Hitachi Construction Machinery Co., Ltd.

Financial Results for the Second Quarter

Ended September 30, 2012

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

Consolidated Financial Results for the Second Quarter Ended September 30,2012 (Japan GAAP) (Non-audited)

October 25, 2012

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: November 8, 2012
Scheduled date of commencement of payment of dividends: November 30, 2012
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 second quarter ended September 2012 (April 1, 2012 to September 30, 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	%
September 30, 2012	376,866	3.3	20,941	2.4	13,728	(23.0)	16,108	193.9
September 30, 2011	364,901	5.4	20,443	66.7	17,837	48.9	5,481	76.6

Note: Comprehensive income September 2012: ¥6,654 million (－%) September 2011: (¥5,678 million)(－%)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
September 30, 2012	76.04	76.04
September 30, 2011	25.92	25.91

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2012	1,003,648	371,229	32.5
March 31, 2011	1,086,116	368,777	29.7

Note: Total equity September 2012: ¥326,183 million September 2011: ¥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 involving the dividend states for the fiscal year ending March 2013: None

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

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Notes: 1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in consolidated earnings forecast: Yes
For the changes, please refer to "Notice of Revised Earnings Forecasts" that we announced today, October 25, 2012.

*Notes

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

TCM Corporation is eliminated from the consolidation.

Note: For details, please refer to "(1) Important changes in scope of consolidation during period" in "2. Notes on Summary Information (Other)"on page 10.

(2) Application of a special accounting method: 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 10.

(4) Number of shares issued (common shares)

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

September 2012: 215,115,038 March 2012: 215,115,038

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

September 2012: 3,291,632 March 2012: 3,296,336

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

September 2012: 211,822,113 September 2011: 211,476,699

* 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 8 of the attachment for conditions serving as assumptions for results forecasts.

Index of the Attachment

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

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 second quarter under review (April 1, 2012 to September 30, 2012, hereinafter referred to as the second quarter), the US economy has been gradually recovering while the economic downturn has remained in Europe with impact of financial insecurity and further decelerated economic growth in China and India. 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 been recovering led by increased hydraulic excavator rental with background of reconstruction demand. Emerging markets including Asian countries also showed steady performances, although demand in China decreased by about half on a year-on-year basis. The mining machinery market was adversely affected by slowdown of resource demand due to economy deceleration in China.

Under these circumstances, the HCM Group has made strong efforts to increase its share of construction machinery and mining machinery, lowering costs and improving efficiency of management, in order to secure profits for the term.

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 actively expanded our sales by receiving a lump-sum order for large hydraulic excavators and trolley-assist dump trucks for a gold mine in Turkey. We also improved customer satisfaction by enriching post-sales services such as parts maintenance for longer operation time of mining machinery.

As a result, consolidated sales increased by 3% year on year to 376,866 million yen. Operating income increased by 2% year on year to 20,941 million yen, supported by increased sales of mining machinery, services, and parts, as well as reduced costs.

Ordinary income decreased by 23% year on year to 13,728 million yen, with the impact of a highly appreciated yen against the Euro and emerging nations’ currencies, which increased exchange loss by 1,200 million yen.

Net income increased by 194% year on year to 16,108 million yen, due to 9,900 million yen of gain on the equity sale of TCM Corporation to UniCarriers Corporation on August 1.

The following table summarizes the consolidated results for this term ended September 30, 2012.

(100 million yen)

	Current fiscal year (April 1, 2012 - September 30, 2012)(A)	Previous fiscal year (April 1, 2011 - September 30, 2011)(B)	Year-on-year change	
			(A) - (B)	(A) / (B) -1 (%)
Net sales	3,769	3,649	120	3
Operating income	209	204	5	2
Ordinary income	137	178	(41)	(23)
Net income	161	55	106	194

Note: Figures under 100 million yen are rounded off.

[2] Overview of Consolidated Sales by Regional Segment

Japan

While a resilient trend was seen, which was led by rehabilitation demand in the Japanese economy, the recovery pace appears to be pausing against a background of a decelerated global economy.

Demand for construction machinery has increased steadily, helped by increased public works mainly for rehabilitation construction, gradual recovery of capital expenditure and housing construction, and increased sales for rental industry.

Responding to these circumstances, Hitachi Construction Machinery Japan Co., Ltd, which was established in April by integrating the rental section and the sales service section, launched the industry’s first point program, and addressed the improvement of customer satisfaction by promptly responding to various customer wishes such as “want to rent, buy, and repair.”

Consequently, net sales increased by 3% year on year to 91,222 million yen.

The Americas

In the United States, economic conditions have been slowly recovering with the increase in capital expenditure, and consumer spending has also been recovering.

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

Under these demand 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 68% year on year to 59,591 million yen.

Europe

The European economies are still suffering from the possibility of further economic slowdown due to the expanded financial crisis.

Demand for construction machinery faced increasing severity, which fell short of that of the same period last year in the United Kingdom, Germany, France, and Northern European countries, especially for small construction machinery. In addition, demand 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 crawler and wheel excavators and mini excavators, as well as wheel loaders whose lineup has been expanded.

Net sales decreased by 11% year on year to 29,187 million yen, which was partly influenced by foreign exchange rates.

Russia-CIS, Africa, and the Middle East

In Russia and the CIS, the direction of the economy remains unclear due to sluggish foreign exchange and equity markets backed by unstable European situations, despite recovering oil prices. Meanwhile, Russia formally entered the WTO in August, which raised expectations for an improved investment environment in the future.

Demand for construction machinery has remained steady mainly for infrastructure development construction, which is associated with oil and gas resource development, as well as mining-related industry.

Under these circumstances, we further strengthened the support system for dealers through Hitachi Construction Machinery Eurasia Sales LLC. In addition, we promoted construction of a new plant in Russia, in order to introduce local production.

In Africa, we expanded our market share and increased sales of parts mainly in the mining market, as well as introducing a new type of machine and expanding sales of middle-sized machines, which are in high demand. We also continued to prepare for full operation of a remanufacturing plant of parts for mining machinery for Hitachi Construction Machinery Zambia Co., Ltd. in Southern Africa.

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 32,221 million yen.

Asia and Oceania

While mining-related demand in Indonesia decelerated due to a coal price drop, economic conditions in Asia remained steady, backed by flood rehabilitation demand in Thailand, social infrastructure demand including subway construction in Singapore, and forest and palm oil industry growth in Indonesia.

Under these conditions, P.T. Hitachi Construction Machinery Indonesia started local production of a new type of machine responding to needs in the Asian and Oceania markets, for further sales increase in local markets.

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

Under these trends, although Telco Construction Equipment Co., Ltd. retained a high market share in hydraulic excavator sales, the demand for hydraulic excavators itself slowed down and competition in the Indian market became fiercer.

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

Under these circumstances, we responded to demand for ultra-large excavators, mining dump trucks, and small-to mid-sized construction machinery, as well as increased sales of parts, with careful attention to market trends by industry. In New Zealand, a new model was launched to meet brisk forestry-related demand, and it contributed to the further sales expansion.

Consequently, net sales increased by 13% year on year to 127,220 million yen.

China

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

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

Consequently, net sales decreased by 45% year on year to 37,425 million yen.

The following table summarizes consolidated net sales by region:

Consolidated Net Sales by Geographic Area (Millions of yen)

	Current fiscal year (April 1, 2012 - September 30, 2012)		Previous fiscal year (April 1, 2011 - September 30, 2011)		Increase (Decrease)	
	Net sales	Proportion (%)	Net sales	Proportion (%)	Amount of change	% change
The Americas	59,591	15.8	35,511	9.7	24,080	67.8
Europe	29,187	7.7	32,781	9.0	(3,594)	(11.0)
Russia-CIS, Africa, and the Middle East	32,221	8.6	27,956	7.6	4,265	15.3
Asia and Oceania	127,220	33.8	112,266	30.8	14,954	13.3
China	37,425	9.9	68,189	18.7	(30,764)	(45.1)
Sub-total	285,644	75.8	276,703	75.8	8,941	3.2
Japan	91,222	24.2	88,198	24.2	3,024	3.4
Total	376,866	100.0	364,901	100.0	11,965	3.3

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 introducing a new model of 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 cost 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 9% year on year to 362,036 million yen.

(b) Industrial Vehicles Business

In the second quarter, the Company sold all issued shares of its subsidiary corporation, TCM Corporation which constitutes the industrial vehicles 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 September 30.

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 second quarter amounted to 668,303 million yen, a decrease of 11.2%, or 84,001 million yen, from the previous fiscal year-end. This was due mainly to a decrease of 85,074 million yen in the total receivables (notes receivables, accounts receivables, lease receivables, and investment assets).

Non-current assets increased by 0.5%, or 1,533 million yen, from the end of the previous fiscal year to 335,345 million yen.

As a result, total assets decreased by 7.6%, or 82,468 million yen, from the previous fiscal year-end to 1,003,648 million yen.

(b) Liabilities

Current liabilities at the end of the second quarter amounted to 450,031 million yen, a decrease of 13.5%, or 70,021 million yen, from the previous fiscal year-end. This was due mainly to a decrease in notes payable and accounts payable of 30,684 million yen and short-term loans of 28,139 million yen.

Non-current liabilities decreased by 7.6%, or 14,899 million yen, from the end of the previous fiscal year-end to 182,388 million yen. This was due mainly to a decrease of 9,398 million yen in long-term loans.

As a result, total liabilities decreased by 11.8%, or 84,920 million yen, from the previous fiscal year-end to 632,419 million yen.

(c) Net assets

Although net income in this term increased significantly to 16,108 million yen, net assets including minority interests increased by 0.7%, or 2,452 million yen, from the previous fiscal year-end to 371,229 million yen. This was mainly due to the effects of dividends paid, foreign currency translation adjustment, etc.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of the second quarter totaled 62,524 million yen, a decrease of 18,535 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 26,141 million yen, a difference of 36,854 million yen compared with the second quarter of the previous fiscal year.

Factors that increased cash included net income before income taxes and minority interests in the second quarter amounting to 22,332 million yen, 17,404 million yen in depreciation and amortization, and a decrease of 51,318 million yen in total notes and accounts receivables (including lease receivables). Factors that reduced cash included an increase of 38,900 million yen in inventory as well as 13,842 million yen of income taxes paid, etc.

(Cash Flows from Investing Activities)

Net cash used in investing activities was 11,396 million yen, a decrease of 3,212 million yen compared with the second quarter of the previous fiscal year. This was due mainly to proceeds of 29,297 million yen on the sale of shares of a subsidiary, which was accompanied by change of scope of consolidation.

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 14,745 million yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled 29,762 million yen. This was mainly due to the amount used for net repayment of 17,075 million yen in short-term and long-term loans, 5,959 million yen in interest paid, 6,116 million yen in dividends paid, etc.

(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 206,000 units of hydraulic excavators, a decrease of 11,000 units from the previous forecast (a decrease of 9% year on year), which is due to further deferred trend reversal timing in China and market slowdown in India. As to mining business, demand for mining machinery is weakening reflecting a slowdown in resource demand. We will take measures against the continuing difficult foreign exchange situation, by strengthening the sales system and enriching the software business (e.g., parts sales, service and sales of used equipment and remanufacturing parts), in addition to lowering costs.

Nonetheless, the sale forecast was revised down to 740 billion yen (a decrease of 9% year on year), which falls short of the previous term, and forecasts for operating income, ordinary income, and net income were revised to 56 billion yen (increase of 2% year on year), 45 billion yen (decrease of 13% year on year), and 33 billion yen (increase of 43% year on year), respectively.

For details, see the “Notice of Revised Earnings Forecasts,” which was announced October 25 2012.

2. Notes on Summary Information (Other)

(1) Important changes in scope of consolidation during period

On August 1, 2012, the Company sold all issued shares of its subsidiary Corporation, TCM Corporation to UniCarriers Corporation. Based on the change of 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 second quarter ended September 2012 is 49.)

(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 second 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 this results in an unreasonable result, 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 for 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 development of natural resources mainly in emerging nations are showing steady growth, demand for the construction machinery and mining machinery produced by HCM group has been increasing throughout the world.

In order to fulfill these increasing demands, the medium-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 medium-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 (in Japan). 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)

	Second quarter As of Sep. 30, 2012 (A)	Previous year-end As of Mar. 31, 2012 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	48,161	72,803	(24,642)
Notes and accounts receivable	174,440	238,478	(64,038)
Lease receivables and investment assets	99,285	120,321	(21,036)
Merchandise and manufactured goods	199,670	186,625	13,045
Work in process	64,118	58,485	5,633
Material and supplies	20,350	23,802	(3,452)
Other	68,438	57,072	11,366
Less: Allowance for doubtful accounts	(6,159)	(5,282)	(877)
Total current assets	668,303	752,304	(84,001)
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	44,058	43,602	456
Buildings and structures (net)	63,265	67,098	(3,833)
Machinery, equipment and vehicles (net)	53,094	51,063	2,031
Tools, furniture and fixtures (net)	5,079	4,895	184
Land	53,268	64,170	(10,902)
Construction in progress	24,119	14,032	10,087
Net property, plant and equipment	242,883	244,860	(1,977)
Intangible assets			
Software	19,138	19,965	(827)
Goodwill	13,307	18,144	(4,837)
Other	2,350	2,678	(328)
Total intangible assets	34,795	40,787	(5,992)
Investments and other assets			
Investments in securities	23,058	20,736	2,322
Other	35,327	28,152	7,175
Less: Allowance for doubtful accounts	(718)	(723)	5
Total investments and other assets	57,667	48,165	9,502
Total non-current assets	335,345	333,812	1,533
Total assets	1,003,648	1,086,116	(82,468)

(Rounded off to the nearest million)

(Millions of yen)

	Second quarter (As of Sep. 30, 2012 (A))	Previous year-end (As of Mar. 31, 2012 (B))	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	162,196	192,880	(30,684)
Short-term loans	180,173	208,312	(28,139)
Current portion of bonds	20,000	20,060	(60)
Income taxes payable	15,049	18,367	(3,318)
Other	72,613	80,433	(7,820)
Total current liabilities	450,031	520,052	(70,021)
Non-current liabilities			
Bonds	30,000	30,010	(10)
Long-term loans	121,124	130,522	(9,398)
Retirement and severance benefits	8,116	12,021	(3,905)
Other	23,148	24,734	(1,586)
Total non-current liabilities	182,388	197,287	(14,899)
Total liabilities	632,419	717,339	(84,920)
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	84,477	84,477	0
Retained earnings	196,659	183,728	12,931
Treasury stock	(4,087)	(4,093)	6
Total shareholders' equity	358,626	345,689	12,937
Accumulated other comprehensive income			
Net unrealized gain on securities	1,091	3,621	(2,530)
Deferred losses on hedges	1,001	(1,713)	2,714
Foreign currency translation adjustment	(34,535)	(25,027)	(9,508)
Total accumulated other comprehensive income	(32,443)	(23,119)	(9,324)
Subscription rights to shares	766	766	0
Minority interests	44,280	45,441	(1,161)
Total net assets	371,229	368,777	2,452
Total liabilities and net assets	1,003,648	1,086,116	(82,468)

(Rounded off to the nearest million)

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

Consolidated Statements of Income

	Second quarter [Six months ended Sep. 30, 2012 (A)]	Second quarter [Six months ended Sep. 30, 2011 (B)]	(A)/(B)×100 (%)
			%
Net sales	376,866	364,901	103
Cost of sales	279,512	268,557	104
Gross profit	97,354	96,344	101
Selling, general and administrative expenses			
Packing and shipping expenses	9,968	11,218	89
Employees' salaries	21,024	20,939	100
R&D expenditure	7,966	7,362	108
Other	37,455	36,382	103
Total selling, general, and administrative expenses	76,413	75,901	101
Operating income	20,941	20,443	102
Non-operating income			
Interest income	1,258	1,773	71
Interest income from installment sales	124	186	67
Dividends income	121	119	102
Gain on equity in earnings of affiliated companies	—	130	—
Subsidy income	826	935	—
Other	1,784	1,774	101
Total non-operating income	4,113	4,917	84
Non-operating expenses			
Interest expenses	6,083	5,533	110
Loss on equity in earnings of affiliated companies	108	—	—
Foreign exchange losses, net	2,429	1,211	201
Other	2,706	779	347
Total non-operating expenses	11,326	7,523	151
Ordinary income	13,728	17,837	77
Extraordinary Income			
Gain on sales of securities	193	0	—
Gain on changes in equity interest	9,904	—	—
Total extraordinary income	10,097	0	—
Extraordinary losses			
Business structure improvement expenses	562	0	—
Loss on valuation of investment securities	—	263	—
Impairment loss	931	—	—
Retirement benefit expenses	—	219	—
Total extraordinary losses	1,493	482	310
Income before income taxes and minority interests	22,332	17,355	129
Total income tax	3,891	8,150	48
Income before minority interests	18,441	9,205	200
Minority interests	2,333	3,724	63
Net income	16,108	5,481	294

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Second quarter (Six months ended Sep. 30, 2012 (A))	Second quarter (Six months ended Sep. 30, 2011 (B))	(A)/(B)×100 (%)
			%
Income before minority interests	18,441	9,205	200
Other comprehensive income			
Net unrealized loss on securities	(2,526)	(1,290)	—
Deferred gains on hedges	2,725	1,545	176
Foreign currency translation adjustment	(11,507)	(15,147)	—
Share of other comprehensive income of companies accounted for by the equity method	(479)	9	—
Total other comprehensive income	(11,787)	(14,883)	—
Comprehensive income	6,654	(5,678)	—
Comprehensive income attributable to shareholders of the Company	6,784	(6,474)	—
Comprehensive income attributable to minority interests	(130)	796	—

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Second quarter (Six months ended Sep. 30, 2012)	Second quarter (Six months ended Sep. 30, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	22,332	17,355
Depreciation and amortization	17,404	18,864
Increase (Decrease) in allowance for doubtful accounts	1,633	(131)
Interest and dividends income	(1,379)	(1,892)
Interest expenses	6,083	5,533
Change on equity earnings of affiliated companies	108	(130)
Decrease in notes and accounts receivable	39,326	4,360
Decrease in lease receivables and investment assets	11,992	4,211
Increase in inventories	(38,900)	(65,876)
Purchase of property held for lease	(7,673)	(7,763)
Sales of property held for lease	1,043	1,616
Increase (Decrease) in notes and accounts payable	(2,447)	26,226
Gains on sales of property, plant and equipment	(840)	(574)
Other, net	(8,699)	(3,291)
Sub-total	39,983	(1,492)
Income taxes paid	(13,842)	(9,221)
Net cash provided by (used in) operating activities	26,141	(10,713)
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(23,686)	(11,022)
Proceeds from sale of property, plant and equipm	575	137
Purchase of intangible assets	(1,243)	(2,511)
Purchase of investments in securities	(11,141)	(756)
Proceeds from sale of investments in securi	604	–
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	29,297	–
Interest and dividends received	1,527	2,114
Dividends received from affiliated compa	30	58
Other, net	(7,359)	(2,628)
Net cash used in investing activities	(11,396)	(14,608)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(8,420)	21,935
Proceeds from long-term loans	16,073	18,991
Repayments of long-term loans	(24,728)	(18,194)
Repayments of lease obligatio	(2,039)	(1,415)
Redemption of bond	(70)	(5)
Interest paid	(5,959)	(5,588)
Dividends paid to shareholders	(3,175)	(2,117)
Dividends paid to minority shareholders by subsidiaries	(2,941)	(3,050)
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	(1)
Other, net	0	5
Net cash provided by (used in) financing activities	(29,762)	10,605
Effect of exchange rate changes on cash and cash equivalents	(3,518)	(4,350)
Net decrease in cash and cash equivalents	(18,535)	(19,066)
Cash and cash equivalents at beginning of year	81,059	74,710
Cash and cash equivalents at end of period	62,524	55,644

(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 group 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 following two are the reporting segments: the construction machinery business and the industrial vehicle business. 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

Second quarter ended September 30, 2012 (From April 1, 2012 to September 30, 2012) (Millions of yen)

	Construction machinery business	Industrial vehicles business（Note2）	Total (Note1)
Net sales			
Net sales to outside customers	362,036	14,830	376,866
Inter-segment sales/transfers	―	―	―
Total	362,036	14,830	376,866
Segment income	20,867	74	20,941

Second quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011) (Millions of yen)

	Construction machinery business	Industrial vehicles business (Note2)	Total (Note1)
Net sales			
Net sales to outside customers	333,063	31,838	364,901
Inter-segment sales/transfers	―	―	―
Total	333,063	31,838	364,901
Segment income	19,677	706	20,443

(Note1): Segment income is in accordance with the operating income stated on the Consolidated Statements of Income.
(Note2): In the second quarter, the Company sold all issued shares of its subsidiary corporation, TCM Corporation which constitutes the industrial vehicles 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 September 30.