

KOMATSU LTD  
Form 6-K  
February 04, 2004  
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## **FORM 6-K**

# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D. C. 20549**

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**Report of Foreign Private Issuer**

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

**For the month of February 2004**

**COMMISSION FILE NUMBER: 1-7239**

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## **KOMATSU LTD.**

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

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

**(Address of principal executive offices)**

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

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

Yes  No

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

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**INFORMATION TO BE INCLUDED IN REPORT**

1. A company announcement made on February 3, 2004

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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: February 4, 2004

By: /s/ Kenji Kinoshita

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Kenji Kinoshita

Executive Officer

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**Komatsu Ltd.**  
Corporate Communications Dept.  
Tel: +81-(0)3-5561-2616  
Date: February 3, 2004  
URL: <http://www.komatsu.com/>

**Consolidated Business Results for Three Quarters of Fiscal Year Ending March 31, 2004**

**1. Matters Related to the Production of the Outline of Business**

- 1) Accounting principles adopted for the preparation of financial statements and others:

Generally accepted accounting principles (GAAP) in the United States of America.

- 2) Difference in the ways of recognizing accounting procedures between last consolidated fiscal year and this quarter:

Simplified procedures adopted in certain items for this quarter.

- 3) Changes in group of entities

Consolidated subsidiaries

Addition: 5 companies      Removal: 2 companies

Affiliated companies accounted for by the equity method

Addition: 1 company      Removal: 4 companies

- 4) Auditing by certified public accountants or audit firms: Unaudited

**2. Results for Three Quarters of Fiscal Year Ending March 31, 2004**

## (1) Consolidated Financial Results

(Amounts are rounded to the nearest million yen)

|  | Nine months<br>ended<br>December 31, 2003 | Nine months<br>ended<br>December 31, 2002 | Changes<br>Increase |        | FY ended<br>March 31,<br>2003 |
|--|---|---|---------------------|--------|-------------------------------|
| <b>Net sales</b>   | <b>851,338</b>                            | 776,316                                   | 75,022              | 9.7%   | 1,089,804                     |
| <b>Operating profit</b>  | <b>41,625</b>                             | 22,011                                    | 19,614              | 89.1%  | 33,178                        |
| <b>Income before income taxes, minority interests and equity in earnings</b> | <b>32,292</b>                             | 9,755                                     | 22,537              | 231.0% | 12,905                        |
| <b>Net income</b>  | <b>16,393</b>                             | 3,153                                     | 13,240              | 419.9% | 3,009                         |
| <b>Net income per share</b>  |   |   |                     |        |                               |
| <b>Basic</b>   | ¥ <b>16.52</b>                            | ¥ 3.26                                    | 13.26               |        | ¥ 3.09                        |
| <b>Diluted</b>   | ¥ <b>16.28</b>                            | ¥ 3.26                                    | 13.02               |        | ¥ 3.09                        |

- Notes: 1) The numbers of average common shares outstanding were as follows:  
The nine months ended December 31, 2003: 992,480,124  
The nine months ended December 31, 2002: 967,007,469  
The fiscal year ended March 31, 2003: 973,306,865
- 2) Percentages shown in net sales, operating profit, income before income taxes and net income represent the rates of change compared with the corresponding nine months a year ago.
- 3) Operating profit stated above is the sum of segment operating profit. The amount is consistent with custom of the Japanese accounting practice by subtracting cost of sales and selling, general and administrative expenses from net sales. This amount does not represent consolidated operating profit under U.S. GAAP.

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## (2) Consolidated Financial Position

|  | <u>As of December 31, 2003</u> | <u>As of March 31, 2003</u> |
|--|--------------------------------|-----------------------------|
| Total assets (Millions of yen)         | <b>1,330,632</b>               | 1,306,354                   |
| Shareholders' equity (Millions of yen) | <b>409,473</b>                 | 395,366                     |
| Shareholders' equity ratio (%)         | <b>30.8</b>                    | 30.3                        |
| Shareholders' equity per share (Yen)   | <b>412.56</b>                  | 398.34                      |

Note: The numbers of common shares outstanding were below:

December 31, 2003: 992,512,556

March 31, 2003: 992,528,649

**3. Outline of Business Results for Three Quarters of Fiscal Year Ending March 31, 2004**

Consolidated sales for nine months (April 1 through December 31, 2003) of fiscal year, ending March 31, 2004, totaled ¥851.3 billion, up 9.7% over the corresponding nine-month period last year. Net income for the nine-month period improved 419.9%, to ¥16.3 billion.

With demand for construction and mining equipment set for recovery around the world, Komatsu expanded sales centering on its construction and mining equipment business to accomplish the goals of its "Move The World. KOMATSU 5-800" mid-range management plan for fiscal year ending March 31, 2006.

In addition to a substantial increase in sales in the construction and mining equipment business, Komatsu continued to make steady progress by reducing fixed and production costs for this fiscal year. As a result, operating profit\* also continued to improve, reaching ¥41.6 billion, up 89.1% over the previous nine-month period last year.

Concerning its business results for fiscal year ending March 31, 2004, Komatsu is pleased to report good progress towards company projections that were announced on November 7, 2003.

\* Operating profit on a consolidated basis is the sum of segment profit. In conformity with generally accepted accounting principles of Japan, it is obtained by deducting cost of sales and SG&A expenses from sales.

## (1) Sales

| Nine months ended | Nine months ended | Millions of yen<br>Changes |
|-------------------|-------------------|----------------------------|
| December 31, 2003 | December 31, 2002 | Increase                   |

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|   | (A)                    | (B)                    | (A)-(B) |       |
|---|------------------------|------------------------|---------|-------|
| Foreign Exchange Rates                    | 1USD=¥115<br>1EUR=¥133 | 1USD=¥122<br>1EUR=¥119 |         |       |
| Construction & Mining Equipment           | 620,528                | 554,993                | 65,535  | 11.8% |
| Japan                                     | 192,843                | 175,364                | 17,479  | 10.0% |
| Overseas                                  | 427,685                | 379,629                | 48,056  | 12.7% |
| Industrial Machinery, Vehicles and Others | 165,197                | 157,447                | 7,750   | 4.9%  |
| Electronics                               | 65,613                 | 63,876                 | 1,737   | 2.7%  |
| Total                                     | 851,338                | 776,316                | 75,022  | 9.7%  |

(2) Operating Profit (Loss) by Segment

|   | Nine months ended<br>December 31, 2003 | Nine months ended<br>December 31, 2002 | Millions of yen<br>Changes |        |
|---|--|--|----------------------------|--------|
|   | (A)                                    | (B)                                    | Increase<br>(A)-(B)        |        |
| Construction & Mining Equipment           | 35,809                                 | 21,579                                 | 14,230                     | 65.9%  |
| Industrial Machinery, Vehicles and Others | 7,193                                  | 3,489                                  | 3,704                      | 106.2% |
| Electronics                               | 1,745                                  | (879)                                  | 2,624                      |        |
| Corporate & elimination                   | (3,122)                                | (2,178)                                | (944)                      |        |
| Total                                     | 41,625                                 | 22,011                                 | 19,614                     | 89.1%  |

See next page for the review of operations.



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

Consolidated sales of construction and mining equipment reached ¥620.5 billion for the nine-month period, registering an increase of 11.8% over the corresponding period last year, and was fueled by expanded sales in Japan as well as boosted overseas sales. Operating profit for the construction and mining equipment business segment advanced to ¥35.8 billion, up 65.9% over the corresponding nine-month period last year, representing continued improvement from a year ago.

In North America, the largest market of the world, Komatsu expanded sales against the backdrop of demand recovery driven by strong housing starts with low interest rates and major tax cut policies. In particular, the third quarter sales (October 1 – December 31, 2003) improved about 50% over the corresponding quarter last year, making recovery of the market clear. In China, Komatsu continued to accelerate sales, while demand temporarily slowed since summer due to recent money-tightening measures taken by the government. Komatsu also increased sales in Japan, where demand for new equipment, especially hydraulic excavators, rebounded for recovery after a stock adjustment on the market resulted from expanded exports of used equipment.

Demand for mining equipment showed a note of recovery, reflecting an increase in commodity prices around the world. Komatsu captured steady growth in equipment orders for coal and iron ore mines in Asia and Oceania, copper and iron ore mines in South America, and for natural resource development projects in the Commonwealth of Independent States, or the former Soviet Republics.

**Accelerating Sales by Launching Unique and Unrivaled Products**

During the current fiscal year, Komatsu launched the market introduction of its Unique and Unrivaled products which feature overwhelming advantages over competing models and also achieve a substantial reduction in production costs. The new MR-2 series mini hydraulic excavator, introduced in the first campaign for such products, picked up sales in Japan, one of the major markets of the world, and helped Komatsu to increase its market share. The PC400 hydraulic excavator, introduced on the second campaign, has been generating steady sales in North American and other markets where demand for this 40-ton class machines is high. For the D475 super-large bulldozer, launched in October 2003, Komatsu has been receiving a growing number of orders from mines around the world.

**Sales of Construction & Mining Equipment by Region (Sales Destination)**

|                      | Nine months ended |                   | Millions of yen<br>Changes |        |
|----------------------|-------------------|-------------------|----------------------------|--------|
|                      | December 31, 2003 | December 31, 2002 | Increase (Decrease)        |        |
|                      | (A)               | (B)               | (A)-(B)                    |        |
| Japan                | 192,843           | 175,364           | 17,479                     | 10.0%  |
| Americas             | 157,038           | 139,628           | 17,410                     | 12.5%  |
| Europe               | 102,447           | 96,507            | 5,940                      | 6.2%   |
| Asia* & Oceania      | 71,934            | 73,338            | (1,404)                    | (1.9)% |
| China                | 53,679            | 26,575            | 27,104                     | 102.0% |
| Middle East & Africa | 42,587            | 43,581            | (994)                      | (2.3)% |

|       |         |         |        |       |
|-------|---------|---------|--------|-------|
| Total | 620,528 | 554,993 | 65,535 | 11.8% |
|-------|---------|---------|--------|-------|

\* Japan and China are excluded.

### Industrial Machinery, Vehicles and Others

Consolidated sales from industrial machinery, vehicles and others for the nine-month period increased 4.9%, to ¥165.1 billion. Operating profit for this business segment also improved to ¥7.1 billion, up 106.2%.

In particular, Komatsu Machinery Corporation made a significant improvement in both sales and profits primarily by expanding sales of machine tools to Japanese and foreign automakers. Komatsu Forklift Co., Ltd., the agricultural and forestry equipment business of Komatsu Zenoah Co. and Komatsu Industries Corp. also increased both sales and profits over the same period last year.

### Electronics

Consolidated sales from the electronics business for the nine-month period grew 2.7% over the corresponding period last year, to ¥65.6 billion. Operating profit for the electronics business segment rebounded to ¥1.7 billion from a loss of ¥0.8 billion for the corresponding nine-month period last year.

For the nine-month period, as the markets for semiconductors and silicon wafers experienced a note of recovery, Komatsu Electronic Metals Co., Ltd. registered growth in both consolidated sales and profits over the corresponding period last year. In particular, Formosa Komatsu Silicon Corporation grew and generated stable profits by expanding sales of its prime silicon wafers. In the polycrystalline silicon business, in addition to receiving the benefits of consolidated production, Advanced Silicon Materials LLC improved its profit/loss position by increasing sales of high value-added products such as monosilane gas.

**Table of Contents****Reference:**

Sales and Operating Profit for three months from October through December 2003

## (1) Sales

|   | Three months ended |                   | Millions of yen<br>Changes |        |
|---|--------------------|-------------------|----------------------------|--------|
|   | December 31, 2003  | December 31, 2002 | Increase (Decrease)        |        |
|   | (A)                | (B)               | (A)-(B)                    |        |
| Construction & Mining Equipment           | 211,539            | 183,605           | 27,934                     | 15.2%  |
| Japan                                     | 73,534             | 62,574            | 10,960                     | 17.5%  |
| Overseas                                  | 138,005            | 121,031           | 16,974                     | 14.0%  |
| Industrial Machinery, Vehicles and Others | 49,851             | 53,757            | (3,906)                    | (7.3)% |
| Electronics                               | 22,277             | 20,525            | 1,752                      | 8.5%   |
| Total                                     | 283,667            | 257,887           | 25,780                     | 10.0%  |

## (2) Operating Profit (Loss) by Segment

|  | Three months ended |                   | Millions of yen<br>Changes |        |
|--|--------------------|-------------------|----------------------------|--------|
|  | December 31, 2003  | December 31, 2002 | Increase (Decrease)        |        |
|  | (A)                | (B)               | (A)-(B)                    |        |
| Construction & Mining Equipment            | 11,053             | 7,957             | 3,096                      | 38.9%  |
| Industrial Machinery, Vehicles, and Others | 2,048              | 649               | 1,399                      | 215.6% |
| Electronics                                | 999                | (833)             | 1,832                      |        |
| Corporate & elimination                    | (717)              | (122)             | (595)                      |        |
| Total                                      | 13,383             | 7,651             | 5,732                      | 74.9%  |

## (3) Sales of Construction &amp; Mining Equipment by Region (Sales Destination)

|  | Three months ended |                   | Millions of yen<br>Changes |  |
|--|--------------------|-------------------|----------------------------|--|
|  | December 31, 2003  | December 31, 2002 | Increase (Decrease)        |  |
|  | (A)                | (B)               | (A)-(B)                    |  |

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|                      |         |         |         |         |
|----------------------|---------|---------|---------|---------|
| Japan                | 73,534  | 62,574  | 10,960  | 17.5%   |
| Americas             | 50,366  | 37,758  | 12,608  | 33.4%   |
| Europe               | 33,213  | 32,622  | 591     | 1.8%    |
| Asia* & Oceania      | 25,006  | 22,903  | 2,103   | 9.2%    |
| China                | 15,961  | 10,862  | 5,099   | 46.9%   |
| Middle East & Africa | 13,459  | 16,886  | (3,427) | (20.3)% |
| Total                | 211,539 | 183,605 | 27,934  | 15.2%   |

\* Japan and China are excluded.

Projection of Consolidated Business Results for Fiscal Year ending March 31, 2004

|              | Millions of yen |                                     |               |
|--------------|-----------------|-------------------------------------|---------------|
|              | Net sales       | Income<br>before<br>income<br>taxes | Net<br>income |
| For the year | 1,160,000       | 40,000                              | 18,000        |

\* Announced on November 7, 2003

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

|  | As of<br>December 31,<br>2003 | As of<br>March 31,<br>2003 | Millions of yen<br>Changes<br>Increase (Decrease) |
|--|-------------------------------|----------------------------|---|
|  | (A)                           | (B)                        | (A)-(B)   |
| <b>Assets</b>  |                               |                            |   |
| Current assets:  |                               |                            |   |
| Cash and cash equivalents  | ¥ 84,364                      | ¥ 76,152                   | ¥ 8,212   |
| Time deposits  | 68                            | 531                        | (463)   |
| Trade notes and accounts receivable                              | 327,288                       | 337,401                    | (10,113)  |
| Inventories  | 252,874                       | 241,722                    | 11,152  |
| Other current assets   | 104,778                       | 95,819                     | 8,959   |
| <b>Total current assets</b>                                      | <b>769,372</b>                | <b>751,625</b>             | <b>17,747</b>                                     |
| Investments  | 74,576                        | 52,417                     | 22,159  |
| Property, plant, and equipment less accumulated depreciation     | 388,631                       | 400,087                    | (11,456)  |
| Other assets   | 98,053                        | 102,225                    | (4,172)   |
| <b>Total</b>   | <b>1,330,632</b>              | <b>1,306,354</b>           | <b>24,278</b>                                     |
| <b>Liabilities and Shareholders' Equity</b>                      |                               |                            |   |
| Current liabilities:   |                               |                            |   |
| Short-term debt (including current maturities of long-term debt) | 170,235                       | 214,292                    | (44,057)  |
| Trade notes and accounts payable                                 | 226,774                       | 174,904                    | 51,870  |
| Income taxes payable   | 4,686                         | 6,516                      | (1,830)   |
| Other current liabilities  | 125,774                       | 118,972                    | 6,802   |
| <b>Total current liabilities</b>                                 | <b>527,469</b>                | <b>514,684</b>             | <b>12,785</b>                                     |
| Long-term liabilities  | 356,398                       | 368,101                    | (11,703)  |
| Minority interests   | 37,292                        | 28,203                     | 9,089   |
| Shareholders' equity:  |                               |                            |   |
| Common stock   | 67,870                        | 67,870                     |   |
| Capital surplus  | 135,678                       | 135,686                    | (8)   |
| Retained earnings  | 238,890                       | 228,446                    | 10,444  |
| Accumulated other comprehensive income (loss)                    | (29,286)                      | (32,981)                   | 3,695   |
| Treasury stock   | (3,679)                       | (3,655)                    | (24)  |
| <b>Total shareholders' equity net</b>                            | <b>409,473</b>                | <b>395,366</b>             | <b>14,107</b>                                     |
| <b>Total</b>   | <b>¥ 1,330,632</b>            | <b>¥ 1,306,354</b>         | <b>¥ 24,278</b>                                   |



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

(For the nine months ended December 2003 and 2002)

|  | Millions of yen |            |                |            |                     |              |
|--|-----------------|------------|----------------|------------|---------------------|--------------|
|  | 2003            |            | 2002           |            | Increase (Decrease) |              |
|  | (A)             | %          | (B)            | %          | (A)-(B)             | %            |
| <b>Revenues</b>  |                 |            |                |            |                     |              |
| Net sales  | ¥ 851,338       | 100.0      | ¥ 776,316      | 100.0      | ¥ 75,022            | 9.7          |
| Interest and other income  | 8,836           | 1.0        | 11,807         | 1.5        | (2,971)             |              |
| <b>Total</b>   | <b>860,174</b>  |            | <b>788,123</b> |            | <b>72,051</b>       | <b>9.1</b>   |
| <b>Costs and expenses</b>  |                 |            |                |            |                     |              |
| Cost of sales  | 627,608         | 73.7       | 577,469        | 74.4       | 50,139              |              |
| Selling, general and administrative                                    | 182,105         | 21.4       | 176,836        | 22.8       | 5,269               |              |
| Interest   | 10,969          | 1.3        | 11,528         | 1.5        | (559)               |              |
| Other  | 7,200           | 0.8        | 12,535         | 1.6        | (5,335)             |              |
| <b>Total</b>   | <b>827,882</b>  |            | <b>778,368</b> |            | <b>49,514</b>       | <b>6.4</b>   |
| Income before income taxes, minority interests, and equity in earnings | 32,292          | 3.8        | 9,755          | 1.3        | 22,537              | 231.0        |
| Income taxes   | 13,016          | 1.5        | 4,529          | 0.6        | 8,487               |              |
| Minority interests in (income) loss of consolidated subsidiaries net   | (2,895)         | (0.3)      | (1,599)        | (0.2)      | (1,296)             |              |
| Equity in earnings (losses) of affiliated companies net                | 12              | 0.0        | (209)          | (0.0)      | 221                 |              |
| Income before cumulative effect of change in accounting principle      | 16,393          | 1.9        | 3,418          | 0.4        | 12,975              | 379.6        |
| Cumulative effect of change in accounting principle (*Note)            |                 |            | (265)          | (0.0)      | 265                 |              |
| <b>Net income</b>  | <b>¥ 16,393</b> | <b>1.9</b> | <b>¥ 3,153</b> | <b>0.4</b> | <b>¥ 13,240</b>     | <b>419.9</b> |

Note: Goodwill impairment changes as of April 1, 2002 from adoption of SFAS 142.