40.23 |

Cash dividends per share

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

Consolidated Statements of Comprehensive Income

| | Three months ended September 30, 2012 Millions of yen | Three months ended September 30, 2011 Millions of yen |
|---|--|--|
| Net income | ¥ 36,908 | ¥ 41,129 |
| Other comprehensive income (loss), for the period, net of tax (Notes 5, 10 and 12) | | |
| Foreign currency translation adjustments | (5,022) | (45,074) |
| Net unrealized holding gains (losses) on securities available for sale | (2,081) | (5,953) |
| Pension liability adjustments | 638 | (239) |
| Net unrealized holding gains (losses) on delivative instruments | 19 | 160 |
| Total | (6,446) | (51,106) |
| Comprehensive income (loss) | 30,462 | (9,977) |
| Comprehensive income (loss) attributable to noncontrolling interests | 2,760 | (1,479) |
| Comprehensive income (loss) attributable to Komatsu Ltd. | ¥ 27,702 | ¥ (8,498) |

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

Consolidated Statements of Equity (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2012

Millions of yen

| | Common stock | Capital surplus | Retained earnings Appropriated for legal reserve | Unappropriated | Accumulated other comprehensive income (loss) | Treasury stock | Total Komatsu Ltd. shareholder equity | Noncontrolling interests | Total equity |
|--|-----------------|--------------------|--|----------------|---|-------------------|--|-----------------------------|-----------------|
| 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) | (5,652) | (25,661) |
| Transfer to retained earnings appropriated for legal reserve | | | 300 | (300) | | | | | |
| Other changes | | | | | | | | 34 | 34 |
| Comprehensive income(loss) | | | | | | | | | |
| Net income | | | | 66,112 | | | 66,112 | 5,124 | 71,236 |
| Other comprehensive income(loss), for the period, net of tax | | | | | | | | | |
| Foreign currency translation adjustments | | | | | (41,077) | | (41,077) | (2,745) | (43,822) |
| Net unrealized holding gains (losses) on securities available for sale | | | | | (6,513) | | (6,513) | | (6,513) |
| Pension liability adjustments | | | | | 1,196 | | 1,196 | 6 | 1,202 |
| Net unrealized holding gains (losses) on derivative instruments (Note 10) | | | | | 1,573 | | 1,573 | (193) | 1,380 |
| Comprehensive income (loss) | | | | | | | 21,291 | 2,192 | 23,483 |
| Issuance and exercise of stock acquisition rights (Note 6) | | 199 | | | | | 199 | | 199 |
| Purchase of treasury stock | | | | | | (15) | (15) | | (15) |
| Sales of treasury stock | | | | (54) | | 107 | 53 | | 53 |
| Balance at September 30, 2012 | ¥ 67,870 | ¥ 138,583 | ¥ 38,254 | ¥ 997,144 | ¥ (187,210) | ¥ (43,426) | ¥ 1,011,215 | ¥ 44,335 | ¥ 1,055,550 |

Six months ended September 30, 2011

Millions of yen

| | Common stock | Capital surplus | Retained earnings Appropriated for legal reserve | Unappropriated | Accumulated other comprehensive income (loss) | Treasury stock | Total Komatsu Ltd. shareholder equity | Noncontrolling interests | Total equity |
|---|-----------------|--------------------|--|----------------|---|-------------------|--|-----------------------------|-----------------|
| Balance at March 31, 2011 | ¥ 67,870 | ¥ 140,523 | ¥ 34,494 | ¥ 847,153 | ¥ (131,059) | ¥ (35,138) | ¥ 923,843 | ¥ 48,837 | ¥ 972,680 |
| Cash dividends (Note 14) | | | | (19,369) | | | (19,369) | (5,921) | (25,290) |
| Transfer to retained earnings appropriated for legal reserve | | | 2,667 | (2,667) | | | | | |
| Other changes | | (146) | | | | | (146) | (4,089) | (4,235) |
| Comprehensive income(loss) | | | | | | | | | |
| Net income | | | | 94,675 | | | 94,675 | 4,340 | 99,015 |
| Other comprehensive income(loss), for the period, net of tax | | | | | | | | | |
| Foreign currency translation adjustments | | | | | (51,813) | | (51,813) | (3,923) | (55,736) |
| Net unrealized holding gains (losses) on securities available for sale | | | | | (8,196) | | (8,196) | | (8,196) |
| Pension liability adjustments | | | | | (435) | | (435) | | (435) |
| | | | | | 833 | | 833 | (153) | 680 |

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| | | | | | | | | | |
|---|----------|-----------|----------|-----------|-------------|------------|---------------|------------|---------------|
| Net unrealized holding gains (losses) on derivative instruments (Note 10) | | | | | | | | | |
| Comprehensive income(loss) | | | | | | | | | |
| | | | | | | | 35,064 | 264 | 35,328 |
| Issuance and exercise of stock acquisition rights (Note 6) | | | | | | | | | |
| | | | | | | | 248 | | 248 |
| Purchase of treasury stock | | | | | | | | | |
| | | | | | | | (1,136) | (1,136) | (1,136) |
| Sales of treasury stock | | | | | | | | | |
| | | | | | | | 190 | 310 | 310 |
| Balance at September 30, 2011 | | | | | | | | | |
| | ¥ 67,870 | ¥ 140,745 | ¥ 37,161 | ¥ 919,792 | ¥ (190,670) | ¥ (36,084) | ¥ 938,814 | ¥ 39,091 | ¥ 977,905 |

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

Consolidated Statements of Cash Flows (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2012 and 2011

| | Millions of yen | |
|---|---|--|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Operating activities | | |
| Net income | ¥ 71,236 | ¥ 99,015 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 42,544 | 43,681 |
| Deferred income taxes | (1,518) | (2,521) |
| Net loss (gain) from sale of investment securities and subsidiaries | 81 | (91) |
| Net loss (gain) on sale of property | (249) | (209) |
| Loss on disposal of fixed assets | 800 | 1,006 |
| Pension and retirement benefits, net | 1,077 | 357 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in trade receivables | 54,536 | 17,663 |
| Decrease (increase) in inventories | (23,186) | (82,021) |
| Increase (decrease) in trade payables | (47,492) | (27,196) |
| Increase (decrease) in income taxes payable | (4,777) | (15,055) |
| Other, net | 3,255 | 5,644 |
| Net cash provided by (used in) operating activities | 96,307 | 40,273 |
| Investing activities | | |
| Capital expenditures | (69,028) | (58,984) |
| Proceeds from sale of property | 3,801 | 4,910 |
| Proceeds from sale of available for sale investment securities | 423 | 414 |
| Purchases of available for sale investment securities | (3) | (1,124) |
| Acquisition of subsidiaries and equity investees, net of cash acquired | 283 | (7,786) |
| Collection of loan receivables | 508 | 1,730 |
| Disbursement of loan receivables | | (160) |
| Decrease (increase) in time deposits, net | 760 | (664) |
| Net cash provided by (used in) investing activities | (63,256) | (61,664) |
| Financing activities | | |
| Proceeds from long-term debt | 44,747 | 80,478 |
| Repayments on long-term debt | (74,453) | (29,609) |
| Increase (decrease) in short-term debt, net | 27,804 | 43,316 |
| Repayments of capital lease obligations | (3,648) | (38,142) |
| Sale (purchase) of treasury stock, net | 47 | (853) |
| Dividends paid | (20,009) | (19,369) |
| Other, net | (6,438) | (8,266) |
| Net cash provided by (used in) financing activities | (31,950) | 27,555 |
| Effect of exchange rate change on cash and cash equivalents | (4,237) | (5,583) |
| Net increase (decrease) in cash and cash equivalents | (3,136) | 581 |
| Cash and cash equivalents, beginning of year | 83,079 | 84,224 |

| | | | |
|---|----------|---|--------|
| Cash and cash equivalents, end of period | ¥ 79,943 | ¥ | 84,805 |
|---|----------|---|--------|

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

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2012 and 2011

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

The Company adopted the Accounting Standards Update (ASU) 2011-05, Presentation of Comprehensive Income, starting in the six months period of FY2012, ending March 31, 2013. The Update requires an entity to report comprehensive income either in a single continuous financial statement (one-statement approach) or in two separate but consecutive statements (two-statement approach). Concerning ASU2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in ASU 2011-05, however, the effective date for amendments to the presentation of reclassification of items out of other comprehensive income has been deferred. ASU2011-05 being a disclosure regulation, such adoption did not have any impact on the Company s financial position and results of operations.

Excluding the above, there is no material change for Summary of Significant Accounting Policies stated in annual report for the year ended March 31, 2012.

2. Supplemental Cash Flow Information

Additional cash flow information and noncash investing and financing activities for the six months ended September 30, 2012 and 2011 are as follows:

| | Millions of yen | |
|--|---|---|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Additional cash flow information: | | |
| Interest paid | ¥ 4,602 | ¥ 3,322 |
| Income taxes paid | 37,037 | 49,845 |
| Noncash investing and financing activities: | | |
| Capital lease obligations incurred | ¥ 2,625 | ¥ 1,582 |

3. Allowance for Doubtful Receivables

At September 30, 2012 and at March 31, 2012, allowances for doubtful receivables deducted from Trade notes and accounts receivable and Long-term trade receivables are ¥13,996 million and ¥15,243 million, respectively.

4. Inventories

At September 30, 2012 and at March 31, 2012, inventories comprised the following:

| | Millions of yen | |
|---|-----------------------|-------------------|
| | September 30, 2012 | March 31, 2012 |
| Finished products, including finished parts held for sale | ¥ 413,055 | ¥ 422,001 |
| Work in process | 142,226 | 141,302 |
| Materials and supplies | 47,622 | 49,056 |
| Total | ¥ 602,903 | ¥ 612,359 |

5. Investment Securities

Investment securities at September 30, 2012 and at March 31, 2012 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 September 30, 2012 and at March 31, 2012 are as follows:

| | Cost | Millions of yen Gross unrealized holding | | Fair value |
|---|----------|---|--------|------------|
| | | Gains | Losses | |
| At September 30, 2012 | | | | |
| Investment securities: | | | | |
| Marketable equity securities available for sale | ¥ 19,883 | ¥ 16,386 | ¥ 588 | ¥ 35,681 |
| Other investment securities at cost | 7,438 | | | |
| | ¥ 27,321 | | | |
| At March 31, 2012 | | | | |
| Investment securities: | | | | |
| Marketable equity securities available for sale | ¥ 19,890 | ¥ 26,072 | ¥ 29 | ¥ 45,933 |
| Other investment securities at cost | 8,259 | | | |
| | ¥ 28,149 | | | |

Other investment securities primarily include non-marketable equity securities. The fair value of other investment securities was not estimated as it was not practicable to estimate the fair value of investments and no significant events or changes that might have effected the fair value of those investments were observed.

Proceeds from the sales of investment securities available for sale were ¥423 million and ¥414 million for the six months ended September 30, 2012 and 2011, respectively.

Impairment losses and net realized gains or losses from sale of investment securities available for sale during the six months ended September 30, 2012 and 2011 amounted to losses of ¥81 million and gains of ¥91 million, respectively. Impairment losses and net realized gains or losses from sale of investment securities available for sale during the three months ended September 30, 2012 and 2011 amounted to losses of ¥11 million and ¥39 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.

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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 September 30, 2012 and March 31, 2012 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 |
| At September 30, 2012 | | | | | | |
| Investment securities: | | | | | | |
| Marketable equity securities available for sale | ¥ 3,471 | ¥ 588 | ¥ | ¥ | ¥ 3,471 | ¥ 588 |
| At March 31, 2012 | | | | | | |
| Investment securities: | | | | | | |
| Marketable equity securities available for sale | ¥ 272 | ¥ 29 | ¥ | ¥ | ¥ 272 | ¥ 29 |

Komatsu judged the decline in fair value of investment securities to be temporary at September 30, 2012 and at March 31, 2012, with considering such factors as financial and operating conditions of issuer, the industry in which the issuer operates and other relevant factors.

6. Share-Based Compensation

The Company has two types of stock option plans as share-based compensation for directors and certain employees and certain directors of subsidiaries.

The stock option plans resolved by the Board of Directors meetings held in and before June 2010

The right to purchase the Company's shares is granted at a predetermined price to directors and certain employees and certain directors of subsidiaries. The purchase price is the amount calculated by taking the average of the closing prices applicable to ordinary transactions of shares of the Company on the Tokyo Stock Exchange on all days for a month immediately preceding the month in which the date of grant of the right falls and multiplying by 1.05, provided that the exercise price shall not be less than the closing price of the shares of the Company on the Tokyo Stock Exchange on the date of the grant.

The stock option plans resolved by the Board of Directors meetings held in and after July 2010

The right to purchase the Company's shares is granted at an exercise price of ¥1 per share to directors and certain employees and certain directors of subsidiaries.

Based on the resolutions of the shareholders' meeting on June 23, 2010 and the Board of Directors on July 13, 2011, the Company issued 872 rights of its share acquisition rights to directors. Based on the resolutions of the shareholders' meeting on June 22, 2011 and the Board of Directors on July 13, 2011, the Company also issued 2,529 rights of its share acquisition rights to certain employees and certain directors of subsidiaries during the year ending March 31, 2012. The options vest 100% on each of the grant dates and are exercisable from August 1, 2014.

In addition, based on the resolutions of the shareholders' meeting on June 23, 2010 and the Board of Directors on July 12, 2012, the Company issued 843 rights of its share acquisition rights to directors. Based on the resolutions of the shareholders' meeting on June 20, 2012 and the Board of Directors on July 12, 2012, the Company also issued 2,555 rights of its share acquisition rights to certain employees and certain directors of subsidiaries during the year ending March 31, 2013. The options vest 100% on each of the grant dates and are exercisable from August 1, 2015.

The number of shares subject to one share acquisition rights is 100 shares.

Komatsu recognizes compensation expense using the fair value method. Compensation expenses during the six months ended September 30, 2012 and 2011 were ¥200 million and ¥309 million, respectively, and were recorded in selling, general and administrative expenses. Compensation expenses during the three months ended September 30, 2012 and 2011 were ¥200 million and ¥309 million, respectively, and were recorded in selling, general and administrative expenses.

7. Income Taxes

The effective tax rates for the six months ended September 30, 2012 and 2011 were 32.9% and 24.8%, respectively. At the six months ended September 30, 2011, the differences between the effective tax rate and the Japanese statutory tax rate 40.8% include a decrease of the valuation allowance of ¥12,686 million (9.7% on income before income taxes and equity in earnings of affiliated companies) by a change in assessment about the likelihood of recovery of a deferred tax asset related to the decision of the merger between Komatsu Rental Ltd. and the Company during the three months ended June 30, 2011.

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 | |
|---|--|---|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Net income attributable to Komatsu Ltd. | ¥ 66,112 | ¥ 94,675 |

| | Number of shares | |
|--|---|---|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Weighted average common shares outstanding, less treasury stock | 952,319,152 | 967,852,046 |
| Dilutive effect of: | | |
| Stock options | 783,888 | 834,097 |
| Weighted average diluted common shares outstanding | 953,103,040 | 968,686,143 |

| | Yen | |
|--|---|--|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Net income attributable to Komatsu Ltd. per share: | | |
| Basic | ¥ 69.42 | ¥ 97.82 |
| Diluted | ¥ 69.37 | ¥ 97.74 |

| | Millions of yen | |
|--|--|--|
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |
| Net income attributable to Komatsu Ltd. | ¥ 33,988 | ¥ 38,969 |
| | Number of shares | |
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |
| Weighted average common shares outstanding, less treasury stock | 952,330,361 | 967,764,468 |
| Dilutive effect of: | | |
| Stock options | 809,790 | 840,035 |
| Weighted average diluted common shares outstanding | 953,140,151 | 968,604,503 |
| | Yen | |
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |
| Net income attributable to Komatsu Ltd. per share: | | |
| Basic | ¥ 35.69 | ¥ 40.27 |
| Diluted | ¥ 35.66 | ¥ 40.23 |

9. Contingent Liabilities

At September 30, 2012 and at March 31, 2012, Komatsu was contingently liable for discounted and transferred receivables on a recourse basis with the financial institutions of ¥673 million and ¥1,875 million, respectively.

Komatsu provides guarantees to third parties of loans of the employees, affiliated companies, customers and other companies. The guarantees 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 ¥77,749 million and ¥92,955 million at September 30, 2012 and at March 31, 2012, respectively. The fair value of the liabilities recognized for Komatsu's obligations as guarantors under those guarantees at September 30, 2012 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 September 30, 2012 and at March 31, 2012 are as follows:

| | Millions of yen | |
|--|-----------------------|-------------------|
| | September 30, 2012 | March 31, 2012 |
| Forwards and options: | | |
| Sale of foreign currencies | ¥ 117,597 | ¥ 129,282 |
| Purchase of foreign currencies | 53,648 | 78,859 |
| Option contracts (purchased) | 233 | 247 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | ¥ 80,564 | ¥ 83,014 |

Fair values of derivative instruments at September 30, 2012 and at March 31, 2012 on the consolidated balance sheets are as follows (Notes 11 and 12):

| Derivative instruments designated as hedging instruments | Millions of yen September 30, 2012 | | | |
|---|---|-------------------------|--|-------------------------|
| | Derivative Assets | | Derivative Liabilities | |
| | Location on the consolidated Balance Sheets | Estimated fair value | Location on the consolidated Balance Sheets | Estimated fair value |
| Forwards contracts | Deferred income taxes and other current assets | ¥ 1,453 | Deferred income taxes and other current liabilities | ¥ 22 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Deferred income taxes and other current assets | 287 | Deferred income taxes and other liabilities | 35 |
| Total | | ¥ 1,740 | | ¥ 1,435 |

| Undesignated derivative instruments | Millions of yen September 30, 2012 | | | |
|---|---|-------------------------|--|-------------------------|
| | Derivative Assets | | Derivative Liabilities | |
| | Location on the consolidated Balance Sheets | Estimated fair value | Location on the consolidated Balance Sheets | Estimated fair value |
| Forwards contracts | Deferred income taxes and other current assets | ¥ 551 | Deferred income taxes and other current liabilities | ¥ 861 |
| Option contracts | Deferred income taxes and other current assets | 56 | Deferred income taxes and other current liabilities | 3 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Deferred income taxes and other current assets | 295 | Deferred income taxes and other current liabilities | 547 |
| | assets | 592 | liabilities | |

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| | | |
|------------------------------|---------|---------|
| Total | ¥ 1,497 | ¥ 1,408 |
| Total Derivative Instruments | ¥ 3,237 | ¥ 2,843 |

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| | | Millions of yen March 31, 2012 | | |
|--|---|-----------------------------------|--|-------------------------|
| Derivative instruments designated as hedging instruments | Derivative Assets Location on the consolidated | Estimated fair value | Derivative Liabilities Location on the consolidated | Estimated fair value |
| | Balance Sheets | | Balance Sheets | |
| Forwards contracts | Deferred income taxes and other current assets | ¥ 1,681 | Deferred income taxes and other current liabilities | ¥ 5,578 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Deferred income taxes and other current assets | 21 | Deferred income taxes and other liabilities | 105 |
| Total | | ¥ 1,702 | | ¥ 6,433 |
| | | Derivative Assets | | |
| Undesignated derivative instruments | Location on the consolidated | Estimated fair value | Derivative Liabilities Location on the consolidated | Estimated fair value |
| | Balance Sheets | | Balance Sheets | |
| Forwards contracts | Deferred income taxes and other current assets | ¥ 569 | Deferred income taxes and other current liabilities | ¥ 2,805 |
| Option contracts | Deferred income taxes and other current assets | 5 | Deferred income taxes and other liabilities | 55 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Deferred income taxes and other current assets | 1,102 | Deferred income taxes and other liabilities | 418 |
| Total | | ¥ 2,143 | | ¥ 3,287 |
| Total Derivative Instruments | | ¥ 3,845 | | ¥ 9,720 |

The effects of derivative instruments on the consolidated statements of income and consolidated statements of comprehensive income for the six months ended September 30, 2012 and 2011 are as follows:

Derivative instruments designated as cash flow hedging relationships

| | Millions of yen Six months ended September 30, 2012 | | | | |
|--|---|---|--|--|--|
| | Amount of gains (losses) recognized in OCI on derivatives | Effective portion Location of gains (losses) reclassified from accumulated OCI into income | Amount of gains (losses) reclassified from accumulated OCI into income | Ineffective portion and amount excluded from effectiveness testing Location of gains (losses) recognized in income on derivatives | Amount of gains (losses) recognized in income on derivatives |
| Forwards contracts | ¥ 5,748 | Other income (expenses), net: Other, net | ¥ 2,734 | | ¥ |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | (117) | | | | |
| Total | ¥ 5,631 | | ¥ 2,734 | | ¥ |

| | Millions of yen Six months ended September 30, 2011 | | | | |
|--|---|---|--|--|--|
| | Amount of gains (losses) recognized in OCI on derivatives | Effective portion Location of gains (losses) reclassified from accumulated OCI into income | Amount of gains (losses) reclassified from accumulated OCI into income | Ineffective portion and amount excluded from effectiveness testing Location of gains (losses) recognized in income on derivatives | Amount of gains (losses) recognized in income on derivatives |
| Forwards contracts | ¥ 6,177 | Other income (expenses), net: Other, net | ¥ 4,383 | | ¥ |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | (327) | | | | |
| Total | ¥ 5,850 | | ¥ 4,383 | | ¥ |

Derivative instruments not designated as hedging instruments relationships

| | Millions of yen Six months ended September 30, 2012 | |
|--|---|---|
| | Location of gains | Amount of gains |
| | (losses) recognized in income on derivatives | (losses) recognized in income on derivatives |
| Forwards contracts | Other income (expenses), net: Other, net | ¥ 445 |
| Option contracts | Other income (expenses), net: Other, net | (1) |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Cost of sales | (21) |
| | Other income (expenses), net: Other, net | (608) |
| Total | | ¥ (185) |

| | Millions of yen Six months ended September 30, 2011 | |
|--|---|--|
| | Location of gains | Amount of gains |
| | (losses) recognized in income on derivatives | (losses) recognized in income on derivatives |
| Forwards contracts | Other income (expenses), net: Other, net | ¥ 6,601 |
| Option contracts | Other income (expenses), net: Other, net | 2 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Cost of sales | (146) |
| | Other income (expenses), net: Other, net | 1,654 |
| Total | | ¥ 8,111 |

The effects of derivative instruments on the consolidated statements of income and consolidated statements of comprehensive income for the three months ended September 30, 2012 and 2011 are as follows:

Derivative instruments designated as cash flow hedging relationships

| | Millions of yen Three months ended September 30, 2012 | | | | |
|--|---|--|--|--|--|
| | Amount of gains (losses) recognized in OCI on derivatives | Effective portion Location of gains (losses) reclassified from accumulated OCI into income | Amount of gains (losses) reclassified from accumulated OCI into income | Ineffective portion and amount excluded from effectiveness testing Location of gains (losses) recognized in income on derivatives | Amount of gains (losses) recognized in income on derivatives |
| Forwards contracts | ¥ 1,720 | Other income (expenses), net: Other, net | ¥ 1,464 | | ¥ |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | 182 | | | | |
| Total | ¥ 1,902 | | ¥ 1,464 | | ¥ |

| | Millions of yen Three months ended September 30, 2011 | | | | |
|--|---|--|--|--|--|
| | Amount of gains (losses) recognized in OCI on derivatives | Effective portion Location of gains (losses) reclassified from accumulated OCI into income | Amount of gains (losses) reclassified from accumulated OCI into income | Ineffective portion and amount excluded from effectiveness testing Location of gains (losses) recognized in income on derivatives | Amount of gains (losses) recognized in income on derivatives |
| Forwards contracts | ¥ 4,380 | Other income (expenses), net: Other, net | ¥ 3,531 | | ¥ |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | (294) | | | | |
| Total | ¥ 4,086 | | ¥ 3,531 | | ¥ |

Derivative instruments not designated as hedging instruments relationships

| | Millions of yen Three months ended September 30, 2012 | |
|--|--|---|
| | Location of gains (losses) recognized in income on derivatives | Amount of gains (losses) recognized in income on derivatives |
| Forwards contracts | Other income (expenses), net: Other, net | ¥ (1,460) |
| Option contracts | Other income (expenses), net: Other, net | (2) |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Cost of sales | 56 |
| | Other income (expenses), net: Other, net | (915) |
| Total | | ¥ (2,321) |

| | Millions of yen Three months ended September 30, 2011 | |
|--|--|---|
| | Location of gains (losses) recognized in income on derivatives | Amount of gains (losses) recognized in income on derivatives |
| Forwards contracts | Other income (expenses), net: Other, net | ¥ 7,336 |
| Option contracts | Other income (expenses), net: Other, net | 1 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | Cost of sales | (80) |
| | Other income (expenses), net: Other, net | 679 |
| Total | | ¥ 7,936 |

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, Including Current Portion

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.

The carrying amounts and the estimated fair values of the financial instruments, including financial instruments not qualifying as hedge, at September 30, 2012 and at March 31, 2012, are summarized as follows:

| | Millions of yen | | | |
|--|--------------------|----------------------|-----------------|----------------------|
| | September 30, 2012 | | March 31, 2012 | |
| | Carrying amount | Estimated fair value | Carrying amount | Estimated fair value |
| Investment securities, marketable equity securities | ¥ 35,681 | ¥ 35,681 | ¥ 45,933 | ¥ 45,933 |
| Long-term debt, including current portion | 389,669 | 384,322 | 431,976 | 429,357 |
| Derivatives: | | | | |
| Forwards and options | | | | |
| Assets | 2,350 | 2,350 | 2,255 | 2,255 |
| Liabilities | 918 | 918 | 8,543 | 8,543 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | | | | |
| Assets | 887 | 887 | 1,590 | 1,590 |
| Liabilities | 1,925 | 1,925 | 1,177 | 1,177 |

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

Financial Accounting Standards Board Accounting Standard Codification (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 September 30, 2012 and at March 31, 2012 are as follows:

| September 30, 2012 | Millions of yen | | | Total |
|--|-----------------|-----------------|--------------|-----------------|
| | Level 1 | Level 2 | Level 3 | |
| Assets | | | | |
| Investment securities available for sale | | | | |
| Manufacturing industry | ¥ 19,019 | ¥ | ¥ | ¥ 19,019 |
| Financial service industry | 14,396 | | | 14,396 |
| Other | 2,266 | | | 2,266 |
| Derivatives | | | | |
| Forward contracts | | 2,347 | | 2,347 |
| Option contracts | | 3 | | 3 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | | 887 | | 887 |
| Total | ¥ 35,681 | ¥ 3,237 | ¥ | ¥ 38,918 |
| Liabilities | | | | |
| Derivatives | | | | |
| Forward contracts | ¥ | ¥ 918 | ¥ | ¥ 918 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | | 1,925 | | 1,925 |
| Other | | 41,658 | 572 | 42,230 |
| Total | ¥ | ¥ 44,501 | ¥ 572 | ¥ 45,073 |
| | | | | |
| March 31, 2012 | Millions of yen | | | Total |
| | Level 1 | Level 2 | Level 3 | |
| Assets | | | | |
| Investment securities available for sale | | | | |
| Manufacturing industry | ¥ 27,172 | ¥ | ¥ | ¥ 27,172 |
| Financial service industry | 16,166 | | | 16,166 |
| Other | 2,595 | | | 2,595 |
| Derivatives | | | | |
| Forward contracts | | 2,250 | | 2,250 |
| Option contracts | | 5 | | 5 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | | 1,590 | | 1,590 |
| Total | ¥ 45,933 | ¥ 3,845 | ¥ | ¥ 49,778 |
| Liabilities | | | | |
| Derivatives | | | | |
| Forward contracts | ¥ | ¥ 8,543 | ¥ | ¥ 8,543 |
| Interest rate swaps, cross-currency swaps and interest rate cap agreements | | 1,177 | | 1,177 |
| Other | | 53,103 | 752 | 53,855 |
| Total | ¥ | ¥ 62,823 | ¥ 752 | ¥ 63,575 |

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 six months ended September 30, 2012 and 2011.

| | Millions of yen | |
|---|--|--|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Balance, beginning of year | ¥ (752) | ¥ (859) |
| Total gains or losses (realized / unrealized) | 180 | 155 |
| Included in earnings | 143 | 91 |
| Included in other comprehensive income (loss) | 37 | 64 |
| Total purchases, issuances and settlements | | |
| Purchases | | |
| Issuances | | |
| Settlements | | |
| Balance, end of period | ¥ (572) | ¥ (704) |

The amounts of unrealized gains and losses on classified in Level 3 liabilities recognized in earnings for the six months ended September 30, 2012 and 2011 related to liabilities still held at September 30, 2012 and 2011 were gains of ¥143 million and gains of ¥91 million, respectively. These gains and losses were reported in other income (expenses), net of the consolidated statements of income.

The following table summarizes information about changes of Level 3 for the three months ended September 30, 2012 and 2011.

| | Millions of yen | |
|---|---|---|
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |
| Balance, beginning of year | ¥ (604) | ¥ (879) |
| Total gains or losses (realized / unrealized) | 32 | 175 |
| Included in earnings | 19 | 136 |
| Included in other comprehensive income (loss) | 13 | 39 |
| Total purchases, issuances and settlements | | |
| Purchases | | |
| Issuances | | |
| Settlements | | |
| Balance, end of period | ¥ (572) | ¥ (704) |

The amounts of unrealized gains and losses on classified in Level 3 liabilities recognized in earnings for the three months ended September 30, 2012 and 2011 related to liabilities still held at September 30, 2012 and 2011 were gains of ¥19 million and gains of ¥136 million, respectively. These gains and losses 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 six months ended September 30, 2012 and 2011 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 ¥44,706 million and ¥58,395 million, respectively, at September 30, 2012 and at March 31, 2012 with financial institutions to secure liquidity. At September 30, 2012 and at March 31, 2012, ¥12,777 million and ¥12,544 million, respectively, were available to be used under such credit line agreements.

14. Dividends**Six months ended September 30, 2012****(1) 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.

(2) Dividends to be paid for the six months ended September 30, 2012, of which effective date is after September 30, 2012

| Resolution | Type of stock | Aggregate amount of dividends (Millions of yen) | Resource of dividends | Dividend per share (Yen) | Record date | Effective date |
|---|---------------|---|-----------------------|--------------------------|--------------------|-------------------|
| Board of Directors meeting held on October 30, 2012 | Common stock | 22,868 | Retained earnings | 24 | September 30, 2012 | November 30, 2012 |

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

Six months ended September 30, 2011**(1) 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 22, 2011 | Common stock | 19,369 | Retained earnings | 20 | March 31, 2011 | June 23, 2011 |

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

(2) Dividends to be paid for the six months ended September 30, 2011, of which effective date is after September 30, 2011

| Resolution | Type of stock | Aggregate amount of dividends (Millions of yen) | Resource of dividends | Dividend per share (Yen) | Record date | Effective date |
|------------|---------------|---|-----------------------|--------------------------|-------------|----------------|
|------------|---------------|---|-----------------------|--------------------------|-------------|----------------|

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| | | | | | | |
|--|--------------|--------|-------------------|----|--------------------|-------------------|
| Board of Directors meeting held on October 27, 2011 | Common stock | 20,331 | Retained earnings | 21 | September 30, 2011 | November 25, 2011 |
|--|--------------|--------|-------------------|----|--------------------|-------------------|

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 | |
|---|--|--|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Net sales: | | |
| Construction, Mining and Utility Equipment | | |
| External customers | ¥ 837,668 | ¥ 853,674 |
| Intersegment | 1,482 | 2,734 |
| Total | 839,150 | 856,408 |
| Industrial Machinery and Others | | |
| External customers | 93,181 | 132,193 |
| Intersegment | 4,018 | 4,204 |
| Total | 97,199 | 136,397 |
| Elimination | (5,500) | (6,938) |
| Consolidated | ¥ 930,849 | ¥ 985,867 |
| Segment profit: | | |
| Construction, Mining and Utility Equipment | | |
| | ¥ 109,581 | ¥ 120,154 |
| Industrial Machinery and Others | | |
| | 3,301 | 15,127 |
| Total segment profit | 112,882 | 135,281 |
| Corporate expenses and elimination | (1,602) | (2,541) |
| Total | 111,280 | 132,740 |
| Other operating income (expenses), net | (16) | 209 |
| Operating income | 111,264 | 132,949 |
| Interest and dividend income | 2,268 | 2,085 |
| Interest expense | (4,506) | (3,655) |
| Other, net | (3,642) | (1,136) |
| Consolidated income before income taxes and equity in earnings of affiliated companies | ¥ 105,384 | ¥ 130,243 |

| | Millions of yen | |
|---|---|---|
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |
| Net sales: | | |
| Construction, Mining and Utility Equipment | | |
| External customers | ¥ 408,747 | ¥ 418,350 |
| Intersegment | 627 | 1,428 |
| Total | 409,374 | 419,778 |
| Industrial Machinery and Others | | |
| External customers | 52,154 | 73,340 |
| Intersegment | 1,959 | 2,488 |
| Total | 54,113 | 75,828 |
| Elimination | (2,586) | (3,916) |
| Consolidated | ¥ 460,901 | ¥ 491,690 |
| Segment profit: | | |
| Construction, Mining and Utility Equipment | | |
| Industrial Machinery and Others | ¥ 55,379 | ¥ 59,268 |
| Industrial Machinery and Others | 925 | 6,283 |
| Total segment profit | 56,304 | 65,551 |
| Corporate expenses and elimination | (288) | (923) |
| Total | 56,016 | 64,628 |
| Other operating income (expenses), net | (470) | (48) |
| Operating income | 55,546 | 64,580 |
| Interest and dividend income | 952 | 790 |
| Interest expense | (2,383) | (1,767) |
| Other, net | 27 | (1,801) |
| Consolidated income before income taxes and equity in earnings of affiliated companies | ¥ 54,142 | ¥ 61,802 |

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 six months ended September 30, 2012 and 2011 are as follows:

| | Millions of yen | |
|--|--|--|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Japan | ¥ 178,916 | ¥ 191,433 |
| The Americas | 268,437 | 224,308 |
| Europe and CIS | 99,572 | 100,570 |
| China | 75,331 | 159,875 |
| Asia (excluding Japan and China) and Oceania | 246,774 | 244,372 |
| Middle East and Africa | 61,819 | 65,309 |
| Consolidated net sales | ¥ 930,849 | ¥ 985,867 |

Net sales determined by customer location for the three months ended September 30, 2012 and 2011 are as follows:

| | Millions of yen | |
|--|---|---|
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |
| Japan | ¥ 98,190 | ¥ 107,502 |
| The Americas | 139,347 | 115,246 |
| Europe and CIS | 44,498 | 46,924 |
| China | 28,020 | 57,971 |
| Asia (excluding Japan and China) and Oceania | 116,678 | 128,339 |
| Middle East and Africa | 34,168 | 35,708 |
| Consolidated net sales | ¥ 460,901 | ¥ 491,690 |

Net sales determined by geographic origin for the six months ended September 30, 2012 and 2011 are as follows:

| | Millions of yen | |
|------------------------|--|--|
| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
| Japan | ¥ 301,118 | ¥ 363,509 |
| U.S.A. | 258,979 | 215,718 |
| Europe and CIS | 97,563 | 105,899 |
| China | 61,730 | 109,459 |
| Others | 211,459 | 191,282 |
| Consolidated net sales | ¥ 930,849 | ¥ 985,867 |

Net sales determined by geographic origin for the three months ended September 30, 2012 and 2011 are as follows:

| | Millions of yen | |
|--|---|---|
| | Three months ended September 30, 2012 | Three months ended September 30, 2011 |

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| | | | |
|------------------------|-----------|---|---------|
| Japan | ¥ 152,663 | ¥ | 191,810 |
| U.S.A. | 133,990 | | 113,141 |
| Europe and CIS | 45,323 | | 48,737 |
| China | 24,201 | | 35,924 |
| Others | 104,724 | | 102,078 |
| Consolidated net sales | ¥ 460,901 | ¥ | 491,690 |

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 six months and three months ended September 30, 2012 and 2011.

16. Subsequent Event

There was no significant subsequent event to be disclosed.