

KOMATSU LTD  
Form 6-K  
November 12, 2009

**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, 2009  
COMMISSION FILE NUMBER: 1-7239  
KOMATSU LTD.**

Translation of registrant's name into English  
3-6 Akasaka 2-chome, Minato-ku, Tokyo, Japan  
Address of principal executive office

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

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

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.  
Yes  No

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

INFORMATION TO BE INCLUDED IN REPORT

1. Quarterly Report for the Second Quarter of the 141<sup>st</sup> Fiscal Year filed on November 12, 2009

On November 11, 2009, 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 Law of Japan. This Quarterly Report contains, among other information, Quarterly Consolidated Financial Statements for the six months period ended September 30, 2009 and the three months period ended September 30, 2009.

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 29, 2009, a copy of which was submitted under cover of Form 6-K on October 30, 2009 by the registrant.

Attached is an English translation of the registrant's Quarterly Consolidated Financial Statements for the six months period ended September 30, 2009 and the three months period ended September 30, 2009.

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SIGNATURES

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

KOMATSU LTD.

(Registrant)

Date: November 12, 2009

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

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

Komatsu Ltd. and Consolidated Subsidiaries

September 30, 2009 and March 31, 2009

|   | <b>September 30, 2009</b> |                  | <b>March 31, 2009</b> |                  |
|---|---------------------------|------------------|-----------------------|------------------|
|   | <b>Millions of</b>        | <b>Component</b> | <b>Millions of</b>    | <b>Component</b> |
|   | <b>yen</b>                | <b>ratio (%)</b> | <b>yen</b>            | <b>ratio (%)</b> |
| <b>Assets</b>   |                           |                  |                       |                  |
| <b>Current assets</b>   |                           |                  |                       |                  |
| Cash and cash equivalents   | ¥ 91,687                  |                  | ¥ 90,563              |                  |
| Time deposits   | 578                       |                  | 44                    |                  |
| Trade notes and accounts receivable, less allowance for doubtful receivables of ¥14,911 million at September 30, 2009 and ¥15,330 million at March 31, 2009 | 353,048                   |                  | 373,901               |                  |
| Inventories (Note 3)  | 436,450                   |                  | 507,357               |                  |
| Deferred income taxes and other current assets (Notes 4, 9, 10 and 11)  | 106,066                   |                  | 131,374               |                  |
| <b>Total current assets</b>   | <b>987,829</b>            | <b>51.7</b>      | <b>1,103,239</b>      | <b>56.0</b>      |
| <b>Long-term trade receivables</b>  | <b>140,490</b>            | <b>7.4</b>       | <b>102,969</b>        | <b>5.2</b>       |
| <b>Investments</b>  |                           |                  |                       |                  |
| Investments in and advances to affiliated companies   | 21,925                    |                  | 19,249                |                  |
| Investment securities (Notes 4, 10 and 11)  | 61,027                    |                  | 53,854                |                  |
| Other   | 11,262                    |                  | 12,017                |                  |
| <b>Total investments</b>  | <b>94,214</b>             | <b>4.9</b>       | <b>85,120</b>         | <b>4.3</b>       |
| <b>Property, plant and equipment less accumulated depreciation of ¥614,008 million at September 30, 2009 and ¥589,629 million at March 31, 2009</b>         | <b>532,257</b>            | <b>27.8</b>      | <b>525,462</b>        | <b>26.7</b>      |
| <b>Goodwill</b>   | <b>29,422</b>             | <b>1.5</b>       | <b>28,661</b>         | <b>1.5</b>       |
| <b>Other intangible assets</b>  | <b>61,842</b>             | <b>3.2</b>       | <b>60,346</b>         | <b>3.1</b>       |
| <b>Deferred income taxes and other assets (Notes 9, 10 and 11)</b>  | <b>65,739</b>             | <b>3.5</b>       | <b>63,262</b>         | <b>3.2</b>       |
|   | <b>¥ 1,911,793</b>        | <b>100.0</b>     | <b>¥ 1,969,059</b>    | <b>100.0</b>     |

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

|   | September 30, 2009 |                        | March 31, 2009     |                        |
|---|--------------------|------------------------|--------------------|------------------------|
|   | Millions of<br>yen | Component<br>ratio (%) | Millions of<br>yen | Component<br>ratio (%) |
| <b>Liabilities and Equity</b>   |                    |                        |                    |                        |
| <b>Current liabilities</b>  |                    |                        |                    |                        |
| Short-term debt   | ¥ 195,141          |                        | ¥ 220,087          |                        |
| Current maturities of long-term debt (Notes 10)   | 76,766             |                        | 87,662             |                        |
| Trade notes, bills and accounts payable   | 153,013            |                        | 214,375            |                        |
| Income taxes payable  | 6,718              |                        | 10,818             |                        |
| Deferred income taxes and other current liabilities<br>(Notes 9, 10 and 11)                                   | 175,019            |                        | 199,345            |                        |
| <b>Total current liabilities</b>  | <b>606,657</b>     | <b>31.7</b>            | <b>732,287</b>     | <b>37.2</b>            |
| <b>Long-term liabilities</b>  |                    |                        |                    |                        |
| Long-term debt (Notes 10)   | 374,573            |                        | 292,106            |                        |
| Liability for pension and retirement benefits   | 51,893             |                        | 53,822             |                        |
| Deferred income taxes and other liabilities (Notes<br>9, 10 and 11)   | 38,819             |                        | 42,510             |                        |
| <b>Total long-term liabilities</b>  | <b>465,285</b>     | <b>24.4</b>            | <b>388,438</b>     | <b>19.7</b>            |
| <b>Total liabilities</b>  | <b>1,071,942</b>   | <b>56.1</b>            | <b>1,120,725</b>   | <b>56.9</b>            |
| <b>Commitments and contingent liabilities</b> (Note<br>8)   |                    |                        |                    |                        |
| <b>Komatsu Ltd. shareholders equity</b>   |                    |                        |                    |                        |
| Common stock:   |                    |                        |                    |                        |
| Authorized 3,955,000,000 shares at September 30,<br>2009 and at March 31, 2009                                |                    |                        |                    |                        |
| Issued 998,744,060 shares at September 30, 2009<br>and at March 31, 2009                                      |                    |                        |                    |                        |
|   | 67,870             |                        | 67,870             |                        |
| Outstanding 968,044,150 shares at September 30,<br>2009 and 967,822,292 shares at March 31, 2009              |                    |                        |                    |                        |
| Capital surplus   | 140,111            |                        | 140,092            |                        |
| Retained earnings:  |                    |                        |                    |                        |
| Appropriated for legal reserve  | 30,781             |                        | 28,472             |                        |
| Unappropriated  | 707,680            |                        | 719,222            |                        |
| Accumulated other comprehensive income (loss)<br>(Notes 4 and 9)  | (109,880)          |                        | (105,744)          |                        |
| Treasury stock at cost, 30,699,910 shares at<br>September 30, 2009 and 30,921,768 shares at<br>March 31, 2009 | (34,730)           |                        | (34,971)           |                        |

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|   |             |       |             |       |
|---|-------------|-------|-------------|-------|
| <b>Total Komatsu Ltd. shareholders equity</b> | 801,832     | 41.9  | 814,941     | 41.4  |
| <b>Noncontrolling interest</b>                | 38,019      | 2.0   | 33,393      | 1.7   |
| <b>Total equity (Note 6)</b>                  | 839,851     | 43.9  | 848,334     | 43.1  |
|   | ¥ 1,911,793 | 100.0 | ¥ 1,969,059 | 100.0 |

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

**Consolidated Statements of Income (Unaudited)**

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2009 and 2008

|  | <b>Six months ended<br/>September 30, 2009</b> |                                | <b>Six months ended<br/>September 30, 2008</b> |                                |
|--|--|--------------------------------|--|--------------------------------|
|  | <b>Millions of<br/>yen</b>                     | <b>Component<br/>ratio (%)</b> | <b>Millions of<br/>yen</b>                     | <b>Component<br/>ratio (%)</b> |
| Net sales  | ¥ 645,963                                      | 100.0                          | ¥ 1,211,288                                    | 100.0                          |
| Cost of sales  | 505,082  | 78.2                           | 885,675  | 73.1                           |
| Selling, general and administrative expenses (Note 5)                            | 119,483  | 18.5                           | 166,224  | 13.7                           |
| Other operating income (expenses), net   | (1,613)  | (0.2)                          | 265  | 0.0                            |
| <b>Operating income</b>  | <b>19,785</b>                                  | <b>3.1</b>                     | <b>159,654</b>                                 | <b>13.2</b>                    |
| <b>Other income (expenses), net</b>  | <b>(1,333)</b>                                 |                                | <b>(2,926)</b>                                 |                                |
| Interest and dividend income   | 3,965  | 0.6                            | 4,414  | 0.4                            |
| Interest expense   | (5,125)  | (0.8)                          | (7,565)  | (0.6)                          |
| Other net  | (173)  | (0.0)                          | 225  | 0.0                            |
| <b>Income before income taxes and equity in earnings of affiliated companies</b> | <b>18,452</b>                                  | <b>2.9</b>                     | <b>156,728</b>                                 | <b>12.9</b>                    |
| <b>Income taxes</b>  |  |                                |  |                                |
| Current  | 15,488   |                                | 53,350   |                                |
| Deferred   | (8,845)  |                                | 51   |                                |
| Total  | 6,643  | 1.0                            | 53,401   | 4.4                            |
| <b>Income before equity in earnings of affiliated companies</b>                  | <b>11,809</b>                                  | <b>1.8</b>                     | <b>103,327</b>                                 | <b>8.5</b>                     |
| <b>Equity in earnings of affiliated companies</b>                                | <b>41</b>                                      | <b>0.0</b>                     | <b>1,334</b>                                   | <b>0.1</b>                     |
| <b>Net income</b>  | <b>11,850</b>                                  | <b>1.8</b>                     | <b>104,661</b>                                 | <b>8.6</b>                     |
| <b>Less net income attributable to the noncontrolling interest</b>               | <b>(3,652)</b>                                 | <b>(0.6)</b>                   | <b>(4,320)</b>                                 | <b>(0.4)</b>                   |
| <b>Net income attributable to Komatsu Ltd.</b>                                   | <b>¥ 8,198</b>                                 | <b>1.3</b>                     | <b>¥ 100,341</b>                               | <b>8.3</b>                     |



|   |  | <b>Yen</b>                                     |
|---|--|--|
|   | <b>Six months<br/>ended<br/>September<br/>30, 2009</b> | <b>Six months ended<br/>September 30, 2008</b> |
| <b>Net income attributable to Komatsu Ltd. per share</b> (Note 7) |  |  |
| Basic   | ¥ 8.47   | ¥ 100.82                                       |
| Diluted   | 8.47   | 100.72   |
| <b>Cash dividends per share</b> (Note 13)                         | 18.00  | 22.00  |

Three months ended September 30, 2009 and 2008

|  | Three months ended<br>September 30, 2009 |                        | Three months ended<br>September 30, 2008 |                        |
|--|--|------------------------|--|------------------------|
|  | Millions of<br>yen                       | Component<br>ratio (%) | Millions of<br>yen                       | Component<br>ratio (%) |
| Net sales  | ¥ 325,535                                | 100.0                  | ¥ 604,456                                | 100.0                  |
| Cost of sales  | 252,609                                  | 77.6                   | 445,839                                  | 73.8                   |
| Selling, general and administrative expenses (Note 5)                            | 59,997                                   | 18.4                   | 80,882                                   | 13.4                   |
| Other operating income (expenses), net   | (1,417)                                  | (0.4)                  | (1,345)                                  | (0.2)                  |
| <b>Operating income</b>  | 11,512                                   | 3.5                    | 76,390                                   | 12.6                   |
| <b>Other income (expenses), net</b>  | (1,788)                                  |                        | (12,430)                                 |                        |
| Interest and dividend income   | 2,106                                    | 0.6                    | 1,814                                    | 0.3                    |
| Interest expense   | (2,394)                                  | (0.7)                  | (3,636)                                  | (0.6)                  |
| Other net  | (1,500)                                  | (0.5)                  | (10,608)                                 | (1.8)                  |
| <b>Income before income taxes and equity in earnings of affiliated companies</b> | 9,724                                    | 3.0                    | 63,960                                   | 10.6                   |
| <b>Income taxes</b>  |  |                        |  |                        |
| Current  | 7,772                                    |                        | 30,413                                   |                        |
| Deferred   | (3,310)                                  |                        | (9,958)                                  |                        |
| Total  | 4,462                                    | 1.4                    | 20,455                                   | 3.4                    |
| <b>Income before equity in earnings of affiliated companies</b>                  | 5,262                                    | 1.6                    | 43,505                                   | 7.2                    |
| <b>Equity in earnings of affiliated companies</b>                                | 142                                      | 0.0                    | 572                                      | 0.1                    |
| <b>Net income</b>  | 5,404                                    | 1.7                    | 44,077                                   | 7.3                    |
| <b>Less net income attributable to the noncontrolling interest</b>               | (1,969)                                  | (0.6)                  | (1,467)                                  | (0.2)                  |
| <b>Net income attributable to Komatsu Ltd.</b>                                   | ¥ 3,435                                  | 1.1                    | ¥ 42,610                                 | 7.0                    |

Yen  
Three months ended  
Three months ended

|   | <b>September<br/>30, 2009</b> |   | <b>September 30, 2008</b> |
|---|-------------------------------|---|---------------------------|
| <b>Net income attributable to Komatsu Ltd. per share</b> (Note 7) |                               |   |                           |
| Basic   | ¥ 3.55                        | ¥ | 42.81                     |
| Diluted   | 3.55                          |   | 42.78                     |

**Cash dividends per share**

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

**Consolidated Statements of Shareholders Equity (Unaudited)**

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2009 and 2008

|  | <b>Millions of yen</b>                                 |  |
|--|--|--|
|  | <b>Six months<br/>ended<br/>September<br/>30, 2009</b> | <b>Six months ended<br/>September 30, 2008</b> |
| <b>Common stock</b>  |  |  |
| Balance, beginning of year                                   | ¥ 67,870   | ¥ 67,870                                       |
| Balance, end of period                                       | ¥ 67,870   | ¥ 67,870                                       |
| <b>Capital surplus</b>                                       |  |  |
| Balance, beginning of year                                   | ¥ 140,092  | ¥ 138,170                                      |
| Sales of treasury stock                                      | (84)   | 1,702  |
| Issuance and exercise of stock acquisition rights (Note 5)   | 103  | 69   |
| Balance, end of period                                       | ¥ 140,111  | ¥ 139,941                                      |
| <b>Retained earnings, appropriated for legal reserve</b>     |  |  |
| Balance, beginning of year                                   | ¥ 28,472   | ¥ 26,714                                       |
| Transfer from unappropriated retained earnings               | 2,309  | 276  |
| Balance, end of period                                       | ¥ 30,781   | ¥ 26,990                                       |
| <b>Unappropriated retained earnings</b>                      |  |  |
| Balance, beginning of year                                   | ¥ 719,222  | ¥ 685,986                                      |
| Net income attributable to Komatsu Ltd.                      | 8,198  | 100,341  |
| Cash dividends paid to Komatsu Ltd. Shareholders (Note 13)   | (17,431)   | (21,904)                                       |
| Transfer to retained earnings appropriated for legal reserve | (2,309)  | (276)  |
| Balance, end of period                                       | ¥ 707,680  | ¥ 764,147                                      |
| <b>Accumulated other comprehensive income (loss)</b>         |  |  |
| Balance, beginning of year                                   | ¥ (105,744)  | ¥ (28,779)                                     |
| Other comprehensive income(loss), for the period, net of tax | (4,136)  | (9,274)  |
| Balance, end of period                                       | ¥ (109,880)  | ¥ (38,053)                                     |

|  |   |          |   |         |
|--|---|----------|---|---------|
| <b>Treasury stock</b>  |   |          |   |         |
| Balance, beginning of year                                   | ¥ | (34,971) | ¥ | (2,835) |
| Purchase of treasury stock                                   |   | (15)     |   | (3,050) |
| Sales of treasury stock                                      |   | 256      |   | 779     |
| Balance, end of period                                       | ¥ | (34,730) | ¥ | (5,106) |
| <b>Total Komatsu Ltd. shareholders equity</b>                | ¥ | 801,832  | ¥ | 955,789 |
| <b>Noncontrolling interest</b>                               |   |          |   |         |
| Balance, beginning of year                                   | ¥ | 33,393   | ¥ | 30,239  |
| Net income attributable to the noncontrolling interest       |   | 3,652    |   | 4,320   |
| Cash dividends paid to the noncontrolling interest           |   | (1,727)  |   | (2,243) |
| Other comprehensive income(loss), for the period, net of tax |   | 1,187    |   | (692)   |
| Other changes in noncontrolling interest                     |   | 1,514    |   | 2,037   |
| Balance, end of period                                       | ¥ | 38,019   | ¥ | 33,661  |
| <b>Total equity (Note 6)</b>                                 | ¥ | 839,851  | ¥ | 989,450 |

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

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

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2009 and 2008

|   | Millions of yen                              |  |
|---|--|--|
|   | Six months<br>ended<br>September<br>30, 2009 | Six months ended<br>September 30, 2008 |
| <b>Operating activities</b>   |  |  |
| Net income  | ¥ 11,850                                     | ¥ 104,661                              |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |  |  |
| Depreciation and amortization   | 44,427                                       | 45,914                                 |
| Deferred income taxes   | (8,845)                                      | 51                                     |
| Net loss (gain) from sale of investment securities and subsidiaries                         | (252)  | 1,311                                  |
| Net loss (gain) on sale of property   | (251)  | (62)                                   |
| Loss on disposal of fixed assets  | 922  | 1,273                                  |
| Pension and retirement benefits, net  | 199  | (42)                                   |
| Changes in assets and liabilities:  |  |  |
| Decrease (increase) in trade receivables  | 21,396                                       | (2,515)                                |
| Decrease (increase) in inventories  | 69,679                                       | (42,501)                               |
| Increase (decrease) in trade payables   | (56,819)                                     | (10,104)                               |
| Increase (decrease) in income taxes payable   | (4,215)                                      | (18,240)                               |
| Other, net  | 9,363  | (21,349)                               |
| <br>Net cash provided by (used in) operating activities                                     | <br>87,454                                   | <br>58,397                             |
| <b>Investing activities</b>   |  |  |
| Capital expenditures  | (50,342)                                     | (68,586)                               |
| Proceeds from sale of property  | 7,519  | 6,894                                  |
| Proceeds from sale of available for sale investment securities                              | 74   | 147                                    |
| Purchases of available for sale investment securities                                       | (3,505)                                      | (9,318)                                |
| Proceeds from sale of subsidiaries and equity investees, net of cash disposed               | 661  |  |
| Acquisition of subsidiaries and equity investees, net of cash acquired                      | 627  | 302                                    |
| Collection of loan receivables  | 901  | 4,959                                  |
| Disbursement of loan receivables  | (970)  | (3,386)                                |
| Decrease (increase) in time deposits  | (52)   | (1,519)                                |
| <br>Net cash provided by (used in) investing activities                                     | <br>(45,087)                                 | <br>(70,507)                           |
| <b>Financing activities</b>   |  |  |

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|  |          |          |
|--|----------|----------|
| Proceeds from long-term debt                                       | 88,685   | 77,173   |
| Repayments on long-term debt                                       | (26,566) | (41,148) |
| Increase (decrease) in short-term debt, net                        | (61,988) | (3,182)  |
| Repayments of capital lease obligations                            | (17,902) | (20,378) |
| Sale (purchase) of treasury stock, net                             | 157      | (2,791)  |
| Dividends paid   | (17,431) | (21,904) |
| Other, net   | (3,199)  | (1,481)  |
| <br>   |          |          |
| Net cash provided by (used in) financing activities                | (38,244) | (13,711) |
| <br>   |          |          |
| <b>Effect of exchange rate change on cash and cash equivalents</b> | (2,999)  | 1,027    |
| <br>   |          |          |
| <b>Net increase (decrease) in cash and cash equivalents</b>        | 1,124    | (24,794) |
| <b>Cash and cash equivalents, beginning of year</b>                | 90,563   | 102,010  |
| <br>   |          |          |
| <b>Cash and cash equivalents, end of period</b>                    | ¥ 91,687 | ¥ 77,216 |

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

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

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

**Basis of Quarterly Financial Statements**

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

(2) The Company and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its foreign subsidiaries generally maintain their books of account in conformity with those in the country of their domicile. The accompanying consolidated financial statements reflect certain adjustments, not recorded in Komatsu s books, to present them in conformity with U.S. GAAP. These adjustments are made mainly in connection with accounting for liability for pension and other retirement benefits, derivative financial instruments, and recognition of certain accrued expenses.

**Summary of Significant Accounting Policies**

Komatsu adopted the FASB Accounting Standard Codification™ ( ASC ) 105, Generally Accepted Accounting Principles (Formerly the Statement of Financial Accounting Standards ( SFAS ) No. 168, The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No.162 ) in September 2009. ASC 105 prescribes that FASB Accounting Standard Codification™ ( Codification ) is the single official source of authoritative U.S. generally accepted accounting principle, doing away with the previous four-level hierarchy.

The financial statements that adopted ASC 105 should follow the Codification in place of legacy accounting pronouncements. SFAS No. 168 is superseded by ASC 105. The adoption of ASC 105 did not have a material impact on our consolidated result of operations and financial condition.



Starting in the fiscal year which began April 1, 2009, Komatsu adopted ASC 805, Business Combinations . ASC 805 establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired or gain from a bargain purchase. ASC 805 also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. The adoption of ASC 805 did not have a material impact on our consolidated results of operations and financial condition.

Starting in the fiscal year which began April 1, 2009, Komatsu adopted ASC 810, Consolidation . ASC 810 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. ASC 810 also establishes disclosure requirements that clearly identify and distinguish between the controlling and noncontrolling interests, and requires the separate disclosure of income attributable to controlling and noncontrolling interests. Previously reported amounts have been reclassified accordingly.

Excluding the above, there is no material change for Summary of Significant Accounting Policies stated in annual report for the year ended March 31, 2009.

**2. Supplemental Cash Flow Information**

Additional cash flow information and noncash investing and financing activities for the six months ended September 30, 2009 and 2008 are as follows:

|  | Millions of yen                              |  |
|--|--|--|
|  | Six months<br>ended<br>September<br>30, 2009 | Six months ended<br>September 30, 2008 |
| <b>Additional cash flow information:</b>           |  |  |
| Interest paid                                      | ¥ 5,141                                      | ¥ 7,260                                |
| Income taxes paid (refunded)                       | (149)  | 74,390                                 |
| <b>Noncash investing and financing activities:</b> |  |  |
| Capital lease obligations incurred                 | ¥ 9,066                                      | ¥ 22,338                               |

**3. Inventories**

At September 30, 2009 and at March 31, 2009, inventories comprised the following:

|   | Millions of yen          |                   |
|---|--------------------------|-------------------|
|   | September<br>30,<br>2009 | March 31,<br>2009 |
| Finished products, including finished parts held for sale | ¥ 274,838                | ¥ 328,643         |
| Work in process   | 121,880                  | 128,345           |
| Materials and supplies                                    | 39,732                   | 50,369            |
| <br>Total   | <br>¥ 436,450            | <br>¥ 507,357     |

**4. Investment Securities**

Investment securities at September 30, 2009 and at March 31, 2009 primarily consisted of securities available for sale. The cost, gross unrealized holding gains and losses, and fair value for such investment securities by major security types at September 30, 2009 and at March 31, 2009 are as follows:

|  | Millions of yen |                                   |        |            |
|--|-----------------|-----------------------------------|--------|------------|
|  | Cost            | Gross unrealized holding<br>Gains | Losses | Fair value |
| <b>September 30, 2009</b>                              |                 |                                   |        |            |
| Investment securities available for sale:              |                 |                                   |        |            |
| Marketable equity securities                           | ¥ 25,144        | ¥ 20,130                          | ¥ 85   | ¥ 45,189   |
| Other investment securities at cost                    | 15,838          |                                   |        |            |
| Current portion of other investment securities at cost | 93              |                                   |        |            |
|  | ¥ 41,075        |                                   |        |            |

|  | Millions of yen |                                   |        |            |
|--|-----------------|-----------------------------------|--------|------------|
|  | Cost            | Gross unrealized holding<br>Gains | Losses | Fair value |
| <b>March 31, 2009</b>                                  |                 |                                   |        |            |
| Investment securities available for sale:              |                 |                                   |        |            |
| Marketable equity securities                           | ¥ 24,112        | ¥ 13,419                          | ¥ 465  | ¥ 37,066   |
| Other investment securities at cost                    | 16,788          |                                   |        |            |
| Current portion of other investment securities at cost | 101             |                                   |        |            |
|  | ¥ 41,001        |                                   |        |            |

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.

Unrealized holding gains and losses are included as a component of accumulated other comprehensive income (loss) until realized.

Proceeds from the sales of investment securities available for sale were ¥74 million and ¥147 million for the six months ended September 30, 2009 and 2008, respectively.

Net realized gains or losses from sale of investment securities available for sale during the six months ended September 30, 2009 and 2008 amounted to gains of ¥252 million and losses of ¥1,311 million, respectively. Net realized gains or losses from sale of investment securities available for sale during the three months ended September 30, 2009 and 2008 amounted to gains of ¥317 million and losses of ¥647 million, respectively. Such gains and losses were included in other income (expenses), net in the accompanying consolidated statements of income.

The cost of the marketable securities and investment securities sold was computed based on the average-cost method.

## 5. Stock Option Plan

The Company intends to transfer treasury 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. 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.

Based on the resolutions of the shareholders' meeting on June 22, 2007 and the Board of Directors on July 14, 2009, the Company issued 239 rights of its share acquisition rights to directors during the year ending March 31, 2010. The Company also issued 403 rights of its share acquisition rights to certain employees and certain directors of subsidiaries during the year ending March 31, 2010 based on the resolutions of the shareholders' meeting on June 24, 2009 and the Board of Directors on July 14, 2009. The options vest 100% on each of the grant dates and are exercisable from September 1, 2010.

Komatsu recognizes compensation expense using the fair value method in accordance with ASC 718 Compensation Stock Compensation. Compensation expenses during the six months ended September 30, 2009 and 2008 were ¥103 million and ¥94 million, respectively, and were recorded in selling, general and administrative expenses. Compensation expenses after tax during the six months ended September 30, 2009 and 2008 were ¥61 million and ¥56 million, respectively. Compensation expenses during the three months ended September 30, 2009 and 2008 were ¥103 million and ¥94 million, respectively, and were recorded in selling, general and administrative expenses. Compensation expenses after tax during the three months ended September 30, 2009 and 2008 were ¥61 million and ¥56 million, respectively.

**6. Equity**

The changes in the carrying amount of equity attributable to Komatsu Ltd. shareholders, equity attributable to the noncontrolling interests and the total equity in the accompanying consolidated balance sheets for the six months ended September 30, 2009 and 2008 are as follows:

|   | <b>Millions of yen</b>                    |                            |              |
|---|---|----------------------------|--------------|
|   | Komatsu<br>Ltd.<br>shareholders<br>equity | Noncontrolling<br>interest | Total equity |
| <b>Six months ended September 30, 2009</b>                    |   |                            |              |
| Balance, beginning of year                                    | ¥ 814,941                                 | ¥ 33,393                   | ¥ 848,334    |
| Cash dividends paid to Komatsu Ltd. shareholders              | (17,431)                                  |                            | (17,431)     |
| Cash dividends paid to the noncontrolling interest            |   | (1,727)                    | (1,727)      |
| Other changes   | 260                                       | 1,514                      | 1,774        |
| Comprehensive income:   |   |                            |              |
| Net income  | 8,198                                     | 3,652                      | 11,850       |
| Other comprehensive income(loss), for the period, net of tax  |   |                            |              |
| Foreign currency translation adjustments                      | (10,953)                                  | 564                        | (10,389)     |
| Net unrealized holding gains on securities available for sale | 4,274                                     |                            | 4,274        |
| Pension liability adjustments                                 | 1,782                                     |                            | 1,782        |
| Net unrealized holding gains on derivative instruments        | 761                                       | 623                        | 1,384        |
| Total comprehensive income                                    | 4,062                                     | 4,839                      | 8,901        |
| Balance, end of period  | ¥ 801,832                                 | ¥ 38,019                   | ¥ 839,851    |

|   | <b>Millions of yen</b>                    |                            |              |
|---|---|----------------------------|--------------|
|   | Komatsu<br>Ltd.<br>shareholders<br>equity | Noncontrolling<br>interest | Total equity |
| <b>Six months ended September 30, 2008</b>                            |   |                            |              |
| Balance, beginning of year  | ¥ 887,126                                 | ¥ 30,239                   | ¥ 917,365    |
| Cash dividends paid to Komatsu Ltd. shareholders                      | (21,904)                                  |                            | (21,904)     |
| Cash dividends paid to the noncontrolling interest                    |   | (2,243)                    | (2,243)      |
| Other changes   | (500)                                     | 2,037                      | 1,537        |
| Comprehensive income:   |   |                            |              |
| Net income  | 100,341                                   | 4,320                      | 104,661      |
| Other comprehensive income(loss), for the period, net of tax          |   |                            |              |
| Foreign currency translation adjustments                              | (4,998)                                   | (694)                      | (5,692)      |
| Net unrealized holding gains(losses) on securities available for sale | (4,939)                                   | 2                          | (4,937)      |
| Pension liability adjustments   | (202)                                     |                            | (202)        |
| Net unrealized holding gains on derivative instruments                | 865                                       |                            | 865          |
| Total comprehensive income  | 91,067                                    | 3,628                      | 94,695       |

|                        |           |          |           |
|------------------------|-----------|----------|-----------|
| Balance, end of period | ¥ 955,789 | ¥ 33,661 | ¥ 989,450 |
|------------------------|-----------|----------|-----------|



**7. 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:

|   | <b>Millions of yen</b>                             |  |
|---|--|--|
|   | <b>Six months ended<br/>September<br/>30, 2009</b> | <b>Six months ended<br/>September 30, 2008</b> |
| Net income attributable to Komatsu Ltd.                         | ¥ 8,198  | ¥ 100,341                                      |
|   | <b>Number of shares</b>                            |  |
|   | <b>Six months ended<br/>September<br/>30, 2009</b> | <b>Six months ended<br/>September 30, 2008</b> |
| Weighted average common shares outstanding, less treasury stock | 967,972,490  | 995,234,502                                    |
| Dilutive effect of:   |  |  |
| Stock options   | 373,447  | 987,725  |
| Weighted average diluted common shares outstanding              | 968,345,937  | 996,222,227                                    |
|   | <b>Yen</b>   |  |
|   | <b>Six months ended<br/>September<br/>30, 2009</b> | <b>Six months ended<br/>September 30, 2008</b> |
| Net income attributable to Komatsu Ltd.:                        |  |  |
| Basic   | ¥ 8.47   | ¥ 100.82                                       |
| Diluted   | 8.47   | 100.72   |

|   | <b>Millions of yen</b>                                       |  |
|---|--|--|
|   | <b>Three<br/>months<br/>ended<br/>September<br/>30, 2009</b> | <b>Three months ended<br/>September 30, 2008</b> |
| Net income attributable to Komatsu Ltd. | ¥ 3,435  | ¥ 42,610   |

|   | <b>Number of shares</b>                                      |  |
|---|--|--|
|   | <b>Three<br/>months<br/>ended<br/>September<br/>30, 2009</b> | <b>Three months ended<br/>September 30, 2008</b> |
| Weighted average common shares outstanding, less treasury stock | 968,033,505  | 995,216,076                                      |
| Dilutive effect of:   |  |  |
| Stock options   | 394,831  | 844,352  |
| Weighted average diluted common shares outstanding              | 968,428,336  | 996,060,428                                      |

|  | <b>Yen</b>   |  |
|--|--|--|
|  | <b>Three<br/>months<br/>ended<br/>September<br/>30, 2009</b> | <b>Three months ended<br/>September 30, 2008</b> |
| Net income attributable to Komatsu Ltd.: |  |  |
| Basic                                    | ¥ 3.55   | ¥ 42.81  |
| Diluted                                  | 3.55   | 42.78  |

## **8. Contingent Liabilities**

At September 30, 2009 and at March 31, 2009, Komatsu was contingently liable for discounted and transferred receivables on a recourse basis with the financial institutions of ¥13,332 million and ¥14,480 million, respectively. Komatsu provides guarantees to third parties of loans of the employees, affiliated companies 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 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 10 years in the case of loans relating to the affiliated companies and other companies. The maximum amount of undiscounted payments Komatsu would have had to make in the event of default was ¥70,699 million and ¥65,478 million at September 30, 2009 and at March 31, 2009, respectively. The fair value of the liabilities recognized for Komatsu's obligations as guarantors under those guarantees at September 30, 2009 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 position.

Komatsu conducts 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.

**9. Derivative Financial Instruments**

Notional principal amounts of derivative financial instruments outstanding at September 30, 2009 and at March 31, 2009 are as follows:

|  | Millions of yen          |                   |
|--|--------------------------|-------------------|
|  | September<br>30,<br>2009 | March 31,<br>2009 |
| Forwards and options:  |                          |                   |
| Sale of foreign currencies   | ¥ 22,450                 | ¥ 30,868          |
| Purchase of foreign currencies   | 35,707                   | 48,424            |
| Option contracts (purchased)   | 1,061                    | 1,011             |
| Interest rate swap, cross-currency swap and interest rate cap agreements | 230,139                  | 226,754           |

Net foreign currency exchange gains (losses) in the accompanying consolidated statements of income for the six months ended September 30, 2009 and 2008 amounted to losses of ¥2,874 million and losses of ¥4,274 million, respectively. Net foreign currency exchange gains (losses) in the accompanying consolidated statements of income for the three months ended September 30, 2009 and 2008 amounted to losses of ¥4,645 million and losses of ¥9,810 million, respectively.

Fair values of derivative instruments at September 30, 2009 and at March 31, 2009 on the consolidated balance sheets are as follows:

| Millions of yen<br><b>September 30, 2009</b>                              |  |                         |   |                         |
|---|--|-------------------------|---|-------------------------|
| <b>Derivative instruments designated<br/>as hedging instruments</b>       | Derivative Assets                              |                         | Derivative Liabilities                              |                         |
|   | Location on the consolidated<br>Balance Sheets | Estimated<br>fair value | Location on the consolidated<br>Balance Sheets      | Estimated<br>fair value |
| Forwards contracts  | Deferred income taxes and other current assets | ¥ 446                   | Deferred income taxes and other current liabilities | ¥                       |
| Interest rate swaps, cross-currency swap and interest rate cap agreements | Deferred income taxes and other current assets | 339                     | Deferred income taxes and other current liabilities | 972                     |
|   | Deferred income taxes and other assets         | 829                     | Deferred income taxes and other liabilities         |                         |
| <b>Total</b>  |  | <b>¥ 1,614</b>          |   | <b>¥ 972</b>            |
| <b>Undesignated derivative<br/>instruments</b>                            | Derivative Assets                              |                         | Derivative Liabilities                              |                         |
|   | Location on the consolidated<br>Balance Sheets | Estimated<br>fair value | Location on the consolidated<br>Balance Sheets      | Estimated<br>fair value |
| Forwards contracts  | Deferred income taxes and other current assets | ¥ 438                   | Deferred income taxes and other current liabilities | ¥ 524                   |
| Option contracts  | Deferred income taxes and other current assets | 17                      | Deferred income taxes and other current liabilities |                         |
| Interest rate swaps, cross-currency swap and interest rate cap agreements | Deferred income taxes and other current assets | 3,957                   | Deferred income taxes and other current liabilities | 1,095                   |
|   | Deferred income taxes and other assets         | 9,522                   | Deferred income taxes and other liabilities         | 1,688                   |
| <b>Total</b>  |  | <b>¥ 13,934</b>         |   | <b>¥ 3,307</b>          |
| <b>Total Derivative Instruments</b>                                       |  | <b>¥ 15,548</b>         |   | <b>¥ 4,279</b>          |

| Millions of yen<br><b>March 31, 2009</b>                            |  |                         |   |                         |
|---|--|-------------------------|---|-------------------------|
| <b>Derivative instruments designated<br/>as hedging instruments</b> | Derivative Assets                              |                         | Derivative Liabilities                              |                         |
|   | Location on the consolidated<br>Balance Sheets | Estimated<br>fair value | Location on the consolidated<br>Balance Sheets      | Estimated<br>fair value |
| Forwards contracts  | Deferred income taxes and other current assets | ¥ 278                   | Deferred income taxes and other current liabilities | ¥ 430                   |
|   | Deferred income taxes and other assets         | 8                       | Deferred income taxes and other liabilities         |                         |

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|   |  |         |   |
|---|--|---------|---|
| Interest rate swaps, cross-currency swap and interest rate cap agreements | Deferred income taxes and other current assets | 2,351   | Deferred income taxes and other current liabilities |
|   | Deferred income taxes and other assets         | 5,709   | Deferred income taxes and other liabilities         |
| Total   |  | ¥ 8,346 | ¥ 430   |

| <b>Undesignated derivative instruments</b>                                | 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 | ¥ 1,016              | Deferred income taxes and other current liabilities | ¥ 1,387              |
| Option contracts  | Deferred income taxes and other current assets | 19                   | Deferred income taxes and other current liabilities |                      |
| Interest rate swaps, cross-currency swap and interest rate cap agreements | Deferred income taxes and other current assets | 766                  | Deferred income taxes and other current liabilities | 980                  |
|   | Deferred income taxes and other assets         | 1,704                | Deferred income taxes and other liabilities         | 3,058                |
| Total   |  | ¥ 3,505              |   | ¥ 5,425              |
| Total Derivative Instruments  |  | ¥ 11,851             |   | ¥ 5,855              |

The effects of derivative instruments on the consolidated statements of income for the six months ended September 30, 2009 are as follows:

**Derivative instruments designated as fair value hedging relationships**

|   | Millions of yen<br><b>Six months ended<br/>September 30, 2009</b>  |  |   |  |
|---|--|--|---|--|
|   | Location of<br>gains (losses)<br>recognized in income<br>on derivatives<br>Other income<br>(expenses), net:<br>Other-net | Amount of<br>gains (losses)<br>recognized in<br>income<br>on derivatives | Location of<br>gains (losses)<br>recognized in income<br>on hedged items<br>Other income<br>(expenses), net:<br>Other-net | Amount of<br>gains (losses)<br>recognized in<br>income<br>on hedged<br>items |
| Interest rate swaps,<br>cross-currency swap and<br>interest rate cap agreements | ¥  | 2,549  | ¥   | (1,157)  |
| Total   | ¥  | 2,549  | ¥   | (1,157)  |

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

|   | Millions of yen<br><b>Six months ended<br/>September 30, 2009</b>              |  |  |   |   |
|---|--|--|--|---|---|
|   | Amount<br>of<br>gains<br>(losses)<br>recognized<br>in<br>OCI on<br>derivatives | Effective portion<br>Location of<br>gains (losses)<br>reclassified<br>from accumulated<br>OCI into income<br>Other income<br>(expenses), net:<br>Other-net | Amount of<br>gains (losses)<br>reclassified<br>from<br>accumulated<br>OCI into<br>income | Ineffective portion and<br>amount excluded<br>from effectiveness testing<br>Location of<br>gains<br>(losses)<br>recognized<br>in<br>income<br>on<br>derivatives | Amount of<br>gains<br>(losses)<br>recognized<br>in<br>income<br>on<br>derivatives |
| Forwards contracts  | ¥ 856  |  | ¥ 685  |   | ¥   |
| Interest rate swaps,<br>cross-currency swap and<br>interest rate cap agreements | 184  |  | 91   |   |   |
| Total   | ¥ 1,040  |  | ¥ 776  |   | ¥   |

\* OCI stands for  
Other

comprehensive  
income (loss).

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

|   |   | Millions of yen  |       |
|---|---|--|-------|
|   |   | <b>Six months ended</b>  |       |
|   |   | <b>September 30, 2009</b>  |       |
|   | Location of gains (losses) recognized<br>in income on derivatives | Amount of gains (losses)<br>recognized<br>in income on derivatives |       |
| Forwards contracts  | Other income (expenses), net: Other-net                           | ¥  | 797   |
| Option contracts  | Other income (expenses), net: Other-net                           |  |       |
| Interest rate swaps, cross-currency<br>swap and interest rate cap<br>agreements | Cost of sales   |  | (243) |
|   | Other income (expenses), net: Other-net                           |  | 3,971 |
| Total   |   | ¥  | 4,525 |



The effects of derivative instruments on the consolidated statements of income for the three months ended September 30, 2009 are as follows:

**Derivative instruments designated as fair value hedging relationships**

|   | Millions of yen                               |   |   |       |
|---|---|---|---|-------|
|   | <b>Three months ended</b>                     |   |   |       |
|   | <b>September 30, 2009</b>                     |   |   |       |
| Location of gains (losses) recognized in income                           | Amount of gains (losses) recognized in income | Location of gains (losses) recognized in income | Amount of gains (losses) recognized in income |       |
| on derivatives  | on derivatives                                | on hedged items                                 | on hedged items                               |       |
| Interest rate swaps, cross-currency swap and interest rate cap agreements | Other income (expenses), net:<br>Other-net    | ¥ 1,268   | Other income (expenses), net:<br>Other-net    | ¥ 241 |
| Total   |   | ¥ 1,268   |   | ¥ 241 |

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

|   | Millions of yen  |  |  |  |
|---|--|--|--|--|
|   | <b>Three months ended</b>  |  |  |  |
|   | <b>September 30, 2009</b>  |  |  |  |
| Amount of gains (losses) recognized in OCI on derivatives                 | Effective portion  |  | Ineffective portion and amount excluded from effectiveness testing |  |
|   | 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  | Other income (expenses), net:<br>Other-net                               | ¥ 759  |  | ¥  |
| Interest rate swaps, cross-currency swap and interest rate cap agreements | Other income (expenses), net:<br>Other-net                               | 91   |  |  |
| Total   |  | ¥ 850  |  | ¥  |

\*

OCI stands for  
Other  
comprehensive  
income (loss).

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

|   | Millions of yen   |  |
|---|---|--|
|   | <b>Three months ended<br/>September 30, 2009</b>                  |  |
|   | Location of gains (losses) recognized<br>in income on derivatives | Amount of gains (losses)<br>recognized<br>in income on derivatives |
| Forwards contracts  | Other income (expenses), net: Other-net                           | ¥ 914  |
| Option contracts  | Other income (expenses), net: Other-net                           | (4)  |
| Interest rate swaps, cross-currency<br>swap and interest rate cap<br>agreements | Cost of sales   | (161)  |
|   | Other income (expenses), net: Other-net                           | 4,908  |
| Total   |   | ¥ 5,657  |

**10. The Fair Value 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 Payable, and Other Current Liabilities**

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

**(2) Investment 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) Installment Receivables**

The fair values of installment 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**

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.

**(5) Derivative Financial Instruments**

The fair values of derivative financial instruments, consisting principally of foreign exchange contracts and interest rate 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, 2009 and at March 31, 2009, are summarized as follows:

|   | Millions of yen    |                         |                    |                         |
|---|--------------------|-------------------------|--------------------|-------------------------|
|   | September 30, 2009 |                         | March 31, 2009     |                         |
|   | Carrying<br>amount | Estimated<br>fair value | Carrying<br>amount | Estimated<br>fair value |
| Investment securities, marketable equity securities                         | ¥ 45,189           | ¥ 45,189                | ¥ 37,066           | ¥ 37,066                |
| Long-term debt, including current portion                                   | 451,339            | 446,148                 | 379,768            | 376,108                 |
| Derivatives:  |                    |                         |                    |                         |
| Forwards and options  |                    |                         |                    |                         |
| Assets  | 901                | 901                     | 1,321              | 1,321                   |
| Liabilities   | 524                | 524                     | 1,817              | 1,817                   |
| Interest rate swap, cross-currency swap and<br>interest rate cap agreements |                    |                         |                    |                         |
| Assets  | 14,647             | 14,647                  | 10,530             | 10,530                  |
| Liabilities   | 3,755              | 3,755                   | 4,038              | 4,038                   |

**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.

**11. 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 at September 30, 2009 and at March 31, 2009 are as follows:

| At September 30, 2009                    | Millions of yen |          |         | Total    |
|--|-----------------|----------|---------|----------|
|  | Level 1         | Level 2  | Level 3 |          |
| Assets                                   |                 |          |         |          |
| Investment securities available for sale | ¥ 45,189        | ¥        | ¥       | ¥ 45,189 |
| Derivatives                              |                 | 15,548   |         | 15,548   |
| Other                                    |                 |          |         |          |
| Total                                    | ¥ 45,189        | ¥ 15,548 | ¥       | ¥ 60,737 |
| Liabilities                              |                 |          |         |          |
| Derivatives                              | ¥               | ¥ 4,279  | ¥       | ¥ 4,279  |
| Other                                    |                 | 1,101    | 558     | 1,659    |
| Total                                    | ¥               | ¥ 5,380  | ¥ 558   | ¥ 5,938  |
|  |                 |          |         |          |
| At March 31, 2009                        | Millions of yen |          |         | Total    |
|  | Level 1         | Level 2  | Level 3 |          |
| Assets                                   |                 |          |         |          |
| Investment securities available for sale | ¥ 37,066        | ¥        | ¥       | ¥ 37,066 |
| Derivatives                              |                 | 11,851   |         | 11,851   |
| Other                                    |                 |          | 919     | 919      |
| Total                                    | ¥ 37,066        | ¥ 11,851 | ¥ 919   | ¥ 49,836 |
| Liabilities                              |                 |          |         |          |
| Derivatives                              | ¥               | ¥ 5,855  | ¥       | ¥ 5,855  |
| Other                                    |                 |          |         |          |
| Total                                    | ¥               | ¥ 5,855  | ¥       | ¥ 5,855  |



## 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

Derivatives primarily represent foreign exchange contracts and interest rate swap agreements. Derivatives are measured based on market observable data in active markets and are classified in Level 2 in the fair value hierarchy.

## Other

Other represents loans which are measured at fair value and retained interests in securitizations of accounts receivables. Assets or liabilities which are measured on market observable data are classified in Level 2 in the fair value hierarchy. Because of unobserved inputs, assets or liabilities which are measured by the assumption of Komatsu are classified in Level 3 in the fair value hierarchy.

The following table summarizes information about changes of Level 3 for the six months ended September 30, 2009.

|   | Millions of yen    |         |
|---|--------------------|---------|
|   | Six months ended   |         |
|   | September 30, 2009 |         |
| Balance, beginning of year                    | ¥                  | 919     |
| Total gains or losses (realized / unrealized) |                    | 1,156   |
| Included in earnings                          |                    | 1,160   |
| Included in other comprehensive income (loss) |                    | (4)     |
| Purchases, issuances and settlements          |                    | (2,633) |
| Balance, end of period                        | ¥                  | (558)   |

The amounts of unrealized losses on retained interests in securitizations of accounts receivables in earnings for the six months ended September 30, 2009 related to liabilities still held at September 30, 2009 were losses of ¥586 million in other income (expenses), net of the consolidated statements income.

The following table summarizes information about changes of Level 3 for the three months ended September 30, 2009.

|   | Millions of yen    |         |
|---|--------------------|---------|
|   | Three months ended |         |
|   | September 30, 2009 |         |
| Balance, beginning of period                  | ¥                  | 18      |
| Total gains or losses (realized / unrealized) |                    | 564     |
| Included in earnings                          |                    | 554     |
| Included in other comprehensive income (loss) |                    | 10      |
| Purchases, issuances and settlements          |                    | (1,140) |
| <br>  |                    |         |
| Balance, end of period                        | ¥                  | (558)   |

The amounts of unrealized losses on retained interests in securitizations of accounts receivables in earnings for the three months ended September 30, 2009 related to liabilities still held at September 30, 2009 were losses of ¥1,192 million in other income (expenses), net of the consolidated statements income.

During six months ended September 30, 2009, there were no assets and liabilities that are measured at fair value on nonrecurring basis.



**12. Committed Credit Lines**

Certain consolidated subsidiaries maintain committed credit line agreements totaling ¥49,047 million and ¥14,956 million, respectively, at September 30, 2009 and at March 31, 2009 with financial institutions to secure liquidity. At September 30, 2009 and at March 31, 2009, ¥21,430 million and ¥861 million, respectively, were available to be used under such credit line agreements.

**13. Dividends****(1) Payment amount of dividends**

| Resolution   | Type of stock   | Aggregate amount<br>of<br>dividends<br>(Millions of yen) |
|--|-----------------|--|
| Ordinary general meeting of shareholders held on June 24, 2009 | Common<br>stock | 17,431   |

| Resource of dividends | Dividend per<br>share<br>(Yen) | Record date       | Effective<br>date |
|-----------------------|--------------------------------|-------------------|-------------------|
| Retained earnings     | 18                             | March 31,<br>2009 | June 25,<br>2009  |

**(2) Dividends to be paid for the six months ended September 30, 2009, of which effective date is after September 30, 2009**

| Resolution  | Type of stock   | Aggregate amount<br>of<br>dividends<br>(Millions of Yen) |
|---|-----------------|--|
| Board of Directors meeting held on October 29, 2009 | Common<br>stock | 7,749  |

| Resource of dividends | Dividend per<br>share<br>(Yen) | Record date           | Effective date       |
|-----------------------|--------------------------------|-----------------------|----------------------|
| Retained earnings     | 8                              | September 30,<br>2009 | November 27,<br>2009 |

#### **14. Business Segment Information**

Under ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and in assessing performance. The operating segments are managed separately because each operating segment represents a strategic business unit that offers different products and services.

Komatsu operates on a worldwide basis with two operating segments: 1) Construction, Mining and Utility Equipment and 2) Industrial Machinery and Others.

Segment profit is determined in a manner that is consistent with Japanese accounting principles by subtracting the cost of sales and selling, general and administrative expenses from net sales attributed to the operating segment. Segment profit is used by the chief operating decision maker in deciding how to allocate resources and in assessing performance, and 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 non-recurring charges which may otherwise relate to operating segments, including impairments of long lived assets and goodwill.

**Operating segments:**

|   | <b>Millions of yen</b>                                       |  |
|---|--|--|
|   | <b>Three<br/>months<br/>ended<br/>September<br/>30, 2009</b> | <b>Three months ended<br/>September 30, 2008</b> |
| <b>Net sales:</b>                                       |  |  |
| Construction, Mining and Utility Equipment<br>Customers | ¥ 284,910  | ¥ 516,147  |
| Intersegment  | 631  | 1,307  |
| <b>Total</b>  | <b>285,541</b>   | <b>517,454</b>                                   |
| Industrial Machinery and Others<br>Customers            | 40,625   | 88,309   |
| Intersegment  | 4,288  | 7,032  |
| <b>Total</b>  | <b>44,913</b>  | <b>95,341</b>                                    |
| Elimination   | (4,919)  | (8,339)  |
| <b>Consolidated</b>                                     | <b>¥ 325,535</b>   | <b>¥ 604,456</b>                                 |
| <b>Segment profit:</b>                                  |  |  |
| Construction, Mining and Utility Equipment              | ¥ 13,350   | ¥ 70,363   |
| Industrial Machinery and Others                         | 793  | 9,176  |
| <b>Total</b>  | <b>14,143</b>  | <b>79,539</b>                                    |
| Corporate expenses and elimination                      | (1,214)  | (1,804)  |
| <b>Consolidated segment profit</b>                      | <b>12,929</b>  | <b>77,735</b>                                    |
| Other operating income (expenses), net                  | (1,417)  | (1,345)  |
| Operating income  | 11,512   | 76,390   |
| Interest and dividend income                            | 2,106  | 1,814  |
| Interest expense  | (2,394)  | (3,636)  |
| Other-net   | (1,500)  | (10,608)   |
| <b>Consolidated income before income taxes</b>          | <b>¥ 9,724</b>   | <b>¥ 63,960</b>                                  |



|  | <b>Millions of yen</b>                                 |  |
|--|--|--|
|  | <b>Six months<br/>ended<br/>September<br/>30, 2009</b> | <b>Six months ended<br/>September 30, 2008</b> |
| <b>Net sales:</b>                                    |  |  |
| Construction, Mining and Utility Equipment Customers | ¥ 569,605  | ¥ 1,050,225                                    |
| Intersegment   | 1,417  | 2,726  |
| <b>Total</b>   | <b>571,022</b>   | <b>1,052,951</b>                               |
| Industrial Machinery and Others Customers            | 76,358   | 161,063  |
| Intersegment   | 8,331  | 13,022   |
| <b>Total</b>   | <b>84,689</b>  | <b>174,085</b>                                 |
| Elimination  | (9,748)  | (15,748)                                       |
| <b>Consolidated</b>                                  | <b>¥ 645,963</b>                                       | <b>¥ 1,211,288</b>                             |
| <b>Segment profit:</b>                               |  |  |
| Construction, Mining and Utility Equipment           | ¥ 20,787   | ¥ 148,748                                      |
| Industrial Machinery and Others                      | 3,670  | 13,944   |
| <b>Total</b>   | <b>24,457</b>  | <b>162,692</b>                                 |
| Corporate expenses and elimination                   | (3,059)  | (3,303)  |
| <b>Consolidated segment profit</b>                   | <b>21,398</b>  | <b>159,389</b>                                 |
| Other operating income (expenses), net               | (1,613)  | 265  |
| <b>Operating income</b>                              | <b>19,785</b>  | <b>159,654</b>                                 |
| Interest and dividend income                         | 3,965  | 4,414  |
| Interest expense                                     | (5,125)  | (7,565)  |
| Other-net  | (173)  | 225  |
| <b>Consolidated income before income taxes</b>       | <b>¥ 18,452</b>  | <b>¥ 156,728</b>                               |

The main 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, 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 to customers recognized by sales destination for the three months ended September 30, 2009 and 2008 are as follows:

|   | Millions of yen                              |  |
|---|--|--|
|   | <b>Three months ended September 30, 2009</b> | <b>Three months ended September 30, 2008</b> |
| <b>Net sales:</b>                         |  |  |
| Japan                                     | ¥ 81,973                                     | ¥ 128,420                                    |
| Americas                                  | 71,948                                       | 153,325                                      |
| Europe and CIS                            | 26,158                                       | 91,652                                       |
| China                                     | 58,325                                       | 54,150                                       |
| Asia (excluding Japan, China) and Oceania | 66,133                                       | 104,526                                      |
| Middle East and Africa                    | 20,998                                       | 72,383                                       |
| <br>                                      |  |  |
| Consolidated net sales                    | ¥ 325,535                                    | ¥ 604,456                                    |

Net sales to customers recognized by sales destination for the six months ended September 30, 2009 and 2008 are as follows:

|   | Millions of yen                            |  |
|---|--|--|
|   | <b>Six months ended September 30, 2009</b> | <b>Six months ended September 30, 2008</b> |
| <b>Net sales:</b>                         |  |  |
| Japan                                     | ¥ 150,732                                  | ¥ 234,957                                  |
| Americas                                  | 152,325                                    | 300,983                                    |
| Europe and CIS                            | 62,222                                     | 200,521                                    |
| China                                     | 117,739                                    | 134,647                                    |
| Asia (excluding Japan, China) and Oceania | 123,784                                    | 210,073                                    |
| Middle East and Africa                    | 39,161                                     | 130,107                                    |
| <br>                                      |  |  |
| Consolidated net sales                    | ¥ 645,963                                  | ¥ 1,211,288                                |



Net sales recognized by geographic origin for the three months ended September 30, 2009 and 2008 are as follows:

|                   | <b>Millions of yen</b>                       |  |
|-------------------|--|--|
|                   | <b>Three months ended September 30, 2009</b> | <b>Three months ended September 30, 2008</b> |
| <b>Net sales:</b> |  |  |
| Japan             | ¥ 114,999                                    | ¥ 263,855                                    |
| U.S.A.            | 70,567                                       | 139,835                                      |
| Europe and CIS    | 35,380                                       | 80,188                                       |
| Others            | 104,589                                      | 120,578                                      |
| <br>              |  |  |
| Total             | ¥ 325,535                                    | ¥ 604,456                                    |

Net sales recognized by geographic origin for the six months ended September 30, 2009 and 2008 are as follows:

|                   | <b>Millions of yen</b>                     |  |
|-------------------|--|--|
|                   | <b>Six months ended September 30, 2009</b> | <b>Six months ended September 30, 2008</b> |
| <b>Net sales:</b> |  |  |
| Japan             | ¥ 225,427                                  | ¥ 480,584                                  |
| U.S.A.            | 145,552                                    | 279,166                                    |
| Europe and CIS    | 69,462                                     | 188,206                                    |
| Others            | 205,522                                    | 263,332                                    |
| <br>              |  |  |
| Total             | ¥ 645,963                                  | ¥ 1,211,288                                |

No individual country within Europe and CIS or other areas had a material impact on net sales.  
No single major external customer had a material impact on net sales.

The following information shows net sales and segment profit recognized by geographic origin for the three months ended September 30, 2009 and 2008 and the six months ended September 30, 2009 and 2008. In addition to the disclosure requirements under ASC 280, Komatsu discloses this information as supplemental information in light of the disclosure requirements of the Japanese Financial Instruments and Exchange Law, which a Japanese public company is subject to:

|                               | <b>Millions of yen</b>                                       |  |
|-------------------------------|--|--|
|                               | <b>Three<br/>months<br/>ended<br/>September<br/>30, 2009</b> | <b>Three months ended<br/>September 30, 2008</b> |
| <b>Net sales:</b>             |  |  |
| Japan                         |  |  |
| Customers                     | ¥ 114,999  | ¥ 263,855  |
| Intersegment                  | 37,622   | 119,389  |
| <b>Total</b>                  | <b>152,621</b>   | <b>383,244</b>                                   |
| Americas                      |  |  |
| Customers                     | 70,567   | 139,835  |
| Intersegment                  | 10,059   | 15,977   |
| <b>Total</b>                  | <b>80,626</b>  | <b>155,812</b>                                   |
| Europe and CIS                |  |  |
| Customers                     | 35,380   | 80,188   |
| Intersegment                  | 3,622  | 5,759  |
| <b>Total</b>                  | <b>39,002</b>  | <b>85,947</b>                                    |
| Others                        |  |  |
| Customers                     | 104,589  | 120,578  |
| Intersegment                  | 1,706  | 10,721   |
| <b>Total</b>                  | <b>106,295</b>   | <b>131,299</b>                                   |
| Elimination                   | (53,009)   | (151,846)  |
| <b>Consolidated</b>           | <b>¥ 325,535</b>   | <b>¥ 604,456</b>                                 |
| <b>Segment profit (loss):</b> |  |  |
| Japan                         | ¥ (13,183)   | ¥ 35,516   |
| Americas                      | 7,131  | 20,949   |

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|                           |          |          |
|---------------------------|----------|----------|
| Europe and CIS            | 2,865    | 7,340    |
| Others                    | 14,031   | 19,883   |
| Corporate and elimination | 2,085    | (5,953)  |
| Consolidated              | ¥ 12,929 | ¥ 77,735 |

|                               | <b>Millions of yen</b>                                 |  |
|-------------------------------|--|--|
|                               | <b>Six months<br/>ended<br/>September<br/>30, 2009</b> | <b>Six months ended<br/>September 30, 2008</b> |
| <b>Net sales:</b>             |  |  |
| Japan                         |  |  |
| Customers                     | ¥ 225,427  | ¥ 480,584                                      |
| Intersegment                  | 76,277   | 239,197  |
| <b>Total</b>                  | <b>301,704</b>   | <b>719,781</b>                                 |
| Americas                      |  |  |
| Customers                     | 145,552  | 279,166  |
| Intersegment                  | 17,295   | 26,369   |
| <b>Total</b>                  | <b>162,847</b>   | <b>305,535</b>                                 |
| Europe and CIS                |  |  |
| Customers                     | 69,462   | 188,206  |
| Intersegment                  | 10,491   | 12,004   |
| <b>Total</b>                  | <b>79,953</b>  | <b>200,210</b>                                 |
| Others                        |  |  |
| Customers                     | 205,522  | 263,332  |
| Intersegment                  | 3,346  | 21,020   |
| <b>Total</b>                  | <b>208,868</b>   | <b>284,352</b>                                 |
| Elimination                   | (107,409)  | (298,590)                                      |
| <b>Consolidated</b>           | <b>¥ 645,963</b>                                       | <b>¥ 1,211,288</b>                             |
| <b>Segment profit (loss):</b> |  |  |
| Japan                         | ¥ (24,198)   | ¥ 68,542                                       |
| Americas                      | 15,285   | 37,937   |
| Europe and CIS                | 5,012  | 19,418   |
| Others                        | 25,604   | 42,278   |
| Corporate and elimination     | (305)  | (8,786)  |
| <b>Consolidated</b>           | <b>¥ 21,398</b>  | <b>¥ 159,389</b>                               |

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

|                        | Millions of yen                          |  |
|------------------------|--|--|
|                        | Three months ended<br>September 30, 2009 | Three months ended<br>September 30, 2008 |
| <b>Overseas sales:</b> |  |  |
| Americas               | ¥ 71,948                                 | ¥ 153,325                                |
| Europe and CIS         | 26,158                                   | 91,652                                   |
| Others                 | 145,456                                  | 231,059                                  |
| Total                  | ¥ 243,562                                | ¥ 476,036                                |
| Consolidated sales     | ¥ 325,535                                | ¥ 604,456                                |

|                        | Millions of yen                        |  |
|------------------------|--|--|
|                        | Six months ended<br>September 30, 2009 | Six months ended<br>September 30, 2008 |
| <b>Overseas sales:</b> |  |  |
| Americas               | ¥ 152,325                              | ¥ 300,983                              |
| Europe and CIS         | 62,222                                 | 200,521                                |
| Others                 | 280,684                                | 474,827                                |
| Total                  | ¥ 495,231                              | ¥ 976,331                              |
| Consolidated sales     | ¥ 645,963                              | ¥ 1,211,288                            |

|  | Three months ended<br>September 30,<br>2009 | Three months ended<br>September 30,<br>2008 |
|--|---|---|
| <b>Overseas sales as a percentage of consolidated sales:</b> |   |   |
| Americas   | 22.1%                                       | 25.4%                                       |
| Europe and CIS   | 8.0   | 15.2  |
| Others   | 44.7  | 38.2  |
| Total  | 74.8%                                       | 78.8%                                       |

| Six months ended | Six months ended |
|------------------|------------------|
|------------------|------------------|

|  | <b>September 30,<br/>2009</b> | <b>September 30,<br/>2008</b> |
|--|-------------------------------|-------------------------------|
| <b>Overseas sales as a percentage of consolidated sales:</b> |                               |                               |
| Americas   | 23.6%                         | 24.8%                         |
| Europe and CIS   | 9.6                           | 16.6                          |
| Others   | 43.5                          | 39.2                          |
| <br>   |                               |                               |
| Total  | 76.7%                         | 80.6%                         |

Overseas sales are composed of the sales to external customers in the countries or areas outside Japan from Komatsu. These areas are grouped based on geographical proximity. Each geographic group is mainly consisted of the following areas:

- (1) Americas: North America and Latin America
- (2) Europe and CIS: Germany, U.K. and Russia
- (3) Others: China, Oceania, Southeast Asia, Middle East and Africa

**15. Subsequent Event**

There was no significant subsequent event to be disclosed.

Komatsu has evaluated subsequent events through November 11, 2009, the date of the filing of the original document for this Form 6-K.