

KOMATSU LTD
Form 6-K
April 27, 2007
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FORM 6-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Report of Foreign Private Issuer

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

For the month of April, 2007

COMMISSION FILE NUMBER: 1-7239

KOMATSU LTD.

Translation of registrant's name into English

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

Address of principal executive offices

Indicate by check mark whether the registrant files or will file annual reports under cover 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-_____

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INFORMATION TO BE INCLUDED IN REPORT

1. Two company announcements made on April 26, 2007.

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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: April 27, 2007

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

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Komatsu Ltd.
 Corporate Communications Dept.
 Tel: +81-(0)3-5561-2616
 Date: April 26th, 2007
 URL: <http://www.komatsu.com/>

Consolidated Business Results for the Fiscal Year Ended March 31, 2007 (U.S. GAAP)**1. Results for the Fiscal Year Ended March 31, 2007**

(1) Consolidated Financial Highlights

(For the fiscal years ended March 31, 2007 and 2006)

Millions of yen & US dollars

except per share amounts

| | 2007 | | 2006 | | Changes | |
|---|------------------|---------------|------------|----------------|---------|--|
| | (A) Yen | Dollar | (B) Yen | (A)-(B) Yen | (%) | |
| Net sales | 1,893,343 | 16,045 | 1,612,140 | 281,203 | 17.4% | |
| Operating income | 244,741 | 2,074 | 163,428 | 81,313 | 49.8% | |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 236,491 | 2,004 | 155,779 | 80,712 | 51.8% | |
| Net income | 164,638 | 1,395 | 114,290 | 50,348 | 44.1% | |
| Net income per share (Yen & US dollars) | | | | | | |
| Basic | ¥ 165.70 | \$ 1.40 | ¥ 115.13 | ¥ 50.57 | | |
| Diluted | ¥ 165.40 | \$ 1.40 | ¥ 114.93 | ¥ 50.47 | | |
| Return on equity | 23.5% | | 20.8% | 2.7% | | |
| Return on total assets | 13.5% | | 10.0% | 3.5% | | |
| Return on sales | 12.9% | | 10.1% | 2.8% | | |

Notes: 1) The translation of Japanese yen amounts into US dollar amounts hereafter is included solely for convenience and has been made for the fiscal year ended March 31, 2007 at the rate of ¥118 to \$1, the approximate rate of exchange at March 31, 2007.

2) Equity in earnings of affiliated companies:

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2007: 3,098 millions of yen

2006: 2,667 millions of yen

- 3) Net income per share above is based on the provisions of the Statement of Financial Accounting Standards No.128, Earnings per share.
- 4) Starting from the fiscal year ended March 31, 2007, Komatsu changed its form of consolidated financial statement of income from single- to multiple-step.
- 5) In accordance with the Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for the fiscal year ended March 31, 2006 have been retrospectively reclassified as for the discontinued operations.
- 6) Return on total assets is calculated by using Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies.
- 7) Return on sales is calculated by using operating income.

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(2) Consolidated Financial Position

(As of March 31, 2007 and 2006)

| | 2007 | 2006 |
|--|------------------|-----------|
| Total assets (Millions of yen) | 1,843,982 | 1,652,125 |
| Shareholders' equity (Millions of yen) | 776,717 | 622,997 |
| Shareholders' equity ratio (%) | 42.1 | 37.7 |
| Shareholders' equity per share (Yen) | 781.57 | 626.98 |

(3) Cash Flow

(For the fiscal years ended March 31, 2007 and 2006)

| | Millions of yen | |
|---|-----------------|----------|
| | 2007 | 2006 |
| Net cash provided by operating activities | 162,124 | 136,107 |
| Net cash used in investing activities | (99,620) | (81,792) |
| Net cash used in financing activities | (41,389) | (83,460) |
| Cash and cash equivalents, end of year | 92,199 | 69,997 |

2. Dividends

(For the fiscal years ended March 31, 2007 and 2006)

| | 2007 | 2006 | 2008 Projections |
|--|---------------|--------|---------------------|
| Cash dividends per share (Yen) | | | |
| Interim | 13.00 | 8.00 | 18.0 |
| Year-end | 18.00 | 10.00 | 18.0 |
| Total | 31.00 | 18.00 | 36.0 |
| Annual dividends (Millions of yen) | 30,821 | 17,877 | |
| Payout ratio (Consolidated basis) (%) | 18.7 | 15.6 | 19.6 |
| Dividends as percentage of equity (Consolidated basis) (%) | 4.4 | 3.2 | |

Note: Payout ratios (consolidated), based on income from continuing operations, for both fiscal years, ended March 31, 2007 and ending March 31, 2008, are 20.1%.

Table of Contents**3. Projections for the Fiscal Year Ending March 31, 2008**

(From April 1, 2007 to March 31, 2008)

Millions of yen

except per share amounts

| | The first half of the year | The entire fiscal year |
|--|-----------------------------------|-------------------------------|
| Net sales | 1,024,000 (up 15.3)% | 2,100,000 (up 10.9)% |
| Operating income | 134,000 (up 19.1)% | 287,000 (up 17.3)% |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 130,000 (up 20.3)% | 277,000 (up 17.1)% |
| Net income | 89,000 (up 32.4)% | 183,000 (up 11.2)% |
| Net income per share (basic) | ¥ 89.56 | ¥ 184.14 |

Notes: 1) Percentages shown above represent the rates of change compared with the corresponding periods a year ago.

2) Refer to Management Performance and Financial Conditions for preconditions of the projections above and other related issues.

4. Others

(1) Changes in Group of Entities

Consolidated subsidiaries

Added: 3 companies

Removed: 15 companies

Komatsu Electric Metals Co., Ltd., Formosa Komatsu Silicon Corporation, Komatsu Silicon Europe N.V., Komatsu Rental Tokyo Ltd., Komatsu Rental Chugoku Ltd. and other 10 companies

Affiliated companies accounted for by the equity-method

Added: 2 companies

NIPPEI TOYAMA CORPORATION and 1 other company

Removed: 1 company

Note: See Basis of Financial Statements (Consolidated) on page 19 for more details.

(2) Changes in Accounting Principles, Procedures and Presentations

1) Changes resulting from revisions in accounting principles, etc.: Applicable

2) Change in other matters except for 1) above: Applicable

Note: See Basis of Financial Statements (Consolidated) on page 19 for more details.

(3) Number of Common Shares Outstanding

1) The numbers of common shares outstanding including treasury stock as of March 31 were as follows:

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2007: 998,744,060 shares

2006: 998,744,060 shares

2) The numbers of treasury stock as of March 31 were as follows:

2007: 4,957,301 shares

2006: 5,098,568 shares

3) The numbers of average common shares outstanding were as follows:

2007: 993,597,436 shares

2006: 992,733,616 shares

Note: See Net Income per Share on page 24 for the number of shares of common stock, which was used as the basis for calculating the amount of net income per share.

Table of Contents**[Reference]****Financial Highlights of the Parent Company**

The following financial information is prepared based on the non-consolidated financial results of the parent company in accordance with generally accepted accounting principles and practices in Japan.

1. Results for the Fiscal Year Ended March 31, 2007

(For the fiscal years ended March 31, 2007 and 2006)

(1) Non-Consolidated Financial Highlights

Millions of yen & US dollars

except per share amounts

| | 2007 | | 2006 | | Changes |
|---------------------------------------|------------|--------|------------|----------------|----------|
| | | | | | Increase |
| | (A) Yen | Dollar | (B) Yen | (A)-(B) Yen | (%) |
| Net sales | 758,529 | 6,428 | 627,319 | 131,210 | 20.9 |
| Operating profit | 90,475 | 767 | 56,837 | 33,638 | 59.2 |
| Ordinary profit | 98,149 | 832 | 60,662 | 37,487 | 61.8 |
| Net income | 82,843 | 702 | 32,635 | 50,208 | 153.8 |
| Net income per share (Yen & US cents) | | | | | |
| Basic | ¥ 83.34 | 70.6¢ | ¥ 32.53 | ¥ 50.81 | |
| Diluted | ¥ 83.07 | 70.4¢ | ¥ 32.36 | ¥ 50.71 | |

Note: The translation of Japanese yen amounts into US dollar amounts is included solely for convenience and has been made for the fiscal year ended March 31, 2007, at the rate of ¥118 to \$1, the approximate rate of exchange at March 31, 2007.

(2) Non-Consolidated Financial Position

(As of March 31, 2007 and 2006)

| | 2007 | 2006 |
|--------------------------------|---------|---------|
| Total assets (Millions of yen) | 974,858 | 859,957 |
| Net assets (Millions of yen) | 576,139 | 511,222 |
| Equity ratio (%) | 59.0 | 59.4 |
| Net assets per share (Yen) | 578.74 | 514.14 |

Notes: Shareholders equity: 2007: 575,475 Million yen
2006: 511,222 Million yen

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2. Projections for the Fiscal Year Ending March 31, 2008

(From April 1, 2007 to March 31, 2008)

Millions of yen
except per share amount

| | Net sales | Operating profit | Ordinary profit | Net income | Net income per share |
|-------------------------------|-----------------------|-------------------------|------------------------|------------------------|-----------------------------|
| The first half of fiscal year | 400,000 (up 12.4%) | 41,000 (up 5.1%) | 52,000 (up 14.2%) | 41,000 (up 33.4%) | ¥ 41.23 |
| The entire fiscal year | 850,000 (up 12.1%) | 91,000 (up 0.6%) | 100,000 (up 1.9%) | 72,000 (down 13.1%) | ¥ 72.41 |

Notes: Percentages shown above represent the rates of change compared with the corresponding periods a year ago.

Table of Contents**Management Performance and Financial Conditions****1. Outline of Operations and Business Results**

For the fiscal year ended March 31, 2007, the Komatsu Group renewed record-high sales and profits, marking the fifth consecutive fiscal year of growth in both sales and profits.

[Consolidated Results for the Year]

| | 2007 | Changes (2007/2006) | 2007 |
|--|--------------------------|------------------------|----------------------------|
| Net sales | ¥ 1,893.3 billion | +17.4% | US\$ 16,045 million |
| Operating income | ¥ 244.7 billion | +49.8% | US\$ 2,074 million |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | ¥ 236.4 billion | +51.8% | US\$ 2,004 million |
| Income from discontinued operations | ¥ 11.3 billion | +120.9% | US\$ 96 million |
| Net income | ¥ 164.6 billion | +44.1% | US\$ 1,395 million |

- Notes: 1) Starting from the fiscal year ended March 31, 2007, Komatsu changed its form of consolidated financial statement of income from single- to multiple-step. To ensure accurate comparison of the change from the previous amounts for the fiscal year ended March 31, 2006, the percentage was obtained after reclassifying the previously reported amounts.
- 2) On October 18, 2006, Komatsu sold 51.0% of the shares of Komatsu Electronic Metals Co., Ltd. (KEM, currently SUMCO TECHXIV CORPORATION) to SUMCO CORPORATION. The Company held a 61.9% equity interest. Accordingly, KEM and its subsidiaries were no longer consolidated in Komatsu's results. On January 30, 2007, the Company signed a definitive agreement to sell the outdoor power equipment (OPE) business of Komatsu Zenoah Co. to a Japanese subsidiary of Husqvarna AB of Sweden. Accordingly, the OPE business of Komatsu Zenoah and its subsidiary engaging in the OPE business will no longer be consolidated in Komatsu's results. The concerned sale was completed on April 2, 2007. In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, operating results related to Komatsu Electronic Metals and its subsidiaries as well as the OPE business of Komatsu Zenoah are presented as one line, income from discontinued operations in the Consolidated Statements of Income.

Consolidated net sales reached ¥1,893.3 billion (US\$16,045 million). In the construction and mining equipment segment, the Komatsu Group continued to increase sales for the year under review by effectively capitalizing on expanded market demand resulting from buoyant developments of commodities and infrastructure around the world. In the industrial machinery, vehicles and others segment, all related Komatsu Group companies recorded good performance and advanced sales. Sales of the electronics segment declined from the previous year, as primarily affected by the sale of the polycrystalline silicon business which was executed last fiscal year.

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Operating income for the year advanced to ¥244.7 billion (US\$2,074 million), and operating income ratio improved by 2.8 percentage points to 12.9%. Profits further improved due not only to expanded sales, centering on construction and mining equipment, but also to the realization of prices for construction equipment both in Japan and abroad. Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies reached ¥236.4 billion (US\$2,004 million), reflecting a substantial increase in operating profit. Net income for the year, the sum of income from continuing and discontinued operations, totaled ¥164.6 billion (US\$1,395 million).

Results by operation are summarized below.

[Sales by Operation]

| | 2007 | Changes (2007/2006) | 2007 |
|---|-------------------|------------------------|---------------------|
| Construction and Mining Equipment | ¥ 1,567.7 billion | +21.4% | US\$ 13,286 million |
| Industrial Machinery, Vehicles and Others | ¥ 298.0 billion | +6.6% | US\$ 2,526 million |
| Electronics | ¥ 27.5 billion | -33.4% | US\$ 234 million |
| Total | ¥ 1,893.3 billion | +17.4% | US\$ 16,045 million |

Note: In accordance with the Statement of Financial accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the amounts of sales related to the OPE business of Komatsu Zenoah as well as KEM and its subsidiaries are excluded from sales of the Industrial Machinery, Vehicles and Others and sales of the Electronics segments. Accordingly, the changes in percentage are stated after retrospectively reclassifying related figures for the previous year.

Construction and Mining Equipment

Consolidated net sales of construction and mining equipment for the fiscal year under review advanced 21.4% over the previous year, to ¥1,567.7 billion (US\$13,286 million). As the markets for our equipment continued to grow worldwide, we expanded our production capacity in cooperation with suppliers, worked jointly with our distributors to launch renewed models, which are compliant with new emission gas regulations in Japan, North America and Europe, and reinforced our sales and service operations in Greater Asia in particular.

With respect to production, we proactively expanded our capacity for key components, such as engines and hydraulic equipment. In January this year, we opened the Ibaraki Plant in Hitachinaka City, Ibaraki Prefecture, where we started the production of large dump trucks and wheel loaders. In India where the economy has been growing rapidly, we established Komatsu India Private Limited and also embarked on the production of large dump trucks for which we project demand will accelerate into the future.

[Sales of Construction and Mining Equipment by Region]

| | 2007 (A) | 2006 (B) | Changes | |
|--------------------------|-----------|-----------|----------|-------|
| | 1USD=¥117 | 1USD=¥114 | Increase | |
| | 1EUR=¥151 | 1EUR=¥138 | (A)-(B) | |
| Japan | 282.5 | 274.7 | 7.8 | 2.8% |
| The Americas | 480.1 | 421.1 | 59.0 | 14.0% |
| Europe & CIS | 311.8 | 224.2 | 87.5 | 39.0% |
| China | 108.3 | 68.1 | 40.2 | 59.1% |
| Asia & Oceania | 229.8 | 195.7 | 34.1 | 17.4% |
| The Middle East & Africa | 154.8 | 107.1 | 47.7 | 44.5% |
| Total | 1,567.7 | 1,291.2 | 276.5 | 21.4% |

Billions of yen

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Japan

While public-sector investments remained slack, private-sector capital outlays increased. Exports of used equipment facilitated market stock adjustment, expanding demand for new equipment, especially in the rental industry.

Sales in Japan improved from the previous year, supported by not only expanded sales of new equipment, which is compliant with the new emission gas regulations, and price realization, but also increased sales of used equipment. We also worked to further improve management efficiency, including the merger of 10 affiliated rental companies in October 2006.

The Americas

In North America, while demand declined for small equipment in particular, as affected by the slowing housing starts in the United States, demand for other equipment remained brisk in non-residential construction works, highway-related works and resource development. In Latin America, demand, primarily for mining equipment, increased. Under such an environment, we promoted our efforts to expand sales of Tier 3-compliant models and to realize our prices in North America. We also worked to reinforce sales and product support capabilities for the mining industry in both regions. As a result, sales in both North and Latin Americas increased from the previous year.

Europe & CIS

In Europe, market demand improved in Germany, the largest European market, and in eastern Europe, continuing to expand the markets. In addition, we worked to step up sales of Tier 3-compliant models, including a large wheel loader with reinforced capabilities, streamline production, and strengthen distribution networks in eastern Europe. As a result, sales in Europe improved from the previous year.

In the Commonwealth of Independent States (CIS: former Soviet republics), sales expanded driven by strong demand in resource development-related sectors and infrastructure development in metropolitan areas.

China

The Chinese market continued to generate a high rate of growth in demand for our equipment during the year, as the number of civil engineering projects increased in line with rural area development measures of the 11th Five-Year Guidelines and ongoing urbanization. The mining industry worked to streamline operational efficiency and develop new mines. We also focused efforts to streamline our production and sales operations based on business negotiation and machine operation information obtained through IT deployment. We also expanded sales of mining equipment centering on large dump trucks. As a result, sales in China accelerated from the previous year.

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Asia & Oceania

While strong sales of mining equipment continued especially in Oceania, demand recovered in civil engineering, agriculture and forestry sectors in Indonesia, the largest Southeast Asian market. As a result, sales in Asia and Oceania improved from the previous year.

The Middle East & Africa

Demand continued to expand, primarily driven by an increase in the number of infrastructure development projects in Saudi Arabia and other oil producing countries as well as in Turkey, and by buoyant mine developments in African countries. Under these market conditions, we carried out aggressive sales activities and worked to reinforce our product support capabilities. As a result, sales in the Middle East and Africa accelerated from the previous year.

Industrial Machinery, Vehicles and Others

Consolidated net sales of industrial machinery, vehicles and other operations reached ¥298.0 billion (US\$2,526 million), up 6.6% over the previous year, reflecting strong sales recorded by main subsidiaries, such as Komatsu Forklift Co., Ltd. and Komatsu Industries Corporation.

Komatsu Forklift stepped up sales by not only expanding sales in the Middle East, Asia and other overseas markets but also launching fully renewed, battery-powered models. In August 2006, Komatsu Ltd. bought the 35.0% of Komatsu Forklift's equity held by Linde AG of Germany, making Komatsu Forklift a wholly owned subsidiary.

In the industrial machinery business, sales of Komatsu Industries' sheet metal and press machines were brisk. With respect to large presses, Komatsu Ltd. launched production at the new plant in Kanazawa City, Ishikawa Prefecture in January this year, expanding its production capacity to meet growing orders for AC Servo technology-incorporated presses. The Company also acquired 29.3% of the equity of NIPPEI TOYAMA CORPORATION, which enjoys a large market share of transfer machines and lathes for use in machining automobile engines, building a collaborative relationship in the areas of sheet metal and press machines as well as machine tools.

Concerning the outdoor power equipment business of Komatsu Zenoah Co., Komatsu Ltd. signed a definitive agreement to sell it to a Japanese subsidiary of Husqvarna AB of Sweden. The sale was completed in April 2007.

Electronics

Komatsu Electronics Inc., a wholly owned subsidiary engaging in the production and sale of temperature-control equipment for semiconductor manufacturing, expanded sales for the year. However, sales from the electronics operation declined 33.4% from the previous year, to ¥27.5 billion (US\$234 million), as affected mainly by declined sales resulting from the sale of the polycrystalline silicon business executed last fiscal year.

In October 2006, Komatsu Ltd. accepted SUMCO's tender offer for Komatsu Electronic Metals Co., Ltd. (KEM) and sold 51.0% of the shares of KEM. The Company had held a total of 61.9%.

Table of Contents**2. Conditions of Consolidated Cash Flows**

Net cash provided by operating activities increased by ¥26.0 billion over the previous year, to ¥162.1 billion (US\$1,374 million), due to further improvements of business results resulting from successful operating activities, which covered an increase in working capital against the backdrop of expanded demand. Net cash used in investing activities totaled ¥99.6 billion (US\$844 million), an increase of ¥17.8 billion from the previous year, reflecting growth in investments made to proactively expand production capacities and improve productivity in Japan and abroad. Net cash used in financing activities amounted to ¥41.3 billion (US\$351 million), a decrease of ¥42.0 billion from the previous year.

As a result, cash and cash equivalents totaled ¥92.1 billion (US\$781 million) at March 31, 2007, an increase of ¥22.2 billion compared to a year ago.

[Trends of Cash Flow Indicators]

| | Fiscal years ended March 31, 2007, 2006 and 2005 | | |
|---|--|-------|------|
| | 2007 | 2006 | 2005 |
| Shareholders' equity ratio (%) | 42.1 | 37.7 | 32.9 |
| Shareholders' equity ratio at aggregate market value (%) | 133.7 | 135.0 | 55.1 |
| Years of debt redemption | 2.2 | 2.8 | 3.6 |
| Interest coverage ratio | 10.5 | 11.1 | 11.4 |
| Shareholders' equity ratio: Shareholders' equity/Total assets | | | |

Shareholders' equity ratio at aggregate market value: Aggregate market value of outstanding shares of common stock/Total assets

Years of debt redemption term: Interest-bearing debt/Net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities/Interest expense

3. Projections for the Fiscal Year Ending March 31, 2008

(From April 1, 2007 to March 31, 2008)

While there are some factors of concern in the construction and mining equipment business, such as the slowing U.S. housing starts, the Komatsu Group anticipates that investments in energy-related and infrastructure developments will continue to expand. Thus, sales of equipment should increase in tandem with growth in demand. In response to such a market environment, the Komatsu Group will expand its production capacity and work to improve profits by launching new products and realizing prices. In the industrial machinery business as well, the Komatsu Group expects to boost sales against the backdrop of strong capital outlays.

Concerning the consolidated business results following the previous fiscal year, the Komatsu Group is working to renew record-high sales, operating income, income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies, and net income for the year.

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Consolidated and non-consolidated business results for the fiscal year ending March 31, 2008 are projected today as follows.

1) Consolidated

| | | |
|--|-------------------|--------------|
| Net sales | 2,100 billion yen | (up 10.9)% |
| Operating income | 287 billion yen | (up 17.3)% |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 277 billion yen | (up 17.1)% |
| Income from continuing operations | 178 billion yen | (up 16.1)% |
| Income from discontinued operations | 5 billion yen | (down 56.0)% |
| Net income | 183 billion yen | (up 11.2)% |

2) Non-consolidated

| | | |
|------------------|-----------------|--------------|
| Net sales | 850 billion yen | (up 12.1)% |
| Operating profit | 91 billion yen | (up 0.6)% |
| Ordinary profit | 100 billion yen | (up 1.9)% |
| Net income | 72 billion yen | (down 13.1)% |

Foreign exchange rates are premised at ¥115 to US\$1 and ¥150 to EUR1 for the fiscal year ending March 31, 2008.

4. Basic Policy for Redistribution of Profits and Projections for the Fiscal Year Ended March 31, 2007 and the Fiscal Year Ending March 31, 2008

Komatsu is building a sound financial position and flexible and agile corporate strength to increase its corporate value. Concerning cash dividends to shareholders, the Company maintains the policy of redistributing profits by first striving to continue stable dividends and then considering consolidated business results, while working for the goal of a consolidated payout ratio of 20% or higher.

The Company plans to set the year-end dividends per share for the fiscal year ended March 31, 2007, at ¥18, based on its basic policy. It has already paid ¥13 per share for the interim dividends. Therefore, it plans to increase the annual dividends per share by ¥13 to ¥31 compared to ¥18 for the previous year.

Regarding the fiscal year ending March 31, 2008, the Company plans to set the annual dividends per share at ¥36, up ¥5, compared to ¥31 for fiscal year ended March 31, 2007.

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as will, believes, should, projects and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

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The Komatsu Group

(As of March 31, 2007)

Business Categories and Principal Products & Services

Construction and Mining Equipment

| | |
|---|---|
| Excavating Equipment | Hydraulic excavators, mini excavators, and backhoe loaders |
| Loading Equipment | Wheel loaders, mini wheel loaders, and skid steer loaders |
| Grading and Roadbed Preparation Equipment | Bulldozers, motor graders, and vibratory rollers |
| Hauling Equipment | Off-highway dump trucks, articulated dump trucks, and crawler carriers |
| Forestry Equipment | Harvesters, forwarders, and feller-bunchers |
| Tunneling Machines | Shield machines, tunnel-boring machines, and small-diameter pipe jacking machines |
| Recycling Equipment | Mobile debris crushers, mobile soil recyclers, and mobile tub grinders |
| Other Equipment | Railroad maintenance equipment |
| Engines and Components | Diesel engines, diesel generator sets, and hydraulic equipment |
| Casting Products | Steel castings and iron castings |

Industrial Machinery, Vehicles and Others

| | |
|--|---|
| Metal Forging and Stamping Presses | Large presses, AC-Servo presses, small and medium-sized presses, and forging presses |
| Sheet-Metal Machines and Machine Tools | Press brakes, shears, laser cutting machines, fine plasma cutting machines, and crank shaft millers |
| Industrial Vehicles and Logistics | Forklift trucks, packing and transport |
| Defense Systems | Ammunition and armored personnel carriers |
| Others | Commercial-use prefabricated structures |

Electronics

| | |
|-------------------------------|--|
| Temperature Control Equipment | Thermoelectric modules and temperature-control equipment for semiconductor manufacturing |
|-------------------------------|--|

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Komatsu Group (Chart)

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The cornerstone of Komatsu's management is commitment to Quality and Reliability for maximization of its corporate value. This commitment is not limited to delivering safe and innovative products and services which incorporate the viewpoints of customers. Komatsu is continuing its efforts to enhance the Quality and Reliability of all organizations, businesses, employees and management of the entire Komatsu Group. It is the top management task of Komatsu to continue improving the Quality and Reliability of all these year after year.

2. Mid to Long-Range Management Plan, Target and Issues Ahead

Komatsu has started a new three-year mid-range management plan "Global Teamwork for 15" with the goal of completing by the target year ending March 31, 2010.

We at Komatsu define our corporate value as the total sum of trust given to us by society and all stakeholders. To increase this corporate value, we have consistently worked on management tasks by upholding the following two management goals.

- 1) To maintain top-level profitability and financial position in the industry and enhance our position in the global marketplace, especially in the Greater Asia region.
- 2) To continue management while keeping market value in mind, which reflects the amount of trust given to us by society and shareholders/investors.

In addition to the management goals above, we have set the new goal of putting the KOMATSU Way in place on a global, group-wide basis, which describes Komatsu's strengths, as well as the beliefs, attitudes, patterns of behavior and the like which support those strengths.

Numerical Targets

| Items | Targets for Fiscal Year ending | | Results for Fiscal Year |
|--------------------------|--------------------------------|--|-------------------------|
| | March 31, 2010 | | ended March 31, 2007 |
| Operating income ratio | 15% or above | | 12.9% |
| ROE (Return on equity) | Keeping 20% level | | 23.5% |
| Net debt-to-equity ratio | 0.2 or below | | 0.33 |

ROE = Net income for the year / [(shareholders' equity at the beginning + shareholders' equity at the end of the fiscal year) / 2]

Net debt-to-equity ratio = (interest-bearing debt - cash and cash equivalents - time deposits) / shareholders' equity

[Premises]

| Items | Targets for Fiscal Year ending | | Results for Fiscal Year |
|-----------------------------|--------------------------------|--|-------------------------|
| | March 31, 2010 | | ended March 31, 2007 |
| Guideline on sales | ¥2,400 billion ± ¥100 billion | | ¥1,893.3 billion |
| Guidelines on exchange rate | ¥110/USD | | ¥117/USD |
| | ¥145/EUR | | ¥151/EUR |

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Komatsu had placed its efforts on the selective focus of its businesses until the previous fiscal year, including the sale of the silicon wafer and outdoor power equipment businesses, an equity alliance in the industrial machinery business, and establishment of new plants in Japan and overseas.

Under the Global Teamwork for 15 management plan, Komatsu will continue to constantly emphasize the market introduction of DANTOTSU (unrivaled) products, the further enhancement of its market position in Greater Asia, and the improvement in fixed costs of the first-stage Reform of Business Structure project (since 2001) by positioning the construction and mining equipment as well as industrial machinery and vehicles as its core operations. Komatsu will also place efforts on value-chain reform activities and human resource development on a global, group-wide basis through those reform activities which were launched last year as the major initiatives of the second-stage Reform project. Furthermore, Komatsu will work on the expansion of the utility equipment business and other new tasks of focus, and will produce specific results.

The Komatsu Group is strengthening its corporate governance to ensure sound and transparent management, while working to improve management efficiency. In addition to promoting thorough compliance, Komatsu will also ensure that all employees of the Komatsu Group share the KOMATSU Way. In addition to improving its business performance, Komatsu will promote the development of both corporate strength and social responsibility in a well balanced manner.

Major Tasks of the Global Teamwork for 15 management plan

- 1) Market Introduction of DANTOTSU Products
- 2) Further Enhancement of Market Position in Greater Asia
- 3) Establishment of Flexible Manufacturing Operations
- 4) Expansion of the Utility Equipment Business
- 5) Expansion of the Parts Business
- 6) Reinforcement of the Industrial Machinery Business
- 7) Continuous Improvements of Fixed Costs
- 8) Human Resource Development on a Global Basis

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as will, believes, should, projects and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

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Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

Table of Contents**Condensed Consolidated Balance Sheets**

(As of March 31, 2007 and 2006)

Millions of yen

| | 2007 (A) | 2006 (B) | Changes Increase (Decrease) (A)-(B) |
|--|------------------|------------------|---|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | ¥ 92,199 | ¥ 69,997 | ¥ 22,202 |
| Time deposits | 54 | 54 | 0 |
| Trade notes and accounts receivable | 478,063 | 397,998 | 80,065 |
| Inventories | 437,894 | 370,074 | 67,820 |
| Assets held for sale | 16,321 | | 16,321 |
| Other current assets | 119,214 | 109,778 | 9,436 |
| Total current assets | 1,143,745 | 947,901 | 195,844 |
| Long-term trade receivables | 73,669 | 72,844 | 825 |
| Investments | 155,146 | 125,517 | 29,629 |
| Property, plant and equipment Less accumulated depreciation | 388,393 | 400,667 | (12,274) |
| Other assets | 83,029 | 105,196 | (22,167) |
| Total | 1,843,982 | 1,652,125 | 191,857 |
| Liabilities and Shareholders Equity | | | |
| Current liabilities: | | | |
| Short-term debt (including current maturities of long-term debt) | 174,734 | 182,710 | (7,976) |
| Trade notes and accounts payable | 365,065 | 304,776 | 60,289 |
| Income taxes payable | 54,933 | 37,004 | 17,929 |
| Liabilities held for sale | 7,919 | | 7,919 |
| Other current liabilities | 182,529 | 164,353 | 18,176 |
| Total current liabilities | 785,180 | 688,843 | 96,337 |
| Long-term liabilities | 262,311 | 292,416 | (30,105) |
| Minority interests | 19,774 | 47,869 | (28,095) |
| Shareholders equity: | | | |
| Common stock | 67,870 | 67,870 | |
| Capital surplus | 137,155 | 136,137 | 1,018 |
| Retained earnings | 541,717 | 399,938 | 141,779 |
| Accumulated other comprehensive income * | 33,501 | 23,095 | 10,406 |
| Treasury stock | (3,526) | (4,043) | 517 |
| Total shareholders equity | 776,717 | 622,997 | 153,720 |

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| | | | | |
|---|--------------------|-------------|---|---------------------------------------|
| Total | ¥ 1,843,982 | ¥ 1,652,125 | ¥ | 191,857 |
| | 2007 | 2006 | | Changes Increase(Decrease) |
| *Accumulated other comprehensive income: | | | | |
| Foreign currency translation adjustments | ¥ 9,204 | ¥ (2,240) | ¥ | 11,444 |
| Net unrealized holding gains on securities available for sale | 39,807 | 36,910 | | 2,897 |
| Pension liability adjustments | | (11,299) | | 11,299 |
| Pension liability adjustments-After application of SFAS No. 158 | (15,300) | | | (15,300) |
| Net unrealized holding gains (losses) on derivative instruments | (210) | (276) | | 66 |
| Short & long-term debt | ¥ 349,074 | ¥ 377,913 | ¥ | (28,839) |

Note: In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, assets and liabilities held for sale in connection with the discontinued operations were classified as held for sale.

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

(For the fiscal years ended March 31, 2007 and 2006)

Millions of yen

| | Changes | | | |
|---|------------------|-------------|--------------------------------|-------|
| | 2007 (A) | 2006 (B) | Increase (Decrease) (A)-(B) | % |
| Net sales | ¥ 1,893,343 | ¥ 1,612,140 | ¥ 281,203 | 17.4 |
| Cost of sales | 1,356,511 | 1,185,240 | 171,271 | |
| Selling, general and administrative expenses | 287,086 | 262,399 | 24,687 | |
| Other operating income (expenses) | (5,005) | (1,073) | (3,932) | |
| Operating income | 244,741 | 163,428 | 81,313 | 49.8 |
| Other income (expenses) | | | | |
| Interest and dividend income | 8,532 | 6,824 | 1,708 | |
| Interest expense | (15,485) | (12,208) | (3,277) | |
| Other-net | (1,297) | (2,265) | 968 | |
| Other income (expenses) | (8,250) | (7,649) | (601) | |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 236,491 | 155,779 | 80,712 | 51.8 |
| Income taxes | 79,745 | 43,970 | 35,775 | |
| Minority interests in income of consolidated subsidiaries | (6,580) | (5,335) | (1,245) | |
| Equity in earnings of affiliated companies | 3,098 | 2,667 | 431 | |
| Income from continuing operations | 153,264 | 109,141 | 44,123 | 40.4 |
| Income from discontinued operations | 11,374 | 5,149 | 6,225 | 120.9 |
| Net income | ¥ 164,638 | ¥ 114,290 | ¥ 50,348 | 44.1 |

- Notes: 1) Starting from the fiscal year ended March 31, 2007, Komatsu changed its form of consolidated financial statement of income from single- to multiple-step.
- 2) In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the result of discontinued operations, less applicable income taxes, is presented as income from discontinued operations. Previously reported amounts have been reclassified accordingly.

Table of Contents**Consolidated Statement of Shareholders Equity**

(For the fiscal years ended March 31, 2007 and 2006)

Millions of yen

| | 2007 | 2006 |
|---|------------------|------------------|
| Common stock | | |
| Balance, beginning of period | ¥ 67,870 | ¥ 67,870 |
| Balance, end of period | ¥ 67,870 | ¥ 67,870 |
| Capital surplus | | |
| Balance, beginning of period | ¥ 136,137 | ¥ 135,792 |
| Sales of treasury stock | 394 | 345 |
| Issuance of stock acquisition rights | 663 | |
| Stock issue cost | (39) | |
| Balance, end of period | ¥ 137,155 | ¥ 136,137 |
| Retained earnings, appropriated for legal reserve | | |
| Balance, beginning of period | ¥ 23,416 | ¥ 22,341 |
| Transfer from unappropriated retained earnings | 851 | 1,075 |
| Balance, end of period | ¥ 24,267 | ¥ 23,416 |
| Unappropriated retained earnings | | |
| Balance, beginning of period | ¥ 376,522 | ¥ 277,196 |
| Net income | 164,638 | 114,290 |
| Cash dividends paid | (22,859) | (13,889) |
| Transfer to retained earnings appropriated for legal reserve | (851) | (1,075) |
| Balance, end of period | ¥ 517,450 | ¥ 376,522 |
| Accumulated other comprehensive income (loss) | | |
| Balance, beginning of period | ¥ 23,095 | ¥ (21,485) |
| Aggregate adjustment for the period resulting from translation of foreign currency financial statements | 11,444 | 19,921 |
| Increase in net unrealized holding gains on securities available for sale | 2,897 | 18,305 |
| Adjustment for the period of pension liability | 11,299 | 6,041 |
| Adjustment for the period of pension liability- After application of SFAS No. 158 | (15,300) | |
| Increase in net unrealized holding losses on derivative instruments | 66 | 313 |
| Balance, end of period | ¥ 33,501 | ¥ 23,095 |
| Treasury stock | | |
| Balance, beginning of period | ¥ (4,043) | ¥ (4,570) |
| Purchase of treasury stock | (632) | (2,027) |
| Sales of treasury stock | 1,149 | 2,554 |
| Balance, end of period | (3,526) | (4,043) |
| Total shareholders equity | ¥ 776,717 | ¥ 622,997 |

Table of Contents**Consolidated Statements of Cash Flows**

(For the fiscal years ended March 31, 2007 and 2006)

Millions of yen

| | 2007 (A) | 2006 (B) | Changes Increase (Decrease) (A)-(B) |
|---|-------------|-------------|--|
| Operating activities | | | |
| Net income | ¥ 164,638 | ¥ 114,290 | ¥ 50,348 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 72,709 | 72,640 | 69 |
| Deferred income taxes | 4,334 | (747) | 5,081 |
| Net gain from sale of investment securities and subsidiaries | (19,101) | (20,989) | 1,888 |
| Net gains on sale of property | (13) | (132) | 119 |
| Loss on disposal of fixed assets | 2,121 | 8,284 | (6,163) |
| Impairment loss on long-lived assets held for use | 81 | 4,899 | (4,818) |
| Pension and retirement benefits, net | 1,078 | 5,123 | (4,045) |
| Changes in assets and liabilities: | | | |
| Increase in trade receivables | (93,141) | (58,821) | (34,320) |
| Increase in inventories | (73,448) | (52,228) | (21,220) |
| Increase in trade payables | 70,693 | 32,360 | 38,333 |
| Increase in income taxes payable | 19,680 | 24,532 | (4,852) |
| Other, net | 12,493 | 6,896 | 5,597 |
| Net cash provided by operating activities | 162,124 | 136,107 | 26,017 |
| Investing activities | | | |
| Capital expenditures | (122,860) | (112,915) | (9,945) |
| Proceeds from sales of property | 17,626 | 12,915 | 4,711 |
| Proceeds from sales of available for sale investment securities | 1,844 | 4,112 | (2,268) |
| Purchases of available for sale investment securities | (20,025) | (5,681) | (14,344) |
| Proceeds from sale of subsidiaries, net of cash disposed | 35,368 | 26,610 | 8,758 |
| Acquisition of subsidiaries, net of cash acquired | (11,333) | (10,464) | (869) |
| Collection of loan receivables | 5,736 | 12,874 | (7,138) |
| Disbursement of loan receivables | (5,974) | (9,244) | 3,270 |
| Decrease (increase) in time deposits | (2) | 1 | (3) |
| Net cash used in investing activities | (99,620) | (81,792) | (17,828) |
| Financing activities | | | |
| Proceeds from long-term debt | 44,781 | 51,432 | (6,651) |
| Repayments on long-term debt | (74,943) | (118,165) | 43,222 |
| Increase in short-term debt, net | 22,526 | 7,108 | 15,418 |
| Repayments of capital lease obligations | (11,411) | (10,473) | (938) |
| Sale of treasury stock, net | 517 | 527 | (10) |
| Dividends paid | (22,859) | (13,889) | (8,970) |
| Net cash used in financing activities | (41,389) | (83,460) | 42,071 |
| Effect of exchange rate change on cash and cash equivalents | 1,087 | 1,632 | (545) |

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| | | | |
|--|-----------------|----------|----------|
| Net increase (decrease) in cash and cash equivalents | 22,202 | (27,513) | 49,715 |
| Cash and cash equivalents, beginning of year | 69,997 | 97,510 | (27,513) |
| Cash and cash equivalents, end of year | ¥ 92,199 | ¥ 69,997 | ¥ 22,202 |

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Basis of Financial Statements (Consolidated)

1) The Number of Consolidated Subsidiaries and Affiliated Companies Accounted for by the Equity Method

| | |
|---|---------------|
| Number of consolidated subsidiaries: | 145 companies |
| Number of companies accounted for by the equity method: | 42 companies |

2) Changes in group of entities

Consolidated subsidiaries

| | |
|----------------------|--|
| Added: | 3 companies |
| Removed: (Exclusion) | 15 companies Komatsu Electric Metals Co., Ltd., Formosa Komatsu Silicon Corporation, Komatsu Silicon Europe N.V., Komatsu Rental Tokyo Ltd., Komatsu Rental Chugoku Ltd. and other 10 companies |

Affiliated companies accounted for by the equity-method

| | |
|----------------------|--|
| Added: | 2 companies NIPPEI TOYAMA CORPORATION and other 1 company |
| Removed: (Exclusion) | 1 company |

3) Adoption of new accounting standards

Starting from the fiscal year ended March 31, 2007, the Company adopted the Statement of Financial Accounting Standards No. 123(R), Share-Based Payment and No. 158, Employer's Accounting for Defined Benefit Pension and Postretirement Plans .

4) Reclassification

Starting from the fiscal year ended March 31, 2007, Komatsu changed its form of consolidated financial statement of income from single- to multiple-step.

5) Discontinued operations

In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, assets and liabilities held for sale in connection with the discontinued operations were classified as held for sale on the consolidated balance sheet as of March 31, 2007. The result of discontinued operations, less applicable income taxes, is presented as income from discontinued operations in the consolidated statement of income. Previously reported amounts have been reclassified accordingly.

Table of Contents**Business Segment Information****1. Information by Business Segment**

(1) Sales and Segment Profit

(For the fiscal years ended March 31, 2007 and 2006)

Millions of yen

| | 2007 | | | 2006 | | |
|--|-----------|----------------|--------------------------|-----------|----------------|--------------------------|
| | Sales | Segment Profit | Segment Profit Ratio (%) | Sales | Segment Profit | Segment Profit Ratio (%) |
| Construction and Mining Equipment | 1,587,976 | 220,606 | 13.9 | 1,312,426 | 142,904 | 10.9 |
| Industrial Machinery, Vehicles and Others | 397,251 | 29,555 | 7.4 | 361,693 | 22,470 | 6.2 |
| Electronics | 27,611 | 2,137 | 7.7 | 41,435 | 3,045 | 7.3 |
| Subtotal | 2,012,838 | 252,298 | 12.5 | 1,715,554 | 168,419 | 9.8 |
| Corporate & Elimination | (119,495) | (2,552) | | (103,414) | (3,918) | |
| Total | 1,893,343 | 249,746 | 13.2 | 1,612,140 | 164,501 | 10.2 |
| Other operating income (expenses) | | (5,005) | | | (1,073) | |
| Operating income | | 244,741 | | | 163,428 | |
| Interest and dividend income | | 8,532 | | | 6,824 | |
| Interest expense | | (15,485) | | | (12,208) | |
| Other-net | | (1,297) | | | (2,265) | |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | | 236,491 | | | 155,779 | |

Note: Sales amount of every business segment includes inter-segment transactions as below:

| | 2007 | 2006 |
|---|---------|---------|
| Construction and Mining Equipment | 20,253 | 21,203 |
| Industrial Machinery, Vehicles and Others | 99,229 | 82,196 |
| Electronics | 13 | 15 |
| Total | 119,495 | 103,414 |

Note: In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the operating results from the discontinued operations have been reclassified.

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(2) Assets, Depreciation and Capital Expenditures

Millions of yen

| | 2007 For the fiscal year ended | | | 2006 For the fiscal year ended | | |
|---|-----------------------------------|----------------------------------|-------------------------|-----------------------------------|----------------------------------|-------------------------|
| | As of Mar. 31, 2007 | Mar. 31, 2007 | | As of Mar. 31, 2006 | Mar. 31, 2006 | |
| | Assets | Depreciation and Amortization | Capital Expenditures | Assets | Depreciation and Amortization | Capital Expenditures |
| Construction and Mining Equipment | 1,423,744 | 57,444 | 111,003 | 1,167,336 | 50,399 | 99,622 |
| Industrial Machinery, Vehicles and Others | 302,314 | 7,751 | 18,541 | 259,951 | 6,742 | 14,155 |
| Electronics | 15,266 | 226 | 136 | 120,984 | 261 | 157 |
| Subtotal | 1,741,324 | 65,421 | 129,680 | 1,548,271 | 57,402 | 113,934 |
| Corporate & Elimination | 102,658 | | | 103,854 | | |
| Total | 1,843,982 | 65,421 | 129,680 | 1,652,125 | 57,402 | 113,934 |

2. Information by Region

(1) Sales and Segment Profit

(For the fiscal years ended March 31, 2007 and 2006)

Millions of yen

| | 2007 | | | 2006 | | |
|-------------------------|-----------|----------------|-----------------------------|-----------|----------------|-----------------------------|
| | Sales | Segment Profit | Segment Profit Ratio (%) | Sales | Segment Profit | Segment Profit Ratio (%) |
| Japan | 1,135,567 | 140,193 | 12.3 | 980,044 | 89,913 | 9.2 |
| The Americas | 566,013 | 51,842 | 9.2 | 488,645 | 38,966 | 8.0 |
| Europe | 332,959 | 32,104 | 9.6 | 242,604 | 20,315 | 8.4 |
| Others | 348,514 | 38,033 | 10.9 | 270,237 | 22,539 | 8.3 |
| Subtotal | 2,383,053 | 262,172 | 11.0 | 1,981,530 | 171,733 | 8.7 |
| Corporate & Elimination | (489,710) | (12,426) | | (369,390) | (7,232) | |
| Total | 1,893,343 | 249,746 | 13.2 | 1,612,140 | 164,501 | 10.2 |

Notes: 1) Sales amount of each region segment includes inter-segment transactions.

2) In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the operating results from the discontinued operations have been reclassified.

(2) Assets

(As of March 31, 2007 and 2006)

Millions of yen

| | 2007 | | 2006 | |
|--------------|-----------|-----------|-----------|-----------|
| | Assets | Ratio (%) | Assets | Ratio (%) |
| Japan | 1,065,487 | 57.8 | 1,046,024 | 63.3 |
| The Americas | 481,144 | 26.1 | 411,091 | 24.9 |
| Europe | 221,012 | 12.0 | 151,664 | 9.2 |

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| | | | | |
|-------------------------|------------------|--------------|-----------|-------|
| Others | 237,839 | 12.9 | 201,168 | 12.2 |
| Subtotal | 2,005,482 | 108.8 | 1,809,947 | 109.6 |
| Corporate & Elimination | (161,500) | (8.8) | (157,822) | (9.6) |
| Total | 1,843,982 | 100.0 | 1,652,125 | 100.0 |

Table of Contents**3. Overseas Sales**

(1) For the fiscal year ended March 31, 2007

Millions of yen

| | The Americas | Europe | Others | Total |
|---|--------------|---------|---------|-----------|
| Overseas sales | 537,836 | 324,071 | 544,333 | 1,406,240 |
| Consolidated net sales | | | | 1,893,343 |
| Ratio of overseas sales to consolidated net sales (%) | 28.4 | 17.1 | 28.8 | 74.3 |

(2) For the fiscal year ended March 31, 2006

Millions of yen

| | The Americas | Europe | Others | Total |
|---|--------------|---------|---------|-----------|
| Overseas sales | 477,718 | 232,329 | 419,268 | 1,129,315 |
| Consolidated net sales | | | | 1,612,140 |
| Ratio of overseas sales to consolidated net sales (%) | 29.6 | 14.4 | 26.1 | 70.1 |

Notes: 1) Overseas sales represent the sales of the Company and its consolidated subsidiaries to customers in countries or regions other than Japan.

2) Area segments are separated by the geographic proximity. Main countries or areas of each segment above are as follows:

a) The Americas: North America and Latin America

b) Europe: Germany, U.K. and CIS

c) Others: China, Australia, and Southeast Asia

3) In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the operating results from the discontinued operations have been reclassified.

Table of Contents**Consolidated Sales by Operation**

(For the fiscal years ended March 31, 2007 and 2006)

Millions of yen

| | | 2007 | | 2006 | | Changes | |
|---|----------|------------------|--------------|-----------|-----------|---------------------|--------|
| | | (A) | | (B) | | Increase (Decrease) | |
| | | Sales | Ratio (%) | Sales | Ratio (%) | Sales (A)-(B) | (%) |
| Construction and Mining Equipment | Japan | 282,596 | 14.9 | 274,792 | 17.0 | 7,804 | 2.8 |
| | Overseas | 1,285,127 | 67.9 | 1,016,431 | 63.1 | 268,696 | 26.4 |
| | | 1,567,723 | 82.8 | 1,291,223 | 80.1 | 276,500 | 21.4 |
| Industrial Machinery, Vehicles and Others | Japan | 195,545 | 10.3 | 189,208 | 11.7 | 6,337 | 3.3 |
| | Overseas | 102,477 | 5.4 | 90,289 | 5.6 | 12,188 | 13.5 |
| | | 298,022 | 15.7 | 279,497 | 17.3 | 18,525 | 6.6 |
| Electronics | Japan | 8,962 | 0.5 | 18,825 | 1.2 | (9,863) | (52.4) |
| | Overseas | 18,636 | 1.0 | 22,595 | 1.4 | (3,959) | (17.5) |
| | | 27,598 | 1.5 | 41,420 | 2.6 | (13,822) | (33.4) |
| Total | Japan | 487,103 | 25.7 | 482,825 | 29.9 | 4,278 | 0.9 |
| | Overseas | 1,406,240 | 74.3 | 1,129,315 | 70.1 | 276,925 | 24.5 |
| | | 1,893,343 | 100.0 | 1,612,140 | 100.0 | 281,203 | 17.4 |

Note: In accordance with the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the operating results from the discontinued operations have been reclassified.

Table of Contents**Net Income per Share**

(For the fiscal year ended March 31, 2007 and 2006)

| | Millions of yen | |
|------------|-----------------|---------|
| | 2007 | 2006 |
| Net Income | 164,638 | 114,290 |

| | Number of shares | |
|---|--------------------|-------------|
| | 2007 | 2006 |
| Weighted average common shares outstanding, less treasury stock | 993,597,436 | 992,733,616 |
| Diluted effect of: Stock options | 1,788,951 | 1,697,534 |
| Weighted average diluted common shares outstanding | 995,386,387 | 994,431,150 |

| | Yen | |
|-----------------------|---------------|--------|
| | 2007 | 2006 |
| Net income per share: | | |
| Basic | 165.70 | 115.13 |
| Diluted | 165.40 | 114.93 |

Subsequent Event

Komatsu Zenoah Co., a subsidiary of Komatsu Ltd., split off its outdoor power equipment (OPE) business, and Zenoah Co., Ltd., a subsidiary of Komatsu Zenoah, took over the OPE business. All shares of Zenoah Co., Ltd. were sold to a Japanese subsidiary of Husqvarna AB of Sweden on April 2, 2007. After the sale of the OPE business which has few synergy effects with the construction and mining equipment business, Komatsu Ltd. is better positioned to further improve management efficiency.

[Name and Line of Business of the Sub-Subsidiary Sold]

Name: Zenoah Co., Ltd.

Line of Business: Manufacture and sale of outdoor power equipment

[Name of the Acquisition Company]

Name: Husqvarna Japan Ltd.

[Sale Price]

Sale Price: ¥18,250 million

(end)

Table of Contents**Press Release**

Date: April 26, 2007

Company Name: **Komatsu Ltd.** (Code No. 6301)

Representative: Masahiro Sakane
Representative Director, President and CEO

Listing: First sections of the Tokyo Stock Exchange and Osaka Securities Exchange

Name and Title of Contact Person:
Tadashi Okada, Executive Officer
General Manager, Corporate Communications Dept.

Telephone Number: +81-(0)3-5561-2616

Revising projected cash dividends for the fiscal year ended March 31, 2007

Komatsu Ltd. (President & CEO: Masahiro Sakane) announced today, the Board of Directors, in its meeting held on April 26, 2007, passed a resolution to revise the projection of cash dividends per share as follows.

1. Reason for the revision

Komatsu is building a sound financial position and flexible and agile corporate strength to increase its corporate value. Concerning cash dividends to shareholders, the Company maintains the basic policy of redistributing profits by first striving to continue stable dividends and then considering consolidated business results, while working for the goal of a consolidated payout ratio of 20% or higher.

For the fiscal year ended March 31, 2007, centering on the construction and mining equipment business, the Komatsu Group recorded good business results and larger-than-projected net income from continuing operations. Accordingly, Komatsu plans to increase the year-end dividends to ¥18, up ¥4 from the previous forecast. This increase requires approval of the 138th general shareholders meeting scheduled for June 22, 2007.

Together with interim dividends of ¥13 per share which were already paid, annual dividends will total ¥31 per share, an increase of ¥13 from the previous fiscal year. Payout ratio based on net income from continuing operations will amount to 20.1%.

2. Contents of the revision

| | Cash Dividends per share (Yen) | | |
|---|--------------------------------|-----------|-----------|
| | Interim | Year-end | Total |
| Previous forecast announced on October 31, 2006 | 13 | 14 | 27 |
| Revised forecast | | 18 | 31 |
| Results of fiscal year ended March 31, 2007 | 13 | | |
| Results of fiscal year ended March 31, 2006 | 8 | 10 | 18 |
| | | | (end) |