Hitachi Construction Machinery Co., Ltd.

Financial Results for the Third Quarter

Ended December 31, 2012

Consolidated Financial Results for the Third Quarter Ended December 31,2012
(Japan GAAP) (Non-audited)

January 30, 2013

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)
Stock exchange: Tokyo, Osaka (first section) Code number: 6305
URL http:// www.hitachi-kenki.co.jp
Representative: Yuichi Tsujimoto, President and Chief Executive Officer
Scheduled date for submission of the Quarterly Securities Report: February 8, 2013
Scheduled date of commencement of payment of dividends: -
Supplementary materials to the quarterly financial statements have been prepared: Yes
A presentation will be held to explain the quarterly financial statements: Yes
(for institutional investors, analysts, and journalists)
U.S. accounting standards are not applied.

1. Consolidated results for the third quarter ended December 2012 (April 1, 2012 to December 31, 2012)

(1) Consolidated results (cumulative) （Rounded off to the nearest million）

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2012	554,486	0.2	28,322	(11.2)	19,780	(33.3)	12,749	5.5
December 31, 2011	553,282	4.4	31,895	39.8	29,650	42.7	12,086	99.8

Note: Comprehensive income December 2012: ¥24,916 million 443.3% December 2011: ¥4,586 million －%

	Net income per share	Net income per share (Diluted)
	Yen	Yen
December 31, 2012	60.19	60.18
December 31, 2011	57.14	57.13

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2012	1,071,710	384,441	31.2
March 31, 2011	1,086,116	368,777	29.7

Note: Total equity December 2012: ¥334,317 million March 2012: ¥322,570 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2012	–	15.00	–	15.00	30.00
March 31, 2013	–	20.00			
March 31, 2013 (Projection)			–	20.00	40.00

Note: Changes from the last announced dividend status: None

(English translation of “KESSAN TANSHIN” originally issued in the Japanese language.)

3. Consolidated earnings forecast for the fiscal year ending March 2013 (April 1, 2012 to March 31, 2013)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2013	740,000	(9.4)	56,000	2.1	45,000	(13.0)	33,000	43.3	155.79

Note: Changes in consolidated earnings forecast: None

*Notes

(1) Important changes in the scope of the consolidation during the period: Yes

TCM Corporation is eliminated from the consolidation.

Note: For details, please refer to "(1) Important changes in the scope of consolidation during the period" in "2. Notes on Summary Information (Other)"on page 6.

(2) Application of special accounting methods: Yes

(3) Changes in accounting policies; changes in accounting estimates; restatements

[1] Changes in the accompanying revision of accounting policies	: None
[2] Changes other than those in [1]	: Yes
[3] Changes in accounting estimates	: Yes
[4] Restatements	: None

Note) The Company and its domestic subsidiaries changed the depreciation method of tangible assets from declining-balance method to straight-line method compute from the first quarter. According to article 10-5 of "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements", "[2] Changes other than those in [1] and "[3] Changes in accounting estimates" should be Yes. Please refer to 2. Notes on Summary Information (Other), (3) Changes in accounting policies; changes in accounting estimates; restatements on page 6.

(4) Number of shares issued (common shares)

[1] Number of shares issued (including treasury shares)

December 2012: 215,115,038 March 2012: 215,115,038

[2] Number of treasury shares at the end of the period

December 2012: 3,291,885 March 2012: 3,296,336

[3] Average number of shares during the period (cumulative for all quarters)

December 2012: 211,822,474 December 2011: 211,509,387

* Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

* Explanation on the appropriate use of results forecasts and other important items

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors should cause actual results to differ materially.

Please refer to 1. Qualitative Information concerning Consolidated Business Performance, (3) Qualitative Information concerning Consolidated Earnings Forecasts on page 10 of the attachment for conditions serving as assumptions for results forecasts.

Index of the Attachment

1. Qualitative Information concerning Consolidated Business Performance

(1) Qualitative Information concerning Consolidated Financial Results

[1] Overview of Business Results

In the international economy during the consolidated cumulative third quarter under review (April 1, 2012 to December 31, 2012, hereinafter referred to as the third quarter), the US economy has been showing underlying strength while the economic downturn has remained in Europe with the impact of fiscal restraint and falling household consumption, due to the deteriorating environment for employment and incomes. In addition, economic growth in China and India has further decelerated. As a whole, the future direction of the international economy remains unclear.

With respect to the market for construction machinery including hydraulic excavators, the domestic market has remained brisk led by increased hydraulic excavator rental due to reconstruction demand, while in China, investment in fixed assets has remained flat and demand sluggish. Moreover, demand from agriculture and forestry in Indonesia, which had been solid, has declined, and world demand as a whole has decreased.

Under these circumstances, the HCM Group has made strong efforts to increase its share of construction machinery and mining machinery, lowering costs and improving management efficiency, in order to secure profits for the term. In addition, we have renamed our subsidiary Telco Construction Equipment Co., Ltd. to Tata Hitachi Construction Machinery Co., Ltd. to achieve better brand image penetration in the market and strengthen our position in the Indian market against growing competition.

Concerning construction machinery, we captured reconstruction demand for the industry in the Japanese market while expanding sales of the “ZAXIS-5” series according to local specific needs in foreign markets including emerging markets.

As for mining machinery, we improved customer satisfaction by enriching after-sales services such as parts maintenance for longer operation time of mining machinery.

As a result, consolidated sales remained at the same level as the previous term of 554,486 million yen. Operating income decreased by 11% year on year to 28,322 million yen, with the impact of sales drop of 35,300 million yen year on year in China.

The following table summarizes the consolidated results for this term ended December 31, 2012.

(Millions of yen)

	Current fiscal year (April 1, 2012 - December 31, 2012) (A)	Previous fiscal year (April 1, 2011 - December 31, 2011) (B)	Year-on-year change	
			(A)-(B)	(A)/(B)-1 (%)
Net sales	554,486	553,282	1,204	0.2
Operating income	28,322	31,895	(3,573)	(11.2)
Ordinary income	19,780	29,650	(9,870)	(33.3)
Net income	12,749	12,086	663	5.5

Note: Figures under million yen are rounded off.

[2] Overview of Consolidated Sales by Regional Segment

Japan

While reconstruction demand supported the economy, the pace of recovery appeared to be pausing against the background of a decelerating global economy.

Demand for construction machinery has increased steadily, helped by increased public works mainly for rehabilitation construction and recovering housing construction.

Under these circumstances, the number of participants in industry's first point program steadily grew in Hitachi Construction Machinery Japan Co., Ltd., a company established by integrating the rental section and the sales service section. We addressed the improvement of customer satisfaction by promptly responding to various customer wishes such as "want to rent, buy, and repair."

Nonetheless, consolidated net sales decreased by 5% year on year to 139,436 million yen, because TCM came out of consolidation after the selloff of all the shares in the second quarter.

The Americas

In the United States, economic conditions have continued to improve with the increase in capital expenditure and housing starts, as well as recovering consumer spending.

Demand for construction machinery has increased in accordance with the continuous expansion in demand from the rental and energy industry.

Under these trends, we increased total sales through expanding sales of a new type of machinery that responds to emission regulations, in addition to capturing replacement demand from the rental industry.

Consequently, net sales increased by 50% year on year to 86,978 million yen.

Europe

The European economies were still suffering from an economic slowdown due to the financial crisis.

Demand for construction machinery was shrinking; falling short of that of the same period last year in Germany, France and the United Kingdom, especially for small construction machinery. In addition, demand for hydraulic excavators and wheel loaders in Southern European countries was also below that of the same period last year.

Under these trends, we focused on detailed dealer support including expanding sales of hydraulic excavator, hydraulic wheel excavator and mini excavators, as well as wheel loaders whose lineup has been expanded.

Net sales decreased by 10% year on year to 40,485 million yen.

Russia-CIS, Africa, and the Middle East

In Russia and the CIS, fixed capital formation was slowing down despite recovering oil prices. Demand for construction machinery remained uncertain regardless of brisk infrastructure construction for oil and gas developments and mining-related businesses.

Under these circumstances, the HCM Group further strengthened the support system for dealers through Hitachi Construction Machinery Eurasia Sales LLC. In addition, we started construction of a new plant in Russia, and steadily prepared for introduction of local production.

In Africa, we strengthened relationships with dealers in north western and middle Africa, and began to establish new dealers in southern Africa including Zimbabwe.

Turning to the Middle East, we increased sales by focusing on overseas construction projects by major Turkish contractors and large order receipts from the Iraqi government.

Consequently, net sales increased by 15% year on year to 51,389 million yen.

Asia and Oceania

In Indonesia, while mining-related demand has decelerated due to a fall in the coal and palm oil prices, infrastructure investment-related demand in urban areas has become more apparent. Also demand for social infrastructure development including flood rehabilitation demand in Thailand and subway construction in Singapore continued to be strong.

Under these conditions, P. T. Hitachi Construction Machinery Indonesia improved preparedness for local mass production of a new type of machine responding to the needs of these markets, for further sales increase.

In India, economic growth slowed down with an unchanged high interest rate policy due to a weakened rupee and inflationary pressure.

Under fierce competition in the construction machinery market in India, we maintained a high market share of hydraulic excavator sales, by renaming Telco Construction Equipment Co., Ltd. to Tata Hitachi Construction Machinery Co., Ltd., and presenting a new type of machine at International Mining & Machine Exhibition (IMME) in Kolkata.

In Australia, sales related to construction remained steady, reflecting the strong economic trend, while demand for some resources such as coal and iron ore decreased.

Under these circumstances, we responded to demand for various types of construction machinery, as well as increased sales of parts, with careful attention to market trends by industry. As to the forestry market, we launched a new forestry use machine in New Zealand to increase sales.

Consequently, net sales increased by 8% year on year to 179,500 million yen.

China

In China, despite pump-priming measures taken against the slowdown in the economy, such as lowering public interest rates and the reserve deposit rate multiple times, the demand for construction machinery has continued to fall significantly below that of the same period last year.

Under these circumstances, in addition to introducing strategy-focused machinery into the market, we utilized a parts and sales management system and enhanced collaborative relationships with dealers via close connections with Global e-Service, etc. to increase our market presence.

Nevertheless, net sales decreased by 38% year on year to 56,698 million yen.

The following table summarizes consolidated net sales by region:

Consolidated Net Sales by Geographic Area (Millions of yen)

	3Q, current fiscal year (April 1, 2012 – December 31, 2012)		3Q, previous fiscal year (April 1, 2011- December 31, 2011)		Increase (Decrease) year-on-year	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	% change
The Americas	86,978	15.7	58,196	10.5	28,782	49.5
Europe	40,485	7.3	44,718	8.1	(4,233)	(9.5)
Russia-CIS, Africa, and the Middle East	51,389	9.3	44,705	8.1	6,684	15.0
Asia and Oceania	179,500	32.4	166,618	30.1	12,882	7.7
China	56,698	10.2	91,998	16.6	(35,300)	(38.4)
Sub-total	415,050	74.9	406,235	73.4	8,815	2.2
Japan	139,436	25.1	147,047	26.6	(7,611)	(5.2)
Total	554,486	100.0	553,282	100.0	1,204	0.2

Note: Figures under million yen are rounded off.

[3] Overview of Consolidated Net Sales by Business Segment

(a) Construction Machinery Business

Regarding construction-related machinery, we strove to expand sales, by strengthening the sales of the “ZAXIS-5” series of hydraulic excavators, which respond to diversified local specific needs, as well as promoting sales of a new model of the Ultra-Short Turning Radius mini excavator.

In mining-related products, we focused on capturing demand through combined sales of trolley-assist dump trucks, which have achieved significant productivity improvement while reducing fuel costs and environmental impact, and electrical motor-driven-type ultra-large hydraulic excavators. We also improved customer satisfaction by enhancing after-sales services for parts, for longer operation time and high loads on mining machinery.

Consequently, net sales increased by 7% year on year to 539,656 million yen.

(b) Industrial Vehicle Business

In the second quarter, the Company sold all issued shares of its subsidiary corporation, TCM Corporation, which constitutes the industrial vehicle business. Therefore, the segment income of the industrial vehicle business only in the first quarter is included in the cumulative financial result of the period from April 1 to December 31.

Net sales for the first quarter accounted for 14,830 million yen.

(2) Qualitative Information concerning Consolidated Financial Position
[1] Status of Assets, Liabilities, and Net Assets
(a) Assets

Current assets at the end of the third quarter amounted to 719,032 million yen, a decrease of 4.4%, or 33,272 million yen, from the previous fiscal year-end. This was due mainly to a decrease of 85,577 million yen in the total receivables (notes receivables, accounts receivables, lease receivables, and investment assets).

Non-current assets increased by 5.7%, or 18,866 million yen, from the end of the previous fiscal year to 352,678 million yen.

As a result, total assets decreased by 1.3%, or 14,406 million yen, from the end of the previous fiscal year to 1,071,710 million yen.

(b) Liabilities

Current liabilities at the end of the third quarter amounted to 458,066 million yen, a decrease of 11.9%, or 61,986 million yen, from the previous fiscal year-end. This was due mainly to decreases in notes payable and accounts payable of 35,582 million yen and short-term loans of 10,868 million yen.

Non-current liabilities increased by 16.2%, or 31,916 million yen, from the end of the previous fiscal year-end to 229,203 million yen. This was due mainly to increases in bonds of 19,990 million yen and in long-term loans of 15,701 million yen.

As a result, total liabilities decreased by 4.2%, or 30,070 million yen, from the previous fiscal year-end to 687,269 million yen.

(c) Net assets

Net assets including minority interests increased by 4.2%, or 15,664 million yen, from the previous fiscal year-end to 384,441 million yen. This was mainly due to increase in net income to 12,749 million yen and effects of foreign currency translation adjustments, etc.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the third quarter totaled 79,714 million yen, a decrease of 1,345 million yen from the end of the previous fiscal year. Factors relating to each cash flow category were as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities totaled 40,557 million yen, a difference of 43,037 million yen compared with the third quarter of the previous fiscal year.

Factors that increased cash included net income before income taxes and minority interests in the third quarter amounting to 28,384 million yen, 26,553 million yen in depreciation and amortization, and a decrease of 81,140 million yen in total notes and accounts receivables (including lease receivables). Factors that reduced cash included an increase of 50,148 million yen in inventory as well as 19,134 million yen of income taxes paid, etc.

(Cash Flows from Investing Activities)

Net cash used in investing activities was 22,208 million yen, an increase of 116 million yen compared with the third quarter of the previous fiscal year.

As a result, free cash flows, the sum of cash flows from operating activities and cash flows from investing activities amounted to an inflow of 18,349 million yen.

(Cash Flows from Financing Activities)
Net cash used in financing activities totaled 21,277 million yen. This was mainly due to the amount used for interest paid of 8,807 million yen and dividend paid of 12,610 million yen.

(3) Qualitative Information concerning Consolidated Earnings Forecasts
Figures in the consolidated earnings forecast for the full term ended March 31, 2013 (April 1, 2012 to March 31, 2013) incorporated a forecast of demand for 201,000 units of hydraulic excavators, a decrease of 5,000 units from the previous forecast (a decrease of 11% year on year), which was due to market slowdowns in China, India and Indonesia. As to the mining business, demand for mining machinery was weakening, reflecting sluggish resource demands. Meanwhile, we have not revised the consolidated earnings forecast for the full term announced on October 25, 2012, with consideration for ongoing sales system enhancement and software business enrichment (e.g., parts sales, service and sales of used equipment and remanufacturing parts), as well as the current foreign exchange situation of the weakening yen.
As such, the forecasts are unchanged from the previous forecast of 740 billion yen in sales (decrease of 9% year on year), which falls short of the previous term, 56 billion yen in operating income (increase of 2% year on year), 45 billion yen in ordinary income (decrease of 13% year on year) and 33 billion yen in net income (increase of 43% year on year), respectively.

Assumptions of foreign exchange rates are changed as follows: from 78 yen to 89 yen for the US dollar, from 100 yen to 119 yen for the euro and from 12.3 yen to 14.4 yen for the Chinese yuan. The previous figures were assumed as of October 25.

Consolidated Earnings Forecast for the Full Year Ending March 31, 2013 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Previous Forecast (A)	740,000	56,000	45,000	33,000	155.79
Revised Forecast (B)	740,000	56,000	45,000	33,000	155.79
Difference (B-A)	0	0	0	0	-
Change (%)	0	0	0	0	-
Previous Year Ended Mar 31, 2012	817,143	54,837	51,711	23,036	108.88

Note: Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors may cause the actual results to differ materially.

2. Notes on Summary Information (Other)

(1) Important changes in the scope of consolidation during the period

On August 1, 2012, the Company sold all issued shares of its subsidiary corporation, TCM Corporation to UniCarriers Corporation. Based on the change regarding this important subsidiary, TCM Corporation and its subsidiaries (a total of 11 companies) are not included in the scope of consolidation. (The number of consolidated subsidiaries for the third quarter ended December31, 2012 is 48.)

(2) Application of special accounting methods

Standard used to calculate income taxes

Tax expenses are calculated by making a reasonable estimation of the effective tax rate on income before income taxes and minority interests for the fiscal year including the third quarter after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly income before income taxes and minority interests. However, if the results are unreasonable, we use the effective statutory tax rate.

Income tax adjustments are included in the income tax account stated in the Consolidated Statements of Income.

(3) Changes in accounting policies; changes in accounting estimates; restatements

Changes in accounting policies

(Changes in depreciation method of tangible assets)
Although the Company and its domestic subsidiaries had previously adopted the declining-balance method to compute the depreciation of tangible assets except the buildings (excluding the annex equipment to the buildings) acquired before April 1, 1998, from the fiscal year beginning April 1, 2012, the Company and its domestic subsidiaries have changed the depreciation method and have adopted the straight-line method as a general rule.

Since the investment in construction and the development of natural resources mainly in emerging nations are showing steady growth, demand for construction machinery and mining machinery produced by HCM group has been increasing all over the world.
In order to meet these increasing demands, the mid-term management plan was issued in 2011 and the Group made a large capital expenditure for the purpose of enhancing the production capacity.

Under the mid-term management plan, the Company has started to move away from the manufacture of products in which HCM does not have technical advantages. On the other hand, the Company has started to produce high value-added and important products and components domestically. By these efforts, the Company has established a more stable production system that is not vulnerable to the fluctuations of any particular market. So the Company and domestic subsidiaries decided to change the tangible fixed assets depreciation method to the straight-line method to reflect the actual status of tangible assets.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Third quarter As of Dec. 31, 2012 (A)	Previous year-end As of Mar. 31, 2012 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	64,083	72,803	(8,720)
Notes and accounts receivable	172,184	238,478	(66,294)
Lease receivables and investment assets	101,038	120,321	(19,283)
Merchandise and manufactured goods	224,405	186,625	37,780
Work in process	71,604	58,485	13,119
Material and supplies	20,846	23,802	(2,956)
Other	72,214	57,072	15,142
Less: Allowance for doubtful accounts	(7,342)	(5,282)	(2,060)
Total current assets	719,032	752,304	(33,272)
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	44,008	43,602	406
Buildings and structures (net)	75,675	67,098	8,577
Machinery, equipment and vehicles (net)	56,566	51,063	5,503
Tools, furniture and fixtures (net)	5,497	4,895	602
Land	54,417	64,170	(9,753)
Construction in progress	24,344	14,032	10,312
Net property, plant and equipment	260,507	244,860	15,647
Intangible assets			
Software	18,436	19,965	(1,529)
Goodwill	11,886	18,144	(6,258)
Other	2,596	2,678	(82)
Total intangible assets	32,918	40,787	(7,869)
Investments and other assets			
Investments in securities	24,399	20,736	3,663
Other	35,637	28,152	7,485
Less: Allowance for doubtful accounts	(783)	(723)	(60)
Total investments and other assets	59,253	48,165	11,088
Total non-current assets	352,678	333,812	18,866
Total assets	1,071,710	1,086,116	(14,406)

(Rounded off to the nearest million)

(Millions of yen)

	Third quarter As of Dec. 31, 2012 (A)	Previous year-end As of Mar. 31, 2012 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	157,298	192,880	(35,582)
Short-term loans	197,444	208,312	(10,868)
Current portion of bonds	0	20,060	(20,060)
Income taxes payable	15,916	18,367	(2,451)
Other	87,408	80,433	6,975
Total current liabilities	458,066	520,052	(61,986)
Non-current liabilities			
Bonds	50,000	30,010	19,990
Long-term loans	146,223	130,522	15,701
Retirement and severance benefits	8,557	12,021	(3,464)
Other	24,423	24,734	(311)
Total non-current liabilities	229,203	197,287	31,916
Total liabilities	687,269	717,339	(30,070)
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	84,477	84,477	0
Retained earnings	189,064	183,728	5,336
Treasury stock	(4,087)	(4,093)	6
Total shareholders' equity	351,031	345,689	5,342
Accumulated other comprehensive income			
Net unrealized gain on securities	2,218	3,621	(1,403)
Deferred losses on hedges	(2,070)	(1,713)	(357)
Foreign currency translation adjustment	(16,862)	(25,027)	8,165
Total accumulated other comprehensive income	(16,714)	(23,119)	6,405
Subscription rights to shares	766	766	0
Minority interests	49,358	45,441	3,917
Total net assets	384,441	368,777	15,664
Total liabilities and net assets	1,071,710	1,086,116	(14,406)

(Rounded off to the nearest million)

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

Consolidated Statements of Income

	Third quarter (Nine months ended Dec. 31, 2012 (A))	Third quarter (Nine months ended Dec. 31, 2011 (B))	(A)/(B)×100 (%)
			%
Net sales	554,486	553,282	100
Cost of sales	412,325	406,925	101
Gross profit	142,161	146,357	97
Selling, general and administrative expenses			
Packing and shipping expenses	14,743	17,541	84
Employees' salaries	31,049	30,195	103
R&D expenditure	12,147	11,381	107
Other	55,900	55,345	101
Total selling, general and administrative expenses	113,839	114,462	99
Operating income	28,322	31,895	89
Non-operating income			
Interest income	2,043	2,471	83
Interest income from installment sales	177	275	64
Dividends income	171	168	102
Gain on equity in earnings of affiliated companies	—	269	—
Subsidy income	1,031	1,210	—
Other	2,724	3,418	80
Total non-operating income	6,146	7,811	79
Non-operating expenses			
Interest expenses	8,787	8,445	104
Loss on equity in earnings of affiliated companies	492	—	—
Foreign exchange losses, net	1,616	417	388
Other	3,793	1,194	318
Total non-operating expenses	14,688	10,056	146
Ordinary income	19,780	29,650	67
Extraordinary Income			
Gain on sales of property, plant and equipment			
Gain on sales of securities	193	—	—
Gain on changes in equity interest	9,904	—	—
Total extraordinary income	10,097	—	—
Extraordinary losses			
Business structure improvement expenses	562	—	—
Loss on valuation of investment securities	—	363	—
Impairment loss	931	—	—
Retirement benefit expenses	—	219	—
Total extraordinary losses	1,493	582	257
Income before income taxes and minority interests	28,384	29,068	98
Total income tax	12,111	11,558	105
Income before minority interests	16,273	17,510	93
Minority interests	3,524	5,424	65
Net income	12,749	12,086	105

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Third quarter (Nine months ended Dec. 31, 2012 (A))	Third quarter (Nine months ended Dec. 31, 2011 (B))	(A)/(B)×100 (%)
			%
Income before minority interests	16,273	17,510	93
Other comprehensive income			
Net unrealized loss on securities	(1,398)	(1,570)	—
Deferred gains on hedges	(318)	1,774	(18)
Foreign currency translation adjustment	10,914	(12,726)	—
Share of other comprehensive income of companies accounted for by the equity method	(555)	(402)	—
Total other comprehensive income	8,643	(12,924)	—
Comprehensive income	24,916	4,586	—
Comprehensive income attributable to shareholders of the Company	19,154	1,435	—
Comprehensive income attributable to minority interests	5,762	3,151	—

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Third quarter [Nine months ended Dec. 31, 2012]	Third quarter [Nine months ended Dec. 31, 2011]
Cash flows from operating activities		
Income before income taxes and minority interests	28,384	29,068
Depreciation and amortization	26,553	28,904
Increase in allowance for doubtful accounts	2,231	24
Interest and dividends income	(2,214)	(2,639)
Interest expense	8,787	8,445
Change on equity earnings of affiliated companies	492	(269)
Decrease in notes and accounts receivable	58,671	4,093
Decrease in lease receivables and investment assets	22,469	11,366
Increase in inventories	(50,148)	(103,738)
Purchase of property held for lease	(12,864)	(13,336)
Sales of property held for lease	2,067	1,857
Decrease (Increase) in notes and accounts payable	(22,405)	49,155
Gains on sales of property, plant and equipment	(1,242)	(758)
Other, net	(1,090)	(246)
Sub-total	59,691	11,926
Income taxes paid	(19,134)	(14,406)
Net cash provided by (used in) operating activities	40,557	(2,480)
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(35,937)	(19,403)
Proceeds from sale of property, plant and equipm	1,695	292
Purchase of intangible assets	(1,877)	(3,528)
Purchase of investments in securities	(11,143)	(871)
Proceeds from sale of investments in securi	608	37
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	29,297	–
Interest and dividends received	2,426	2,863
Dividends received from affiliated compa	39	58
Other, net	(7,316)	(1,540)
Net cash used in investing activities	(22,208)	(22,092)
Cash flows from financing activities		
Net decrease (increase) in short-term loans	(9,290)	39,445
Proceeds from long-term loans	43,238	24,466
Repayments of long-term loans	(32,258)	(24,120)
Repayments of lease obligatio	(2,883)	(2,177)
Proceeds from issuance of bonc	19,906	–
Redemption of bond	(20,070)	(5)
Interest paid	(8,807)	(8,525)
Dividends paid to shareholders	(7,414)	(5,291)
Dividends paid to minority shareholders by subsidiaries	(5,196)	(3,764)
Proceeds from issuance of common stocks to minority shareholders by subsidiaries	1,491	31
Proceeds from disposal of treasury stock	6	13
Purchase of treasury stock	0	(2)
Other, net	0	6
Net cash provided by (used in) financing activities	(21,277)	20,077
Effect of exchange rate changes on cash and cash equivalents	1,583	(3,641)
Net decrease in cash and cash equivalents	(1,345)	(8,136)
Cash and cash equivalents at beginning of year	81,059	74,710
Cash and cash equivalents at end of period	79,714	66,574

(4) Notes on Preconditions for a Going Concern: None

(5) Notes on Significant Fluctuations in Shareholders' Equity: None

(6) Segment Information

A. Reportable segment information

The Company's reportable segments are its structural units, for which separate financial information is available, and which are subject to periodic review by the Board of Directors in order to assist decision-making on the allocation of managerial resources and assessment of business performance. The Company has established operations groups organized by product and service in headquarters, and each business group formulates comprehensive strategies and promotes business activities both domestically and overseas. Based on the business groups above, the Company is organized according to product and service segments, and the construction machinery business and the industrial vehicle business are the reporting segments. The construction machinery business produces hydraulic excavators, ultra-large excavators, wheel loaders, and crawler cranes, while the industrial vehicle business produces forklifts and skid steer loaders.

B. Information about amounts of sales and income (loss) by each reportable segment

Third quarter ended December 31, 2012 (From April 1, 2012 to December 31, 2012) (Millions of yen)

	Construction machinery business	Industrial vehicle business (Note 2)	Total (Note 1)
Net sales			
Net sales to outside customers	539,656	14,830	554,486
Inter-segment sales/transfers	—	—	—
Total	539,656	14,830	55,486
Segment income	28,248	74	28,322

Third quarter ended December 31, 2011 (From April 1, 2011 to December 31, 2011) (Millions of yen)

	Construction machinery business	Industrial vehicle business (Note 2)	Total (Note 1)
Net sales			
Net sales to outside customers	505,474	47,808	553,282
Inter-segment sales/transfers	—	—	—
Total	505,474	47,808	553,282
Segment income	30,866	1,029	31,895

(Note 1): Segment income is in accordance with the operating income stated on the Consolidated Statements of Income.

(Note 2): In the second quarter, the Company sold all issued shares of its subsidiary corporation, TCM Corporation, which constitutes the industrial vehicle business. Therefore, the segment income of the industrial vehicle business only in the first quarter is included in the cumulative financial results of the period from April 1 to December 31.