

Hitachi Construction Machinery Co., Ltd.

**Financial Results for the Third Quarter
Ended December 31, 2014**

Consolidated Financial Results for the Third Quarter Ended December 31, 2014 (Japan GAAP)

January 28, 2015

Listed company: **Hitachi Construction Machinery Co., Ltd. (HCM)**

Stock exchange: Tokyo (first section) Code number: 6305

URL <http://www.hitachi-c-m.com/global>

Representative: Yuichi Tsujimoto, President and Chief Executive Officer

Scheduled date for submission of the Quarterly Securities Report: February 6, 2015

Scheduled date of commencement of payment of dividends: -

Supplementary materials to the quarterly financial statements have been prepared: Yes

Presentation will be held to explain the 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 2014 (April 1, 2014 to December 31, 2014)

(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, 2014	579,773	3.9	38,575	(4.1)	36,574	13.9	15,305	(10.5)
December 31, 2013	557,862	0.6	40,237	42.1	32,109	62.3	17,110	34.2

Note: Comprehensive income December 2014: ¥52,020 million (9.0%) December 2013: ¥47,706 million (91.5%)

	Net income per share		Net income per share (Diluted)	
	Yen		Yen	
December 31, 2014	72.01		72.00	
December 31, 2013	80.56		80.53	

References: Percentages indicated for net sales, operating income, ordinary income and net income are increases (decreases) compared with the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2014	1,147,844	489,668	36.3
March 31, 2014	1,087,191	447,640	35.7

Reference: Total equity December 2014: ¥417,134 million March 2014: ¥388,381 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2014	—	25.00	—	25.00	50.00
March 31, 2015	—	30.00			
March 31, 2015 (Projection)			—	30.00	60.00

Note: Changes involving the dividend states for the fiscal year ending March 2015: None

3. Projected consolidated results for the fiscal year ending March 2015 (April 1, 2014 to March 31, 2015)

	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, 2015	740,000	(7.8)	60,000	(13.2)	55,000	2.5	30,000	3.7	141.15

Notes: 1) The percentages indicated show changes from the same period of the previous fiscal year.

2) Changes in consolidated earnings forecast: None

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

4. Others

(1) Significant changes involving subsidiaries during the fiscal year (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of a special accounting method: Yes

Note:

Please refer to “2. Notes on Summary Information, (2) Application of a special accounting method” of the attachment for conditions serving as assumptions for results forecasts.

(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]	None
[3] Changes in accounting estimates	None
[4] Restatements	None

(4) Number of outstanding shares (common shares)

[1] Number of outstanding shares at fiscal year-end (including treasury shares)			
December 2014:	215,115,038	March 2014:	215,115,038
[2] Number of treasury shares at fiscal year-end			
December 2014:	2,549,364	March 2014:	2,605,021
[3] Average number of common shares outstanding during the fiscal year (cumulative for all quarters)			
December 2014:	212,535,519	December 2013:	212,379,230

Notes)

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit 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 could cause actual results to differ materially. Please refer to “1. Qualitative Information concerning Consolidated Business Performance, (3) Explanation of Future Forecast Information concerning Consolidated Earnings Forecasts” of the attachment for conditions serving as assumptions for results forecasts.

Index of the Attachment

1. Qualitative Information concerning Consolidated Business Performance.....	2
(1) Explanation concerning Financial Results.....	2
(2) Explanation of Financial Position.....	5
(3) Explanation of Future Forecast Information concerning Consolidated Earnings Forecasts.....	6
2. Notes on Summary Information.....	7
(1) Important changes in the scope of the consolidation during period.....	7
(2) Application of a special accounting method.....	7
3. Consolidated Financial Statements.....	8
(1) Consolidated Balance Sheets.....	8
(2) Consolidated Statements of Income and Comprehensive Income.....	10
Consolidated Statements of Income	10
Consolidated Statements of Comprehensive Income.....	11
(3) Consolidated Statements of Cash Flows.....	12
(4) Notes on Consolidated Financial Statements.....	13
Notes on the Preconditions for a Going Concern.....	13
Notes on Significant Fluctuations in Shareholders' Equity.....	13

1. Qualitative Information concerning Consolidated Business Performance

(1) Explanation Concerning Financial Results

[1] Overview of Business Results

In the international economy, during the consolidated cumulative third quarter under review (April 1, 2014 to December 31, 2014), the US economy has recovered, underpinned by the increased consumption and production. The Japanese economy also showed gradual recovery despite some weakness in consumer spending, etc. In Europe, while the UK economy is continuously recovering, the overall economy is at a standstill due to German economy's slowdown, etc. In Russia, the economy turned downward due to the fall in crude oil prices, etc. In China, while the government promotes structural reform and a stable growth policy, various investments, including the real estate, are decelerating, and the growth rate is declining. In India, the economy showed signs of recovery after the regime change; however, the economy in Southeast Asia as a whole remained stagnant.

With respect to the construction machinery market in Japan, mainly for hydraulic excavators, demand has decreased, year-on-year, as a reaction to last-minute demand in anticipation of new emissions regulations. In North America, demand has expanded due to the recovery of housing starts and capital investment. Demand has also expanded in Europe, underpinned by favorable factors, such as the housing-related investments in the UK. On the other hand, demand in China has declined significantly, primarily due to the decrease in real estate investment trends and the increase in coal and steel inventory, etc. Moreover, the demand in Southeast Asia, mainly Indonesia, Thailand, and Malaysia, has also declined significantly.

As for the mining machinery market, demand in regions, such as the Americas, Indonesia, Australia, and Russia etc., remained sluggish due mainly to resource price reduction and investment restraint by resource companies.

Under these circumstances, the HCM Group strove to establish a global support scheme, increase its share, lower costs, and improve business efficiency to secure profits.

As for construction machinery, we globally launched the new service menu called, "ConSite," which provides comprehensive support to customers for their machines, and we have been expanding our parts and service business. In Japan, we introduced the new machinery model that responds to emissions regulations and achieves higher fuel-efficiency, better safety, and advanced operating performance. Furthermore, we enhanced the consistency of our unique "RSS" (Rental, Sales, and Service) operations to increase orders and customer satisfaction. Overseas, we are expanding our initiatives to establish a global production and supply system, and strive to further enhance the sales capabilities and after-sales service of our dealers.

For mining machinery, we expanded the lineup of our rigid dump trucks' AC-3 series, which achieved the advanced vehicle body stability assist function. Moreover, we are bringing together the strengths of the entire Hitachi Group to establish a substantially advanced customer support system, which includes mine operation management system provision and cross-company initiatives combining both expertise of infrastructure management and IT for the mine operation's optimization.

Consequently, consolidated net sales increased by 4%, year-on-year, to ¥579,773 million. Operating income decreased by 4% year-on-year, to ¥38,575 million, however, ordinary income increased by 15%, year-on-year, to ¥36,574 million.

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

(Millions of yen; %)

	Current fiscal year (April 1, 2014 – December 31, 2014) (A)	Previous fiscal year (April 1, 2013 – December 31, 2013) (B)	Year-on-year change	
			(A) - (B) Increase	(A) / (B) -1 (%)
Net sales	579,773	557,862	21,911	3.9
Operating income	38,575	40,237	(1,662)	(4.1)
Ordinary income	36,574	32,109	4,465	13.9
Net income	15,305	17,110	(1,805)	(10.5)

(Rounded off to the nearest million)

[2] Overview of Consolidated Sales by Regional Segment

[Japan]

The construction machinery demand in Japan decreased, year-on-year, due to continuously decreasing housing starts and a reaction to last-minute demand in anticipation of new emissions regulations, in addition to downturn in public investment.

Under such circumstances, the Hitachi Construction Machinery Japan Co., Ltd. promoted sales expansion by increasing the customer base of multiple "RSS" divisions through consistent implementation of RSS operations most suitable for each customer's needs. Furthermore, we worked to expand sales of a new machine type that responds to emission regulations and achieves higher fuel efficiency.

Consolidated net sales decreased by 2%, year-on-year, to ¥160,039 million.

[The Americas]

The construction machinery demands in North America were brisk due to a revival in housing starts, an increase in pipeline construction, and recovery in capital investment. On the other hand, in Central and South America, the construction machinery demand has decreased, year-on-year, due mainly to infrastructure investment stagnation.

Mining machinery demand in the Americas fell due to the downturn in resource prices.

Under such circumstances, we strove to expand sales of emission regulation-responsive machines in collaboration with Deere in North America. In South America, we made an effort to expand the machine lineups of our production at Deere-Hitachi Brazil and to promote sales expansion in the Brazilian market where we organized a sales framework.

Consolidated net sales increased by 36%, year-on-year, to ¥77,540 million.

[Europe]

The construction machinery market has steadily recovered; however, there appears to be a sign of stagnation in construction machinery demand in Western European countries, including not only Germany and France, but also the UK, which had previously been driving such demands.

Under these circumstances, we focused on expanding the sales of fuel-efficient hydraulic excavators and wheel loaders while also providing dealers with further meticulous support services.

Consequently, consolidated net sales increased 31%, year-on-year, to ¥62,600 million.

[Russia-CIS, Africa, and the Middle East]

In Russia, while construction machinery demand is steadily decreasing due to Ruble depreciation, inflation, and collapse in oil prices, etc., we strove to expand construction and mining machinery sales by continuously providing dealer support via Hitachi Construction Machinery Eurasia Sales LLC.

In Southern Africa, we reinforced sales and service, focusing on mining machinery, and in Northwest

Africa, we reinforced sales and service of machineries for infrastructure-related industry in conjunction with dealers.

In the Middle East, we continuously focused on increasing sales mainly from infrastructure-related projects in Turkey and the Gulf countries.

Consolidated net sales increased by 20%, year-on-year, to ¥66,622 million.

[Asia and Oceania]

In Indonesia and Australia, both which are resource-rich countries, mining machinery demand continued to be sluggish. The construction machinery demand has also continuously decreased in Indonesia, Thailand, Malaysia, and Australia, etc.

Under such circumstances, we strove to enhance the dealers' marketing capabilities by fully implementing the sales support system in order to expand sales.

In India, while demand for hydraulic excavators decreased, year-on-year, some demands for infrastructure investment, such as coal and quarries, etc., are increasing due to the new government's policy effects, and the demand for hydraulic excavators is gradually improving, quarter by quarter.

Under such circumstances, Tata Hitachi Construction Machinery Co, Ltd. strove to reduce cost and improve production quality as well as expand sales of the new machine type.

Consolidated net sales increased by 1%, year-on-year, to ¥156,929 million.

[China]

While its economy is slowing down due to excess inventory adjustment in various industries in addition to a decreased real estate investment growth rate, the government's economic-stimulus measures were conducted merely on a small scale. Consequently, the construction machinery demand has significantly decreased.

Under these circumstances, HCM Group strove to expand sales of both machineries and parts by using the sales support system and service and parts sales management system while also sustaining enhancement of collaborative relationships with dealers using the "Global e-Service" system.

Consolidated net sales decreased by 29%, year-on-year, to ¥56,043 million.

The following table summarizes consolidated net sales by geographic area:

(Millions of yen)

	Current fiscal year (April 1, 2014 – December 31, 2014)		Previous fiscal year (April 1, 2013 – December 31, 2013)		Increase (Decrease)	
	Net sales (A)	Proportion (%)	Net sales (B)	Proportion (%)	Amount of change (A) - (B)	% Change (A) / (B) -1
The Americas	77,540	13.4	56,848	10.2	20,692	36.4
Europe	62,600	10.8	47,888	8.6	14,712	30.7
Russia CIS, Africa and the Middle East	66,622	11.5	55,632	10.0	10,990	19.8
Asia and Oceania	156,929	27.1	155,630	27.9	1,299	0.8
China	56,043	9.7	78,585	14.1	(22,542)	(28.7)
Sub-total	419,734	72.4	394,583	70.7	25,151	6.4
Japan	160,039	27.6	163,279	29.3	(3,240)	(2.0)
Total	579,773	100.0	557,862	100.0	21,911	3.9

(Rounded off to the nearest million)

(English translation of "KESSAN TANSHIN" originally issued in the Japanese language)

(2) Explanation of Financial Position

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the third quarter amounted to ¥772,694 million, an increase of 7.5%, or ¥53,757 million, from the previous fiscal year-end. This was primarily due to an increase of ¥34,105 million in inventories and ¥27,012 million in cash and bank deposits.

Fixed assets increased by 1.9%, or ¥6,896 million, from the previous fiscal year-end to ¥375,150 million.

As a result, total assets increased by 5.6%, or ¥60,653 million, from the previous fiscal year-end to ¥1,147,844 million.

(b) Liabilities

Current liabilities at the end of the third quarter amounted to ¥439,253 million, a decrease of 1.7%, or ¥7,707 million, from the previous fiscal year-end. This was mainly due to an increase of ¥15,199 million in notes and accounts payable and an increase of ¥9,063 million in short-term loans as well as a decrease of ¥30,000 million in current portion of bonds redeemable within one year.

Non-current liabilities increased by 13.7%, or ¥26,332 million, from the previous fiscal year-end to ¥218,923 million. As a result, total assets increased by 2.9%, or ¥18,625 million, from the previous fiscal year-end to ¥658,176 million.

(c) Net Assets

Net assets increased by 9.4%, or ¥42,028 million from the previous fiscal year-end to ¥489,668 million.

[2] Analysis on Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the third quarter totaled ¥91,120 million, an increase of ¥37,444 million from the beginning of the current fiscal year. Factors relating to each cash flow category are as follows:

(Cash Flows from Operating Activities)

Regarding net cash provided by operating activities in the consolidated cumulative third quarter, factors that increased cash included ¥36,574 million in income before income taxes and minority interests, ¥28,705 million in depreciation and amortization, a 57,795 million decrease in notes and accounts receivables (including lease receivables), and a ¥4,024 million increase in notes and accounts payable. Factors that reduced cash included a ¥15,403 million increase in inventories, an expenditure of ¥11,834 million for purchase of property held for lease, and ¥17,159 million in income taxes paid, etc.

As a result, net cash provided by operating activities in the consolidated cumulative third quarter totaled ¥87,777 million, an increase of ¥15,573 million compared with the consolidated cumulative third quarter of the previous fiscal year.

(Cash Flows from Investing Activities)

Net cash used in investing activities in the consolidated cumulative third quarter amounted to ¥11,043 million, mainly due to an outlay of ¥11,923 million for the purchase of property, plant and equipment, a decrease of ¥19,302 million compared to the consolidated cumulative 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 ¥76,734 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled ¥46,427 million in the consolidated cumulative third

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

quarter, an increase of ¥2,144 million compared with the consolidated cumulative third quarter of the previous fiscal year. This was due mainly to a net decrease of ¥34,477 million in short-term loans, an outlay of ¥30,000 million for redemption of bonds, ¥39,821 million received by issuance of bonds, and ¥14,804 million in dividends paid, etc.

(3) Explanation of Future Forecast Information concerning Consolidated Earnings Forecasts

Regarding demand for hydraulic excavators during the fiscal year under review, while demand in Western Europe and North America exceeds the previous year's level, the demand in both China and Russia is declining further. Consequently, we forecast a global demand of 188,000 units, a decrease of approximately 4,000 units as compared to the previous forecast. The demand for mining machinery is also forecasted to be approximately 30% lower than the previous fiscal year due to continuous cutbacks in capital investments by resource companies and persistent stagnation in resource prices.

As for consolidated earnings forecasts for the fiscal year ending March 2015 (from April 1, 2014 to March 31, 2015), although sales in China are expected to further decrease, we are promoting further cost reduction and business efficiency improvement, and favorable impact of Yen depreciation is anticipated. Therefore, we would not revise the consolidated earnings forecast for the full fiscal year published in the "Financial Results for the Second Quarter Ended September 30, 2014."

We revised the assumed foreign exchange rates for the fourth quarter as follows (the rates before revision are estimation as of October 28th, 2014): from ¥100 against one US dollar to ¥115 against one US dollar, from ¥134 against one Euro to ¥135 against one Euro, and from ¥16.3 against one Chinese Yuan to ¥18.0 against one Chinese Yuan.

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 the time. However, various factors could cause actual results to differ materially.

2. Notes on Summary Information

(1) Important changes in the scope of consolidation during the period: None

(2) Application of special accounting method

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 result turns out to be unreasonable, the effective statutory tax rate shall be applied.

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

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Third quarter As of (Dec. 31, 2014 (A))	Previous fiscal year-end As of (Mar. 31, 2014 (B))	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	80,365	53,353	27,012
Notes and accounts receivable	186,705	212,585	(25,880)
Lease receivables and investment assets	86,143	90,033	(3,890)
Merchandise and manufactured goods	274,862	248,586	26,276
Work in process	54,525	51,059	3,466
Materials and supplies	25,990	21,627	4,363
Other	76,737	51,394	25,343
Less: Allowance for doubtful accounts	(12,633)	(9,700)	(2,933)
Total current assets	772,694	718,937	53,757
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	52,862	49,320	3,542
Buildings and structures (net)	99,436	95,699	3,737
Machinery, equipment and vehicles (net)	69,454	68,358	1,096
Tools, furniture and fixtures (net)	6,544	6,265	279
Land	57,181	57,760	(579)
Construction in progress	8,648	11,545	(2,897)
Net property, plant and equipment	294,125	288,947	5,178
Intangible assets			
Software	10,551	12,793	(2,242)
Goodwill	1,361	5,224	(3,863)
Other	5,351	4,710	641
Total intangible assets	17,263	22,727	(5,464)
Investments and other assets			
Investments in securities	38,137	33,345	4,792
Net defined benefit asset	1,485	452	1,033
Other	24,428	23,118	1,310
Less: Allowance for doubtful accounts	(288)	(335)	47
Total investments and other assets	63,762	56,580	7,182
Total non-current assets	375,150	368,254	6,896
Total assets	1,147,844	1,087,191	60,653

(Rounded off to the nearest million)

(Millions of yen)

	Third quarter As of Dec. 31, 2014 (A)	Previous fiscal year-end As of Mar. 31, 2014 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	158,333	143,134	15,199
Short-term loans	190,864	181,801	9,063
Current portion of bonds	-	30,000	(30,000)
Income taxes payable	8,550	8,699	(149)
Other	81,506	83,326	(1,820)
Total current liabilities	439,253	446,960	(7,707)
Non-current liabilities			
Bonds	60,000	20,000	40,000
Long-term loans	112,283	131,610	(19,327)
Net defined benefit liability	12,927	12,563	364
Other	33,713	28,418	5,295
Total non-current liabilities	218,923	192,591	26,332
Total liabilities	658,176	639,551	18,625
Net assets			
Shareholders' equity			
Common stock	81,577	81,577	-
Capital surplus	84,908	84,893	15
Retained earnings	223,738	220,122	3,616
Treasury stock	(3,170)	(3,237)	67
Total shareholders' equity	387,053	383,355	3,698
Accumulated other comprehensive income			
Net unrealized gains on securities	4,213	3,746	467
Deferred gains or losses on hedges	(507)	(282)	(225)
Foreign currency translation adjustments	38,287	14,058	24,229
Remeasurements of defined benefit plans	(11,912)	(12,496)	584
Total accumulated other comprehensive income	30,081	5,026	25,055
Subscription rights to shares	766	766	-
Minority interests	71,768	58,493	13,275
Total net assets	489,668	447,640	42,028
Total liabilities and net assets	1,147,844	1,087,191	60,653

(Rounded off to the nearest million)

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Third quarter [Nine months ended] Dec. 31, 2014 (A)	Third quarter [Nine months ended] Dec. 31, 2013 (B)	(A)/(B)×100 (%)
			%
Net sales	579,773	557,862	104
Cost of sales	420,179	397,536	106
Gross profit	159,594	160,326	100
Selling, general and administrative expenses			
Packing and shipping expenses	14,677	14,468	101
Employees' salaries	30,827	28,964	106
R&D expenses	12,112	12,449	97
Other	63,403	64,208	99
Total selling, general and administrative expenses	121,019	120,089	101
Operating income	38,575	40,237	96
Non-operating income			
Interest income	2,269	1,953	116
Interest income from installment sales	624	228	274
Dividends income	211	187	113
Gains on equity in earnings of affiliated companies	978	-	-
Other	3,144	3,646	86
Total non-operating income	7,226	6,014	120
Non-operating expenses			
Interest expenses	5,814	7,061	82
Losses on equity in earnings of affiliated companies	-	200	-
Foreign exchange losses, net	917	5,455	17
Other	2,496	1,426	175
Total non-operating expenses	9,227	14,142	65
Ordinary income	36,574	32,109	114
Extraordinary Income			
Gains on sales of property, plant and equipment	-	2,101	-
Gains on sales of subsidiaries and affiliates' stocks	-	43	-
Total Extraordinary Income	-	2,144	-
Income before income taxes and minority interests	36,574	34,253	107
Total income tax	17,402	12,840	136
Income before minority interests	19,172	21,413	90
Minority interests	3,867	4,303	90
Net income(loss)	15,305	17,110	89

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Third quarter 〔 Nine months ended 〕 Dec. 31, 2014 (A)	Third quarter 〔 Nine months ended 〕 Dec. 31, 2013 (B)	(A)/(B)×100 (%)
			%
Income before minority interests	19,172	21,413	90
Other comprehensive income			
Net unrealized gains(losses) on securities	452	934	48
Deferred losses(gains) on hedges	(266)	712	-
Foreign currency translation adjustments	31,637	22,017	144
Remeasurements of defined benefit plans	577	671	86
Share of other comprehensive income of companies accounted for by the equity method	448	1,959	23
Total other comprehensive income	32,848	26,293	125
Comprehensive income	52,020	47,706	109
Comprehensive income attributable to shareholders of the Company	40,360	39,172	103
Comprehensive income attributable to minority interests	11,660	8,534	137

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Third quarter 〔 Nine months ended 〕 Dec. 31, 2014 (A)	Third quarter 〔 Nine months ended 〕 Dec. 31, 2013 (B)
Cash flows from operating activities		
Income before income taxes and minority interests	36,574	34,253
Depreciation and amortization	28,705	27,779
Changes in allowance for doubtful accounts	1,483	1,228
Interest and dividends income	(3,104)	(2,368)
Interest expenses	5,814	7,061
Losses(gains) on equity in earnings of affiliated companies	(978)	200
Decrease(increase) in notes and accounts receivable	41,768	45,701
Decrease(increase) in lease receivables and investment assets	16,027	19,924
Decrease(increase) in inventories	(15,403)	(24,700)
Purchase of property held for lease	(11,834)	(13,989)
Sales of property held for lease	4,166	2,722
Increase(decrease) in notes and accounts payable	4,024	(6,963)
Losses(gains) on sales of property, plant and equipment	(1,766)	(4,102)
Other, net	(540)	2,906
Sub-total	104,936	89,652
Income taxes paid	(17,159)	(17,448)
Net cash provided by (used in) operating activities	87,777	72,204
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	(11,923)	(30,677)
Purchase of property, plant and equipment	1,669	2,697
Purchase of intangible assets	(1,462)	(2,265)
Purchase of investment securities	(2,578)	(2,587)
Proceeds from sales of investment securities	224	-
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(851)
Interest and dividends received	3,302	2,512
Dividends received from affiliated companies	71	28
Other, net	(346)	798
Net cash provided by (used in) investing activities	(11,043)	(30,345)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(34,477)	(14,744)
Proceeds from long-term loans	16,902	20,829
Repayments of long-term loans	(17,456)	(27,529)
Repayments of lease obligations	(3,558)	(3,250)
Proceeds from issuance of bonds	39,821	-
Redemption of bonds	(30,000)	-
Interest paid	(5,927)	(6,808)
Dividends paid to shareholders	(11,671)	(9,550)
Dividends paid to minority shareholders by subsidiaries	(3,133)	(3,362)
Proceeds from stock issuance to minority shareholders	2,990	-
Proceeds from disposal of treasury stock	85	133
Purchase of treasury stock	(3)	(2)
Net cash provided by (used in) financing activities	(46,427)	(44,283)
Effect of exchange rate changes on cash and cash equivalents	7,137	5,600
Net increase (decrease) in cash and cash equivalents	37,444	3,176
Cash and cash equivalents at beginning of year	53,676	66,622
Cash and cash equivalents at end of period	91,120	69,798

(Rounded off to the nearest million)

(4) Notes on Consolidated Financial Statements

Notes on the Preconditions for a Going Concern: None

Notes on Significant Fluctuations in Shareholders' Equity: None