Hitachi Construction Machinery Co., Ltd.

Financial Results for the First Quarter

Ended June 30, 2013

Consolidated Financial Results for the First Quarter Ended June 30, 2013 (Japan GAAP) (Non-audited)

July 29, 2013

Listed company: **Hitachi Construction Machinery Co., Ltd. (HCM)**
Stock exchange: Tokyo, Osaka (first section) Code number: 6305
URL http://www.hitachi-c-m.com/
Representative: Yuichi Tsujimoto, President and Chief Executive Officer
Scheduled date for submission of the Quarterly Securities Report: August 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 first quarter ended June 2013 (April 1, 2013 to June 30, 2013)

(1) Consolidated results (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	%
June 30, 2013	186,557	(7.0)	9,559	(27.9)	2,809	(63.2)	(1,105)	—
June 30, 2012	200,619	14.0	13,265	61.5	7,636	(0.6)	5,343	122.7

Note: Comprehensive income June 2013: ¥9,065 million (— %) June 2012: (¥2,978 million) (— %)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2013	(5.21)	—
June 30, 2012	25.22	25.22

Note) Percentages indicated are increases (decreases) compared with the same period of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2013	1,074,355	408,053	32.7
March 31, 2013	1,099,901	416,671	32.8

Note: Total equity June 2013: ¥350,838 million March 2013: ¥361,163million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2013	—	20.00	—	20.00	40.00
March 31, 2014	—				
March 31, 2014 (Projection)		25.00	—	25.00	50.00

Note: Changes involving the dividend states for the fiscal year ending March 2014: None

3. Consolidated earnings forecast for the fiscal year ending March 2014 (April 1, 2013 to March 31, 2014)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2013 (Interim)	395,000	4.8	28,000	33.7	21,000	53.0
March 31, 2014	830,000	7.5	83,000	61.2	69,000	89.6

	Net income		Net income per share
	Millions of yen	%	Yen
September 30, 2013 (Interim)	13,500	(16.2)	63.59
March 31, 2014	37,000	57.7	174.30

Notes: 1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in consolidated earnings forecast: None

*Notes

(1) Important changes in the scope of the consolidation during the period (Changes in specified subsidiary resulting in a change in the scope of consolidation): None

(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 : None
[4] Restatements : None

(4) Number of shares issued (common shares)

[1] Number of shares issued (including treasury shares)
June 2013: 215,115,038 March 2013: 215,115,038
[2] Number of treasury shares at the end of the period
June 2013: 2,686,081 March 2013: 3,206,607
[3] Average number of shares during the period (cumulative for all quarters)
June 2013: 212,281,449 June 2013: 211,821,134

*Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from the quarterly review procedure 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, and the company does not commit to achieve the performance. 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" 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) Explanation Concerning Financial Results

[1] Overview of Business Results

In the international economy during the consolidated first quarter under review (April 1, 2013 to June 30, 2013, hereinafter referred to as the first quarter), the European economy has been suffering from stagnation, and the Indian economy has decelerated moderately. While the Japanese economy has been slowly picking up with the monetary and fiscal policy, the US economy has gradually recovered; however, anxiety over the future course of the economy still remains, such as the impact of the financial problem.

With respect to the market for construction machinery including hydraulic excavators, in Japan, the demand increased significantly compared to the same period of last year, and this was due to an increase in housing starts and public investments including rehabilitation demand. In the US, the demand steadily increased mainly for housing constructions, and signs of recovery were also seen in China. By contrast, the European and the Indian markets showed a significant decrease in the demand.

As for the mining machinery market, due to the decelerating demand and price drop of resources especially coal, the demand for mining machinery in countries such as Indonesia and Australia decreased.

Under these circumstances, the HCM Group has been promoting market share increase, cost reduction, and improvement of business efficiency to raise revenue.

As for construction machinery, while we introduced a new type of machine that responds to emission regulations in Japan, we launched a new service menu called “ConSite” that provides comprehensive support to the customers for their machines, and an increased customer satisfaction level. In the overseas market, we expanded the sales and product lineup according to local specific needs.

With respect to the mining machinery, we have been expanding activities to obtain orders in the countries that show a steady increase in demand, such as Russia-CIS, Africa, and the Middle East.

As a result, because all shares of the TCM Corporation were sold and excluded from the consolidated result after the second quarter consolidated accounting period of the previous year, consolidated sales decreased by 7% year-on-year to 186,557 million yen. Operating income also decreased by 28% year-on-year to 9,559 million yen, due to the decrease of the sales for mining machinery. Ordinary income decreased by 63% year-on-year to 2,809 million yen.

The following table summarizes the consolidated results for this term ended June 2013:

(Millions of yen)

	June 2013 (A)	June2012 (B)	Year-on-year change	
			(A)-(B)	(A)/(B)-1 (%)
Net sales	186,557	200,619	(14,062)	(7)
Operating income	9,559	13,265	(3,706)	(27.9)
Ordinary income	2,809	7,636	(4,827)	(63.2)
Net income	(1,105)	5,343	(6,448)	-

(Rounded off to the nearest million)

[2] Overview of Consolidated Sales by Regional Segment

Japan

The Japanese economy has gradually been picking up with the monetary and fiscal policy.

The demand for construction machinery solidly increased with the increase in housing starts, and public investment including rehabilitation demand.

Under these circumstances, Hitachi Construction Machinery Japan Co., Ltd. advanced efforts to provide total support for customers including efficiency improvement, rationalization, and cost reduction etc., in their construction work and an increased customer satisfaction level through integrated RSS system (Rental-Sales-Service), and increased sales from multiple transactions obtained from the system.

Consequently, because all shares of TCM Corporation were sold and excluded from the consolidated result after the second quarter consolidated accounting period of the previous year, net sales decreased by 1% year-on-year to 42,167 million yen.

The Americas

In the United States, consumer spending has increased strongly, and economic conditions continued to recover gradually with improvement of the housing market and employment conditions.

As for demand in construction machinery, demand for the machines for housing construction continued to show a steady growth.

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.

Deere-Hitachi Construction Machinery Corporation, a manufacturing base in North America, completed the production capacity increase last year, which enables us to supply production parts instead of finished machineries, and we adjusted the supply count assuming a decrease in the future demand growth ratio. Under these circumstances, net sales decreased by 26% year-on-year to 23,401 million yen.

Europe

Although signs of an economic upturn have been seen in some parts of the region, European economies as a whole are still suffering from an economic slump and their future is unpromising.

Demand for construction machinery in Europe as a whole remained in a severe condition.

Under these trends, while we focused on the enhancement of dealer support, we promoted the expansion of sales and product line up of machines, namely fuel-efficient hydraulic excavators and wheel loaders.

Net sales increased by 5% year-on-year to 17,675 million yen.

Russia-CIS, Africa, and the Middle East

The economy of Russia and the CIS has been slowing down since the latter half of the previous consolidated fiscal year, and it continues to follow a decelerating trend.

Demand for construction machinery remains flat since the same period of last year.

Under these circumstances, while we continue strengthening the support system for dealers through Hitachi Construction Machinery Eurasia Sales LLC, we advanced the preparation for launching local production in a new plant site in Russia.

In Africa, we promoted sales in South Africa. And in Northwest Africa, we are strengthening sales and service for construction-related machines in cooperation with dealers.

Turning to the Middle East, we continued to focus on increasing sales by focusing on large-scale construction projects by major Turkish contractors and large order receipts from the Iraqi government.

Consequently, the total net sales of Russia-CIS, Africa, and the Middle East regions totaled 16,537 million yen with no increase or decrease in the year-on-year ratio.

Asia and Oceania

In Indonesia, mining machinery demand slowed down due to coal price drop, and the demand for the machinery for forestry and palm oil also fell far short of the result of the same period last year, in which the demand was strong. Demand in Thailand and Malaysia also decreased compared to the same period last year.

In India, economic growth continued to follow a decelerating trend, and construction machinery demand has been stagnant.

Under these trends, Tata Hitachi Construction Machinery Company Limited continued to maintain a high market share in the hydraulic excavators market by aggressively promoting actions such as the introduction of new types of machines.

In Australia, in addition to a decrease in demand related to resources such as coal, construction-related demand also decelerated.

Under these circumstances, while we focused on the market trend of each industry, we captured the demand of various construction machineries.

Consequently, net sales decreased by 21% year-on-year to 54,726 million yen.

China

In China, the demand for construction machinery exceeded the result in the same period last year, and it was due mainly to an increase of the demand for urbanization work in the rural areas.

Under these circumstances, while the HCM group introduced a strategic model with strong emphasis on the market, we aimed to increase our presence in the market by realizing fully-fledged use of a service/ parts and sales management system, and enhancing collaborative relationships with dealers via close connection with the “Global e-Serve” system.

Consequently, net sales increased by 35% year-on-year to 32,051 million yen.

The following table summarizes the consolidated net sales by region:

Consolidated Net Sales by Geographic Area (millions of yen)

	Current fiscal year (April 1, 2013 - June 30, 2013)		Previous fiscal year (April 1, 2012 - June 30, 2012)		Increase (Decrease)	
	Net sales	Proportion (%)	Net sales	Proportion (%)	Amount of change	% change
The Americas	23,401	12.5	31,784	15.8	(8,383)	(26.4)
Europe	17,675	9.5	16,770	8.4	905	5.4
Russia-CIS, Africa, the Middle East	16,537	8.9	16,521	8.2	16	0.1
Asia and Oceania	54,726	29.3	69,396	34.6	(14,670)	(21.1)
China	32,051	17.2	23,758	11.8	8,293	34.9
Sub-total	144,390	77.4	158,229	78.9	(13,839)	(8.7)
Japan	42,167	22.6	42,390	21.1	(223)	(0.5)
Total	186,557	100.0	200,619	100.0	(14,062)	(7.0)

(Rounded off to the nearest million)

(2) Explanation concerning Financial Position

[1] Status of Assets, Liabilities and Net Assets

Assets

Current assets at the end of the first quarter amounted to 716,755 million yen, a decrease of 2.3%, or 17,064 million yen from the previous fiscal year-end. This was due mainly to a decrease of 28,189 million yen in the total of receivables (notes receivables, accounts receivables and lease receivables and investment assets), and an increase of 3,896 million yen in inventory.

Non-current assets declined 2.3%, or 8,482 million yen from the end of the previous fiscal year to 357,600 million yen.

As a result, total assets decreased 2.3% or 25,546 million yen from the previous fiscal year-end to 1,074,355 million yen.

Liabilities

Current liabilities at the end of the first quarter amounted to 464,873 million yen, an increase of 3.9%, or 17,618 million yen from the previous fiscal year-end. This was due mainly to an increase in corporate bonds due within one year of 30,000 million yen, and short-term loans of 15,995 million yen, and a decrease in notes payable and accounts payable of 10,317 million yen.

Non-current liabilities decreased 14.6%, or 34,546 million yen from the previous fiscal year-end to 201,429 million yen. This was due mainly to a decrease of 30,000 million yen in corporate bonds.

As a result, total liabilities decreased 2.5%, or 16,928 million yen from the previous fiscal year-end to 666,302 million yen.

(c)Net assets

Although foreign currency translation adjustment increased by 6,311 million yen, due to the effects of dividends paid and accumulated adjustment concerning retirement benefit recognized, net assets including minority interests decreased by 2.1%, or 8,618 million yen from the previous fiscal year-end to 408,053 million yen.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the first quarter totaled 64,294 million yen, an increase of 2,328 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 19,311 million yen, a difference of 5,201 million yen compared with the first quarter of the previous fiscal year.

Factors that increased cash included net income before income taxes and minority interests in the first quarter amounting to 2,852 million yen, 9,168 million yen in depreciation and amortization, a 38,738 million yen decrease in total of notes and accounts receivables (including lease receivables). Factors that reduced cash included a 12,455 million yen decrease in trade payable, a 2,105 million yen increase in inventory as well as 9,845 million yen of income taxes paid, etc.

(Cash Flows from Investing Activities)

Net cash used in investing activities was 18,335 million yen, an increase of 4,927 million yen compared with the first quarter of the previous fiscal year. This was due mainly to the spending of 15,412 million yen in acquisitions of property, plant and equipment to enhance the production capacity, and 2,587 million yen in acquisition of investment securities.

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 976 million yen.

(Cash Flows from Financing Activities)
Net cash used in financing activities totaled 4,983 million yen and it was decreased by 9,643 million yen compared to the first quarter of the previous fiscal year. This was due mainly to the amount received for net repayment of 1,950 million yen in short-term and long-term loans, 2,390 million yen in interest paid, and 4,422 million yen in dividends paid, etc.

[3] Explanation of Future Forecast Information concerning Consolidated Earnings Forecasts

Although the global demand of hydraulic excavators has been expanded in Japan and China, because the increase ratio of North America and Asia and Oceania has been decelerated, we assume that actual global demand will fall slightly below the global demand forecast announced in April 2013. As for the demand for mining machinery, we forecast that it will be decreased by 30% from the same period last year.

As for consolidated earnings forecast, although we assume a decrease in mining-related sales, no change will be made to the consolidated earnings forecast for the second quarter in Fiscal 2013 (from April 1 2013 to September 30 2013) and full-year forecast announced in the "Financial Results for Year Ended March 31, 2013", by taking into account the sales increase in Japan, China, Russia-CIS, and increase in business efficiency including material cost reduction, and inventory reduction.

The currency exchange rate from the second quarter will be 94 JPY for 1USD, 123 JPY for 1 EUR, and 15.2 JPY for 1 RMB.

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 first 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) Changes in accounting policies; changes in accounting estimates; restatements

Changes in accounting policies

(Application of Accounting Standard for Retirement Benefits)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25) were issued by the Accounting Standards Board of Japan, the ASBJ on May 17, 2012. Application of this new standard is permitted from the beginning of the fiscal year ending March 31, 2014. Accordingly, the Company applied the new accounting standard from the beginning of the current fiscal year. Under the revised accounting standard, the Company recognizes the amount of projected benefit obligation less plan assets as net defined benefit liability. In addition, the Company reviewed its calculation method of projected benefit obligation and service cost and changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis.

Following ASBJ Statement No.37, which stipulates transitional treatment of the new standard, at the beginning of the current fiscal year, the effect of recognition of net defined benefit liability is adjusted in remeasurements of defined benefit plans within accumulated other comprehensive income. Also the effect of the change in the calculation method of projected benefit obligation and service cost is adjusted in retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, at the beginning of the current fiscal year, total accumulated other comprehensive income decreased ¥14,266 million and retained earnings increased ¥953 million. The application of the new accounting standard did not have a material effect on operating income, ordinary income and income before income taxes and minority interests of the first quarter of the current fiscal year.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First quarter As of Jun. 30, 2013 (A)	Previous fiscal year-end As of Mar. 31, 2013 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	65,083	62,640	2,443
Notes and accounts receivable	179,072	204,918	(25,846)
Lease receivables and investment assets	100,945	103,288	(2,343)
Merchandise and manufactured goods	243,303	239,643	3,660
Work in process	55,263	54,125	1,138
Materials and supplies	20,241	21,143	(902)
Deferred tax assets	15,755	13,903	1,852
Other	44,930	42,108	2,822
Less: Allowance for doubtful accounts	(7,837)	(7,949)	112
Total current assets	716,755	733,819	(17,064)
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	41,661	42,791	(1,130)
Buildings and structures (net)	86,790	86,531	259
Machinery, equipment and vehicles (net)	66,041	62,770	3,271
Tools, furniture and fixtures (net)	6,282	6,449	(167)
Land	56,392	55,544	848
Construction in progress	16,999	17,110	(111)
Net property, plant and equipment	274,165	271,195	2,970
Intangible assets			
Software	17,336	17,802	(466)
Goodwill	9,146	10,457	(1,311)
Other	4,612	4,402	210
Total intangible assets	31,094	32,661	(1,567)
Investments and other assets			
Investments in securities	30,252	27,086	3,166
Deferred tax assets	5,991	5,263	728
Other	16,670	30,395	(13,725)
Less: Allowance for doubtful accounts	(572)	(518)	(54)
Total investments and other assets	52,341	62,226	(9,885)
Total non-current assets	357,600	366,082	(8,482)
Total assets	1,074,355	1,099,901	(25,546)

(Rounded off to the nearest million)

(Millions of yen)

	First quarter As of Jun. 30, 2013 (A)	Previous fiscal year-end As of Mar. 31, 2013 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	138,811	149,128	(10,317)
Short-term loans	208,816	192,821	15,995
Current portion of bonds	30,000	−	30,000
Income taxes payable	13,756	14,563	(807)
Other	73,490	90,743	(17,253)
Total current liabilities	464,873	447,255	17,618
Non-current liabilities			
Bonds	20,000	50,000	(30,000)
Long-term loans	144,859	150,281	(5,422)
Lease obligations	10,541	9,984	557
Deferred tax liabilities	2,985	9,103	(6,118)
Retirement and severance benefits	−	8,913	(8,913)
Net defined benefit liability	13,387	−	13,387
Other	9,657	7,694	1,963
Total non-current liabilities	201,429	235,975	(34,546)
Total liabilities	666,302	683,230	(16,928)
Net assets			
Shareholders' equity			
Common stock	81,577	81,577	−
Capital surplus	84,874	84,500	374
Retained earnings	195,389	199,779	(4,390)
Treasury stock	(3,337)	(3,982)	645
Total shareholders' equity	358,503	361,874	(3,371)
Accumulated other comprehensive income			
Net unrealized gains on securities	3,107	3,056	51
Deferred losses on hedges	(1,583)	(2,323)	740
Foreign currency translation adjustments	4,867	(1,444)	6,311
Remeasurements of defined benefit plans	(14,056)	−	(14,056)
Total accumulated other comprehensive income	(7,665)	(711)	(6,954)
Subscription rights to shares	766	766	−
Minority interests	56,449	54,742	1,707
Total net assets	408,053	416,671	(8,618)
Total liabilities and net assets	1,074,355	1,099,901	(25,546)

(Rounded off to the nearest million)

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	First quarter (Three months ended Jun. 30, 2013 (A))	First quarter (Three months ended Jun. 30, 2012 (B))	(A)/(B)×100 (%)
			%
Net sales	186,557	200,619	93
Cost of sales	138,318	147,894	94
Gross profit	48,239	52,725	91
Selling, general and administrative expenses			
Packing and shipping expenses	4,165	5,050	82
Employees' salaries	9,754	11,116	88
R&D expenditure	3,961	3,846	103
Other	20,800	19,448	107
Total selling, general and administrative expenses	38,680	39,460	98
Operating income	9,559	13,265	72
Non-operating income			
Interest income	753	670	112
Interest income from installment sales	73	48	152
Dividends income	138	147	94
Gains on equity in earnings of affiliated companies	−	147	−
Other	1,099	1,087	101
Total non-operating income	2,063	2,099	98
Non-operating expenses			
Interest expenses	2,508	3,232	78
Foreign exchange losses, net	5,800	3,603	161
Losses on equity in earnings of affiliated companies	136	−	−
Other	369	893	41
Total non-operating expenses	8,813	7,728	114
Ordinary income	2,809	7,636	37
Extraordinary Income			
Gains on sales of investment securities	43	−	−
Total Extraordinary Income	43	−	−
Income before income taxes and minority interests	2,852	7,636	37
Total income tax	1,912	990	193
Income before minority interests	940	6,646	14
Minority interests	2,045	1,303	157
Net loss (income)	(1,105)	5,343	−

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter (Three months ended Jun. 30, 2013 (A))	First quarter (Three months ended Jun. 30, 2012 (B))	(A)/(B)×100 (%)
			%
Income before minority interests	940	6,646	14
Other comprehensive income			
Net unrealized losses on securities	43	(1,238)	-
Deferred losses on hedges	776	2,561	30
Foreign currency translation adjustments	5,791	(11,383)	-
Remeasurements of defined benefit plans	203	-	-
Share of other comprehensive income of companies accounted for by the equity method	1,312	436	301
Total other comprehensive income	8,125	(9,624)	-
Comprehensive income	9,065	(2,978)	-
Comprehensive income attributable to shareholders of the Company	6,207	(2,142)	-
Comprehensive income attributable to minority interests	2,858	(836)	-

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First quarter (Three months ended Jun. 30, 2013)	First quarter (Three months ended Jun. 30, 2012)
Cash flows from operating activities		
Income before income taxes and minority interests	2,852	7,636
Depreciation and amortization	9,168	8,726
Change in allowance for doubtful accounts	(220)	534
Interest and dividends income	(964)	(817)
Interest expenses	2,508	3,232
Losses (gains) on equity in earnings of affiliated companies	136	(147)
Decrease in notes and accounts receivable	31,235	32,779
Decrease in lease receivables and investment assets	7,503	1,464
Increase in inventories	(2,105)	(22,874)
Purchase of property held for lease	(3,204)	(3,682)
Sales of property held for lease	751	413
Change in notes and accounts payable	(12,455)	279
Gains on sales of property, plant and equipment	(641)	(439)
Other, net	(5,408)	(4,508)
Sub-total	29,156	22,596
Income taxes paid	(9,845)	(8,486)
Net cash provided by (used in) operating activities	19,311	14,110
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(15,412)	(12,453)
Purchase of intangible assets	(641)	(875)
Purchase of investments in securities	(2,587)	(4)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	(851)	-
Interest and dividends received	953	982
Other, net	203	(1,058)
Net cash provided by (used in) investing activities	(18,335)	(13,408)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	11,616	(5,928)
Proceeds from long-term loans	4,646	6,373
Repayments of long-term loans	(14,312)	(8,477)
Repayments of lease obligations	(194)	(927)
Interest paid	(2,390)	(3,274)
Dividends paid to shareholders	(4,243)	(3,179)
Dividends paid to minority shareholders by subsidiaries	(179)	(641)
Proceeds from stock issuance to minority shareholders	0	1,491
Proceeds from disposal of treasury stock	75	6
Purchase of treasury stock	(2)	(0)
Other, net	0	(70)
Net cash provided by (used in) financing activities	(4,983)	(14,626)
Effect of exchange rate changes on cash and cash equivalents	1,679	(3,474)
Net decrease in cash and cash equivalents	(2,328)	(17,398)
Cash and cash equivalents at beginning of year	66,622	81,059
Cash and cash equivalents at end of period	64,294	63,661

(Rounded off to the nearest million)

(4) Notes on Consolidated Financial Statements

Notes on Preconditions for a Going Concern: None

Notes on Significant Fluctuations in Shareholders' Equity: None

Segment Information

A. Reportable segment information

The Company's reportable segments are its structural units, for which separate financial information is available, and whose operating results are regularly reviewed by the Board of Directors to make decisions about managerial resources to be allocated to the segment and assess the business performance.

The Company has established operations groups organized by product and service in the headquarters, and each operations group formulates comprehensive strategies and promotes business activities both domestically and overseas.

The Company is organized according to product and service segments, and the following two have been the reporting segments: the construction machinery business and the industrial vehicle business until the second quarter of the previous fiscal year. The construction machinery business produces hydraulic excavators, ultra-large excavators, wheel loaders, and crawler cranes, while the industrial vehicle business has produced forklifts and skid steer loaders.

In the second quarter of the previous fiscal year ended March 31, 2013, the Company sold all issued shares of its subsidiary corporation, TCM Corporation that constituted the industrial vehicles business. Therefore, the Company has only a single segment that constitutes the construction machinery business.

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

First quarter ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

Since the Company has only a single segment that constitutes the construction machinery business, this segment is out of the description from the first quarter ended June 30, 2013.

First quarter ended June 30, 2012 (From April 1, 2012 to June 30, 2012) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Total (Note)
Net sales			
Net sales to outside customers	185,789	14,830	200,619
Inter-segment sales/transfers	—	—	—
Total	185,789	14,830	200,619
Segment income	13,191	74	13,265

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