

KOMATSU LTD
Form 6-K
February 13, 2014

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 February, 2014
COMMISSION FILE NUMBER: 1-7239

KOMATSU LTD.

(Translation of registrant's name into English)

3-6 Akasaka 2-chome, Minato-ku, Tokyo, 107-8414, Japan
(Address of principal executive office)

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

Form 20-F Form 40-F

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

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

INFORMATION INCLUDED IN THIS REPORT

Quarterly Report for the Third Quarter of the 145th Fiscal Year filed on February 12, 2014

On February 12, 2014, the registrant filed its Quarterly Report (*Shihanki Houkokusho*) with the Director of the Kanto Local Finance Bureau of Japan pursuant to the Financial Instruments and Exchange Act of Japan. This Quarterly Report contains, among other information, Quarterly Consolidated Financial Statements for the nine months ended December 31, 2013 and the three months ended December 31, 2013.

Material information in the report, other than the Quarterly Consolidated Financial Statements, has already been reported by the registrant in its press release dated January 29, 2014, a copy of which was submitted under cover of Form 6-K on January 30, 2014 by the registrant.

Attached is an English translation of the registrant's Quarterly Consolidated Financial Statements for the nine months ended December 31, 2013 and the three months ended December 31, 2013.

SIGNATURES

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

Date: February 13, 2014

By:

KOMATSU LTD.
(Registrant)

/s/ Mikio Fujitsuka
Mikio Fujitsuka
Director and Senior Executive Officer
Chief Financial Officer

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

Komatsu Ltd. and Consolidated Subsidiaries

December 31, 2013 and March 31, 2013

	December 31, 2013		March 31, 2013	
	Millions of yen	Component ratio (%)	Millions of yen	Component ratio (%)
Assets				
Current assets				
Cash and cash equivalents (Note 11)	¥ 110,890		¥ 93,620	
Time deposits (Note 11)	132		217	
Trade notes and accounts receivable, net (Notes 3 and 11)	591,975		606,904	
Inventories (Note 4)	728,217		633,647	
Deferred income taxes and other current assets (Notes 10, 11 and 12)	171,164		157,668	
Total current assets	1,602,378	58.9	1,492,056	59.3
Long-term trade receivables, net (Notes 3 and 11)	251,320	9.2	235,825	9.4
Investments				
Investments in and advances to affiliated companies	20,403		19,404	
Investment securities (Notes 5, 11 and 12)	69,572		59,279	
Other	2,111		2,574	
Total investments	92,086	3.4	81,257	3.2
Property, plant and equipment less accumulated depreciation and amortization of ¥740,534 million at December 31, 2013 and ¥706,297 million at March 31, 2013	645,957	23.7	585,220	23.2
Goodwill	36,124	1.3	34,703	1.4
Other intangible assets less accumulated amortization	58,798	2.2	58,523	2.3
Deferred income taxes and other assets (Notes 10, 11 and 12)	34,691	1.3	30,273	1.2
	¥ 2,721,354	100.0	¥ 2,517,857	100.0

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

	December 31, 2013		March 31, 2013	
	Millions of yen	Component ratio (%)	Millions of yen	Component ratio (%)
Liabilities and Equity				
Current liabilities				
Short-term debt (Note 11)	¥ 254,988		¥ 205,156	
Current maturities of long-term debt (Notes 11 and 12)	108,536		130,793	
Trade notes, bills and accounts payable (Note 11)	234,886		226,275	
Income taxes payable	25,411		33,227	
Deferred income taxes and other current liabilities (Notes 10, 11 and 12)	232,384		232,125	
Total current liabilities	856,205	31.5	827,576	32.8
Long-term liabilities				
Long-term debt (Notes 11 and 12)	341,133		343,814	
Liability for pension and retirement benefits	51,598		49,912	
Deferred income taxes and other liabilities (Notes 10, 11 and 12)	54,773		43,860	
Total long-term liabilities	447,504	16.4	437,586	17.4
Total liabilities	1,303,709	47.9	1,265,162	50.2
Commitments and contingent liabilities (Note 9)				
Equity				
Komatsu Ltd. shareholders equity				
Common stock:				
Authorized 3,955,000,000 shares				
Issued 983,130,260 shares				
Outstanding 953,195,700 shares at December 31, 2013 and 952,778,859 shares at March 31, 2013	67,870		67,870	
Capital surplus	139,370		138,818	
Retained earnings:				
Appropriated for legal reserve	39,944		38,230	
Unappropriated	1,097,588		1,034,504	
Accumulated other comprehensive income (loss) (Notes 5, 6, 10 and 12)	52,021		(43,440)	
Treasury stock at cost, 29,934,560 shares at December 31, 2013 and 30,351,401 shares at March 31, 2013	(42,211)		(42,788)	
Total Komatsu Ltd. shareholders equity	1,354,582	49.8	1,193,194	47.4
Noncontrolling interests	63,063	2.3	59,501	2.4
Total equity	1,417,645	52.1	1,252,695	49.8
	¥2,721,354	100.0	¥2,517,857	100.0

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

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

Komatsu Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2013 and 2012

Consolidated Statements of Income

	Nine months ended December 31, 2013		Nine months ended December 31, 2012	
	Millions of yen	Component ratio (%)	Millions of yen	Component ratio (%)
Net sales	¥ 1,389,514	100.0	¥ 1,350,578	100.0
Cost of sales (Note 10)	991,363	71.3	986,846	73.1
Selling, general and administrative expenses (Note 7)	234,442	16.9	212,663	15.7
Other operating income (expenses), net	1,923	0.1	(578)	(0.0)
Operating income	165,632	11.9	150,491	11.1
Other income (expenses), net				
Interest and dividend income	3,060	0.2	3,209	0.2
Interest expense	(6,634)	(0.5)	(6,155)	(0.5)
Other, net (Notes 5, 10 and 12)	8,073	0.6	(1,957)	(0.1)
Total	4,499	0.3	(4,903)	(0.4)
Income before income taxes and equity in earnings of affiliated companies	170,131	12.2	145,588	10.8
Income taxes				
Current	42,946		47,039	
Deferred	6,588		1,219	
Total	49,534	3.6	48,258	3.6
Income before equity in earnings of affiliated companies	120,597	8.7	97,330	7.2
Equity in earnings of affiliated companies	1,633	0.1	1,007	0.1
Net income	122,230	8.8	98,337	7.3
Less: Net income attributable to noncontrolling interests	6,893	0.5	7,241	0.5
Net income attributable to Komatsu Ltd.	¥ 115,337	8.3	¥ 91,096	6.7

Yen

Nine months ended
December 31, 2013

Nine months ended
December 31, 2012

Net income attributable to Komatsu Ltd. per share

(Note 8)

Basic	¥	121.01	¥	95.66
Diluted		120.88		95.57
Cash dividends per share (Note 14)		53.00		45.00

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

Consolidated Statements of Comprehensive Income

	Nine months ended December 31, 2013	Nine months ended December 31, 2012
	Millions of yen	Millions of yen
Net income	¥ 122,230	¥ 98,337
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments (Note 6)	89,561	36,186
Net unrealized holding gains (losses) on securities available for sale (Notes 5 and 6)	8,171	125
Pension liability adjustments (Note 6)	832	1,611
Net unrealized holding gains (losses) on derivative instruments (Notes 6 and 10)	361	(18)
Total	98,925	37,904
Comprehensive income (loss)	221,155	136,241
Less: Comprehensive income (loss) attributable to noncontrolling interests	10,378	9,442
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 210,777	¥ 126,799

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

Three months ended December 31, 2013 and 2012

Consolidated Statements of Income

	Three months ended December 31, 2013		Three months ended December 31, 2012	
	Millions of yen	Component ratio (%)	Millions of yen	Component ratio (%)
Net sales	¥ 464,393	100.0	¥ 419,729	100.0
Cost of sales (Note 10)	330,822	71.2	308,761	73.6
Selling, general and administrative expenses (Note 7)	78,955	17.0	71,179	17.0
Other operating income (expenses), net	2,070	0.4	(562)	(0.1)
Operating income	56,686	12.2	39,227	9.3
Other income (expenses), net				
Interest and dividend income	774	0.2	941	0.2
Interest expense	(2,271)	(0.5)	(1,649)	(0.4)
Other, net (Notes 5, 10 and 12)	2,481	0.5	1,685	0.4
Total	984	0.2	977	0.2
Income before income taxes and equity in earnings of affiliated companies	57,670	12.4	40,204	9.6
Income taxes				
Current	14,202		10,805	
Deferred	5,212		2,737	
Total	19,414	4.2	13,542	3.2
Income before equity in earnings of affiliated companies	38,256	8.2	26,662	6.4
Equity in earnings of affiliated companies	689	0.1	439	0.1
Net income	38,945	8.4	27,101	6.5
Less: Net income attributable to noncontrolling interests	2,418	0.5	2,117	0.5
Net income attributable to Komatsu Ltd.	¥ 36,527	7.9	¥ 24,984	6.0

	Yen	
	Three months ended December 31, 2013	Three months ended December 31, 2012
Net income attributable to Komatsu Ltd. per share (Note 8)		
Basic	¥ 38.32	¥ 26.23
Diluted	38.28	26.21

Cash dividends per share (Note 14)	29.00	24.00
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The accompanying Notes are an integral part of these Quarterly Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Three months ended December 31, 2013 Millions of yen	Three months ended December 31, 2012 Millions of yen
Net income	¥ 38,945	¥ 27,101
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments (Note 6)	66,293	80,008
Net unrealized holding gains (losses) on securities available for sale (Notes 5 and 6)	4,378	6,638
Pension liability adjustments (Note 6)	330	409
Net unrealized holding gains (losses) on derivative instruments (Notes 6 and 10)	(423)	(1,398)
Total	70,578	85,657
Comprehensive income (loss)	109,523	112,758
Less: Comprehensive income (loss) attributable to noncontrolling interests	6,060	7,250
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 103,463	¥ 105,508

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

Consolidated Statements of Equity (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2013

Millions of yen

	Common stock	Capital surplus	Retained earnings Appropriated for legal reserve	Unappropriated	Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholder equity	Noncontrolling interests	Total equity
Balance at March 31, 2013	¥ 67,870	¥ 138,818	¥ 38,230	¥ 1,034,504	¥ (43,440)	¥ (42,788)	¥ 1,193,194	¥ 59,501	¥ 1,252,695
Cash dividends (Note 14)				(50,539)			(50,539)	(5,574)	(56,113)
Transfer to retained earnings appropriated for legal reserve			1,714	(1,714)					
Other changes		(112)			21		(91)	(1,242)	(1,333)
Net income				115,337			115,337	6,893	122,230
Other comprehensive income(loss), for the period, net of tax (Note 6)					95,440		95,440	3,485	98,925
Issuance and exercise of stock acquisition rights (Note 7)		322					322		322
Purchase of treasury stock						(41)	(41)		(41)
Sales of treasury stock		342				618	960		960
Balance at December 31, 2013	¥ 67,870	¥ 139,370	¥ 39,944	¥ 1,097,588	¥ 52,021	¥ (42,211)	¥ 1,354,582	¥ 63,063	¥ 1,417,645

Nine months ended December 31, 2012

Millions of yen

Retained earnings

	Common stock	Capital surplus	Appropriated for legal reserve	Unappropriated	Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders equity	Noncontrolling interests	Total equity
Balance at March 31, 2012	¥ 67,870	¥ 138,384	¥ 37,954	¥	951,395	¥ (43,518)	¥ 1,009,696	¥ 47,761	¥ 1,057,457
Cash dividends (Note 14)					(42,877)		(42,877)	(5,689)	(48,566)
Transfer to retained earnings appropriated for legal reserve			268		(268)				
Other changes								(47)	(47)
Net income					91,096		91,096	7,241	98,337
Other comprehensive income(loss), for the period, net of tax (Note 6)							35,703	2,201	37,904
Issuance and exercise of stock acquisition rights (Note 7)		499					499		499
Purchase of treasury stock						(26)	(26)		(26)
Sales of treasury stock					(54)	107	53		53
Balance at December 31, 2012	¥ 67,870	¥ 138,883	¥ 38,222	¥	999,292	¥ (43,437)	¥ 1,094,144	¥ 51,467	¥ 1,145,611

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

Consolidated Statements of Cash Flows (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2013 and 2012

	Millions of yen	
	Nine months ended December 31, 2013	Nine months ended December 31, 2012
Operating activities		
Net income	¥ 122,230	¥ 98,337
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	64,028	64,597
Deferred income taxes	6,588	1,219
Impairment loss and net loss (gain) from sale of investment securities	(1,605)	97
Net loss (gain) on sale of property	(4,329)	(435)
Loss on disposal of fixed assets	2,271	1,045
Pension and retirement benefits, net	1,645	569
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	61,729	59,788
Decrease (increase) in inventories	(36,017)	(16,669)
Increase (decrease) in trade payables	(1,570)	(71,360)
Increase (decrease) in income taxes payable	(8,579)	(7,225)
Other, net	(17,397)	(875)
Net cash provided by (used in) operating activities	188,994	129,088
Investing activities		
Capital expenditures	(130,987)	(104,356)
Proceeds from sale of property	19,776	6,402
Proceeds from sale of available for sale investment securities	4,332	595
Purchases of available for sale investment securities	(35)	(11)
Acquisition of subsidiaries and equity investees, net of cash acquired	(4,539)	(5,752)
Collection of loan receivables	225	613
Disbursement of loan receivables	(16)	(50)
Decrease (increase) in time deposits, net	860	788
Net cash provided by (used in) investing activities	(110,384)	(101,771)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months) (Note 2)	153,316	286,620
Payment on debt (Original maturities greater than three months) (Note 2)	(167,531)	(268,534)
Short-term debt - net (Original maturities three months or less) (Note 2)	10,870	21,914

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Repayments of capital lease obligations	(2,552)	(5,057)
Sale (purchase) of treasury stock, net	(26)	44
Dividends paid	(50,539)	(42,877)
Other, net	(6,068)	(7,002)
Net cash provided by (used in) financing activities	(62,530)	(14,892)
Effect of exchange rate change on cash and cash equivalents	1,190	(503)
Net increase (decrease) in cash and cash equivalents	17,270	11,922
Cash and cash equivalents, beginning of year	93,620	83,079
Cash and cash equivalents, end of period	¥ 110,890	¥ 95,001

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

Notes to Quarterly Consolidated Financial Statements (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2013 and 2012

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

Basis of Quarterly Financial Statement Presentation

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

Summary of Significant Accounting Policies

(1) Adoption of new accounting standards

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

(2) Change in depreciation method

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

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

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

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

As a result of the change in depreciation method, depreciation expense for the nine months ended December 31, 2013 decreased by ¥8,651 million. Net Income attributable to Komatsu Ltd. for the nine months ended December 31, 2013 increased by ¥5,355 million. Basic and Diluted net income attributable to Komatsu Ltd. per common share for the nine months ended December 31, 2013 increased by ¥5.62, and ¥5.61, respectively.

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

2. Supplemental Cash Flow Information

Additional cash flow information and noncash investing and financing activities for the nine months ended December 31, 2013 and 2012 are as follows:

	Millions of yen	
	Nine months ended	
	December 31, 2013	Nine months ended December 31, 2012
Additional cash flow information:		
Interest paid	¥ 7,168	¥ 6,824
Income taxes paid	60,280	48,693
Noncash investing and financing activities:		
Capital lease obligations incurred	¥ 1,340	¥ 3,258

In the consolidated statements of cash flow, Komatsu disclosed its cash flow of short-term debt in financing activities on a net amount basis in the nine months ended December 31, 2012. Komatsu discloses its cash flow on a net amount basis for the debts whose original maturities are three months or less in the nine months ended December 31, 2013.

The consolidated statements of cash flow for the nine months ended December 31, 2012 have been re-presented to be consistent with the December 31, 2013 presentation. This change does not have any impact on the reported total cash flow from financing activities.

3. Allowance for Doubtful Receivables

At December 31, 2013 and at March 31, 2013, allowances for doubtful receivables deducted from Trade notes and accounts receivable, net and Long-term trade receivables, net are ¥18,723 million and ¥17,994 million, respectively.

4. Inventories

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

	Millions of yen	
	December 31, 2013	March 31, 2013
Finished products, including finished parts held for sale	¥ 520,137	¥ 437,729
Work in process	148,740	141,166
Materials and supplies	59,340	54,752
Total	¥ 728,217	¥ 633,647

5. Investment Securities

Investment securities at December 31, 2013 and at March 31, 2013, primarily consisted of securities available for sale.

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

The cost, gross unrealized holding gains and losses, and fair value for such investment securities by major security types at December 31, 2013 and at March 31, 2013, are as follows:

	Millions of yen			
	Gross unrealized holding			
	Cost	Gains	Losses	Fair value
At December 31, 2013				
Investment securities:				
Marketable equity securities available for sale	¥ 15,667	¥ 45,621	¥ 1	¥ 61,287
Other investment securities at cost	8,285			
	¥ 23,952			
At March 31, 2013				
Investment securities:				
Marketable equity securities available for sale	¥ 17,915	¥ 33,047	¥ 8	¥ 50,954
Other investment securities at cost	8,325			
	¥ 26,240			

Other investment securities primarily include non-marketable equity securities.

Proceeds from the sales of investment securities available for sale during the nine months ended December 31, 2013 and 2012, amounted to ¥4,332 million and ¥595 million, respectively.

Impairment loss and net gain (loss) from sale of investment securities available for sale during the nine months ended December 31, 2013 and 2012, amounted to gains of ¥1,605 million and losses of ¥97 million, respectively. Impairment loss and net gain (loss) from sale of investment securities available for sale during the three months ended December 31, 2013 and 2012, amounted to gains of ¥107 million and losses of ¥16 million, respectively. Such gains and losses were included in other income (expenses), net in the accompanying consolidated statements of income.

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

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

Millions of yen

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	Less than 12 months		12 months or longer		Total	
	Gross unrealized holding losses		Gross unrealized holding losses		Gross unrealized holding losses	
	Fair value		Fair value		Fair value	
At December 31, 2013						
Investment securities:						
Marketable equity securities available for sale	¥ 28	¥ 1	¥	¥	¥ 28	¥ 1
At March 31, 2013						
Investment securities:						
Marketable equity securities available for sale	¥ 190	¥ 8	¥	¥	¥ 190	¥ 8

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

6. Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the nine months ended December 31, 2013 and the three months ended December 31, 2013 are as follows:

	Millions of yen					Total
	Nine months ended December 31, 2013					
	Foreign currency translation adjustments	Net unrealized holding gains (losses) on securities available for sale	Pension liability adjustments	Net unrealized holding gains (losses) on derivative instruments		
Balance, beginning of year	¥ (38,833)	¥ 21,519	¥ (24,835)	¥ (1,291)	¥ (43,440)	
Other comprehensive income (loss) before reclassifications	91,851	9,079	(185)	(6,729)	94,016	
Amounts reclassified from accumulated other comprehensive income (loss)	(2,290)	(908)	1,017	7,090	4,909	
Net current-period other comprehensive income (loss)	89,561	8,171	832	361	98,925	
Less: Other comprehensive income (loss) attributable to noncontrolling interests	3,404		(5)	86	3,485	
Other comprehensive income (loss) attributable to Komatsu Ltd.	86,157	8,171	837	275	95,440	
Equity transactions with noncontrolling interests	21				21	
Balance, end of period	¥ 47,345	¥ 29,690	¥ (23,998)	¥ (1,016)	¥ 52,021	

All amounts are net of tax.

	Millions of yen					Total
	Three months ended December 31, 2013					
	Foreign currency translation adjustments	Net unrealized holding gains (losses) on securities available for sale	Pension liability adjustments	Net unrealized holding gains (losses) on derivative instruments		
Balance, beginning of period	¥ (15,359)	¥ 25,312	¥ (24,330)	¥ (538)	¥ (14,915)	
Other comprehensive income (loss) before reclassifications	66,293	4,378	47	(3,696)	67,022	
Amounts reclassified from accumulated other comprehensive income (loss)			283	3,273	3,556	

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Net current-period other comprehensive income (loss)	66,293	4,378	330	(423)	70,578
Less: Other comprehensive income (loss) attributable to noncontrolling interests	3,589		(2)	55	3,642
Other comprehensive income (loss) attributable to Komatsu Ltd.	62,704	4,378	332	(478)	66,936
Equity transactions with noncontrolling interests					
Balance, end of period	¥ 47,345	¥ 29,690	¥ (23,998)	¥ (1,016)	¥ 52,021

All amounts are net of tax.

Reclassifications out of accumulated other comprehensive income (loss) for the nine months ended December 31, 2013 and the three months ended December 31, 2013 are as follows:

	Millions of yen	Nine months ended December 31, 2013	Affected line items in consolidated statements of income
Foreign currency translation adjustments			
Liquidation	¥	2,290	Other income (expenses), net: Other, net
		2,290	Total before tax
			Income taxes
		2,290	Net of tax
Net unrealized holding gains (losses) on securities available for sale			
Gain from sale		1,498	Other income (expenses), net: Other, net
		1,498	Total before tax
		(590)	Income taxes
		908	Net of tax
Pension liability adjustments			
Amortization of actuarial loss and prior service cost		(1,838)	*1
		(1,838)	Total before tax
		821	Income taxes
		(1,017)	Net of tax
Net unrealized holding gains (losses) on derivative instruments			
Forwards contracts		(11,454)	Other income (expenses), net: Other, net
		(11,454)	Total before tax
		4,364	Income taxes
		(7,090)	Net of tax
Total reclassifications for the period	¥	(4,909)	Net of tax

*1 This amount is included in the computation of net periodic pension cost.

	Millions of yen		Affected line items in
	Three months ended		consolidated statements of income
	December 31, 2013		
Pension liability adjustments			
Amortization of actuarial loss and prior service cost	¥	(674)	*1
		(674)	Total before tax
		391	Income taxes
		(283)	Net of tax
Net unrealized holding gains (losses) on derivative instruments			
Forwards contracts		(5,288)	Other income (expenses), net: Other, net
		(5,288)	Total before tax
		2,015	Income taxes
		(3,273)	Net of tax
Total reclassifications for the period	¥	(3,556)	Net of tax

*1 This amount is included in the computation of net periodic pension cost.

Tax effects allocated to each component of other comprehensive income (loss) for the nine months ended December 31, 2013 and the three months ended December 31, 2013 are as follows:

	Millions of yen		
	Nine months ended December 31, 2013		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
Foreign currency translation adjustments			
Foreign currency translation adjustments arising during period	¥ 92,003	¥ (152)	¥ 91,851
Less: Reclassification adjustment for gains included in net income	(2,290)		(2,290)
Net foreign currency translation adjustments	89,713	(152)	89,561
Net unrealized holding gains (losses) on securities available for sale			
Unrealized holding gains arising during period	14,067	(4,988)	9,079
Less: Reclassification adjustment for gains included in net income	(1,498)	590	(908)
Net unrealized gains	12,569	(4,398)	8,171
Pension liability adjustments			
Pension liability adjustments arising during period	(283)	98	(185)
Less: Reclassification adjustment for losses included in net income	1,838	(821)	1,017
Net pension liability adjustments	1,555	(723)	832
Net unrealized holding gains (losses) on derivative instruments			
Changes in fair value of derivatives	(10,911)	4,182	(6,729)
Net losses reclassified into earnings	11,454	(4,364)	7,090
Net unrealized gains	543	(182)	361
Other comprehensive income (loss)	¥ 104,380	¥ (5,455)	¥ 98,925

	Millions of yen		
	Three months ended December 31, 2013		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
Foreign currency translation adjustments			
Foreign currency translation adjustments arising during period	¥ 66,398	¥ (105)	¥ 66,293
Less: Reclassification adjustment for gains included in net income			
Net foreign currency translation adjustments	66,398	(105)	66,293
Net unrealized holding gains (losses) on securities available for sale			
Unrealized holding gains arising during period	6,685	(2,307)	4,378
Less: Reclassification adjustment for gains included in net income			
Net unrealized gains	6,685	(2,307)	4,378
Pension liability adjustments			
Pension liability adjustments arising during period	49	(2)	47

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Less: Reclassification adjustment for losses included in net income	674	(391)	283
Net pension liability adjustments	723	(393)	330
Net unrealized holding gains (losses) on derivative instruments			
Changes in fair value of derivatives	(5,997)	2,301	(3,696)
Net losses reclassified into earnings	5,288	(2,015)	3,273
Net unrealized losses	(709)	286	(423)
Other comprehensive income (loss)	¥ 73,097	¥ (2,519)	¥ 70,578

7. Share-Based Compensation

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

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

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

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

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

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

In addition, based on the resolutions of the shareholders' meeting on June 23, 2010 and the Board of Directors on July 17, 2013, the Company issued 561 rights of its share acquisition rights to directors. Based on the resolutions of the shareholders' meeting on June 19, 2013 and the Board of Directors on July 17, 2013, the Company also issued 2,358 rights of its share acquisition rights to certain employees and certain directors of subsidiaries during the year ending March 31, 2014. The options vest 100% on each of the grant dates and are exercisable from August 1, 2016.

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

The Company recognizes compensation expense using the fair value method. Compensation expenses during the nine months ended December 31, 2013 and 2012 were ¥564 million and ¥500 million, respectively, and were recorded in selling, general and administrative expenses. Compensation expenses during the three months ended December 31, 2013 and 2012 were ¥338 million and ¥300 million, respectively, and were recorded in selling, general and administrative expenses.

The Company transfers treasury stock without issuance of new stock when the share acquisition rights are exercised.

8. Net Income Attributable to Komatsu Ltd. per Share

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