Hitachi Construction Machinery Co., Ltd.

Financial Results for the
First Quarter Ended June 30, 2009

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

Consolidated Financial Results for the First Quarter Ended June 30, 2009

July 27, 2009

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: Michijiro Kikawa, President and Chief Executive Officer
Scheduled date for submission of the Quarterly Securities Report: August 6, 2009
U.S. Accounting Standards are not applied.

1. Consolidated results for the first quarter ended June 2009 (April 1, 2009 to June 30, 2009)

(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, 2009	132,302	(43.4)	(2,438)	—	(4,098)	—	(8,590)	—
June 30, 2008	233,881	—	24,352	—	26,994	—	12,520	—

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2009	(41.64)	—
June 30, 2008	58.54	58.44

Note: The 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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2009	806,297	322,308	35.3	1,379.52
March 31, 2009	841,353	331,015	34.9	1,422.54

Note: Total equity at the fiscal period end
June 2009: ¥284,572 million March 2009: ¥293,446 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total cash dividends per share for the fiscal year
		Yen	Yen	Yen	Yen
March 31, 2009	—	22.00	—	22.00	44.00
March 31, 2010 (Result)	—				10.00
(Projection)		5.00	—	5.00	

Note: Changes involving the dividend states for the fiscal year ending March 2010: None

3. Projected consolidated results for the fiscal year ending March 2010 (April 1, 2009 to March 31, 2010)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2009 (Interim)	270,000	(40.5)	0	—	(5,500)	—
March 31, 2010	590,000	(20.7)	24,000	(50.9)	15,600	(67.4)

	Net income		Net income per share
	Millions of yen	%	Yen
September 30, 2009 (Interim)	(8,500)	—	(41.21)
March 31, 2010	5,000	(72.6)	24.24

Notes:
1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in the projected consolidated results for the fiscal year ending March 2010: Yes

4. Others

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

(2) Simple accounting procedures and the application of special accounting procedures for the compilation of quarterly consolidated financial statements: Yes

Note: For detailed information, please refer to Qualitative Information and Financial Statements, 4.Others, on page 9.

(3) Changes in accounting principles, procedures, and presentation methods used in the preparation of quarterly consolidated financial statements.

A. Changes in response to accounting standard revisions: None

B. Changes other than those in (A): None

(4) Number of shares issued (common shares)

[1] Number of shares issued at the end of the period (including treasury shares)

June 2009: 215,115,038 March 2009: 215,115,038

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

June 2009: 8,832,211 March 2009: 8,831,203

[3] Average number of shares during the period

June 2009: 206,283,437 June 2008: 213,868,992

<u>Note: Explanation on the appropriate use of results forecasts and other important items</u>

Any forward-looking statements in the report, including results and 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 the actual results to differ materially. For details such as assumptions for results forecasts and note, etc., please refer to Qualitative Information and Financial Statements, 3. Qualitative Information concerning Consolidated Results Forecasts, on page 8.

Qualitative Information and Financial Statements

1. Qualitative Information concerning Consolidated Business Performance

[1] Overview of the Market Conditions during the First Quarter Ended June 30, 2009

During the consolidated first quarter under review (April 2009 to June 2009), though the economic outlook suggests that the global economy is partly bottoming out, as a whole, business conditions surrounding the HCM Group are still severe.

With respect to demand for construction machinery, it fell far short of our assumption especially in advanced nations such as Japan, the United States, and Europe. In emerging countries, demand in China and some Southeast nations began trending upward, while in other emerging countries, demand remained in difficult circumstances owing to money tightening and decline in private capital investment.

Under these circumstances, the HCM Group focused on maintaining stocks at an appropriate level, curbing and reducing material costs and fixed costs, and increasing the market share to improve sales and profits. As a result of these measures, in terms of consolidated results for the first quarter under review, we suffered a dramatic decrease in demand especially in Japan, the United States, and Europe, as well as in emerging nations where the ratio to sales is expanding.

The following table summarizes the consolidated results for the period:

(100 million yen; %)

	June 2009 (A)	June 2008 (B)	Year-on-year change (A) - (B)	(A)/(B)
Net sales	1,323	2,339	(1,016)	56.6 %
Operating income	(24)	244	(268)	-
Ordinary income	(41)	270	(311)	-
Net income	(86)	125	(211)	-

Notes:
1) Figures under ¥100 million are rounded off.
2) The percentages indicated are the year-on-year changes compared with the same period of the previous fiscal year.

[2] Overview of Consolidated Sales by Regional Segment

Japan

The domestic economy remained in harsh condition due to ongoing curtailments in capital investments and a decline in personal spending, while the effect of supplementary budget has not yet become conspicuous.

Owing to these factors, demand for construction machinery declined sharply compared with the previous fiscal year. Demand for new machinery for rental companies remained particularly sluggish, which was the one of the reasons for the drop in our consolidated sales. Given this situation, we are striving to strengthen our industry-specific sales in such sectors as forestry, steel & scrap, and resources, to meets our various customers' needs in different fields, while focusing on high-demand areas.

Also, we integrated the West and East Japan Division to establish the "Japan Business Division" as of April 1, 2009 to streamline the organization, responding to the shrinking market and to reduce costs.

As a result, net sales fell 30% from the same period of the previous fiscal year to ¥34,243 million.

The Americas

In the United States, housing-related indexes are not yet on a secure upward trend, with four straight quarters of falling GDP beginning from the quarter ended September 2008. It does not seem as if the economic stimulus package by the government has yet progressed much, and we can see no real signs of its effect so far.

Under these conditions, demand for construction machinery continued to decline far behind our plan compared with the previous fiscal year.

Consequently, net sales fell 59%, year on year, to ¥10,896 million.

Europe, Russia-CIS, Africa, and the Middle East

[Europe]

Owing to prolonged economic stagnation, demand in Europe for construction machinery fell sharply. Under these continuing severe circumstances, we tried to maintain stocks at an appropriate level, while strengthening sales promotion by such measures as demonstration, sales support for targeted products (wheel loaders and wheel-type hydraulic excavators) for dealers, and extension of the guarantee period, to expand sales and to explore new potential customers such as big rental companies.

Nevertheless, net sales in Europe declined 60% year on year to ¥15,298 million.

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

In Russia-CIS, the prices of crude oil and natural gas have been on a recovery track, in accordance with the stability of ruble and improvement of trade balance, increase in Forex reserves, etc.; the economic indicators are improving. Nonetheless, the financing situation for the users of construction machinery has not yet improved and demand for machinery remained weak because of conservative purchasing owing to anxiety over the future. Therefore, we continued to focus on maintaining stocks at an appropriate level.

In Africa, mining-related demand, which had previously been steadily increasing, started to decline accompanying the decrease in demand for natural resources. In this severe condition, we further tried to expand sales and service in unexplored regions by opening new bases in Zambia and establishing the new dealer in Angola.

Turning to the Middle East, demand for construction machinery declined sharply due to such factors as the prolonged recession in the highest-demand country, Turkey, and decrease in infrastructural investments and private capital investments caused by the credit crunch. Although private-sector demand remained sluggish, we actively tried to catch up with demand in Saudi Arabia, the steadily growing area, and to gain numerous orders through reconstruction measures in Iraq.

The total net sales of Russia-CIS, Africa, and the Middle East regions fell 83% year on year, to ¥5,854 million.

Asia and Oceania

Although demand for palm oil and forestry in Malaysia and Indonesia has been on a recovery track, demand as a total for construction machinery declined because of the global financial crisis.

Furthermore, mining machinery-related demand in Australia and Indonesia declined owing to the decrease in the prices of resources. In the near future, we will make sure to catch orders from infrastructural projects that will be conducted in Asian nations as economic stimulus packages, while expanding our sales network in each company.

As a result, net sales in Asia and Oceania declined 31% year on year to ¥ 31,639 million.

China

In China, demand for construction machinery has been significantly on a recovery track in the coastal and mining areas followed by the internal area, due to the front-loading of public works, the effect of 4-trillion-RMB stimulus packages and active investments in fixed assets such as transportation, mining, and quarry.

Under these circumstances, we set up a special department for large infrastructural projects to catch up with the demand for stimulus packages. And also, we conducted promotional activities such as exhibitions in each region, dispatch of special teams to areas where demand is high and our market share is low to support and enhance the dealers, flexible financing menus for customers, etc, to expand our market share.

Net sales in China declined 14% year on year to ¥34,372 million.

The following table summarizes consolidated net sales by geographic area:

Consolidated Net Sales by Geographic Area (Millions of yen)

	First Quarter ended June 30, 2009		First Quarter ended June 30, 2008		Increase (Decrease)	
	Net sales	Proportion (%)	Net sales	Proportion (%)	Amount of change	% change
The Americas	10,896	8.2	26,916	11.5	(16,020)	(59.5)
Europe	15,298	11.6	38,361	16.4	(23,063)	(60.1)
Russia-CIS, Africa, and the Middle East	5,854	4.4	33,556	14.3	(27,702)	(82.6)
Europe, Russia-CIS, Africa, and the Middle East	21,152	16.0	71,917	30.7	(50,765)	(70.6)
Asia and Oceania	31,639	23.9	45,900	19.7	(14,261)	(31.1)
China	34,372	26.0	40,025	17.1	(5,653)	(14.1)
Sub-total	98,059	74.1	184,758	79.0	(86,699)	(46.9)
Japan	34,243	25.9	49,123	21.0	(14,880)	(30.3)
Total	132,302	100.0	233,881	100.0	(101,579)	(43.4)

[3] Overview of Consolidated Net Sales by Business Segment

(a) Construction Machinery Business

Regarding construction-related machinery, in addition to expanding sales of the ZAXIS-3 Series of hydraulic excavators and the ZW Series of wheel loaders which offer exceptional performance and low-fuel consumption, targeting the expected sluggish demand for new machinery, we strengthened our stock business, which includes sales of used machinery, parts and services, financing, and rental business.

In machinery for resource development, we made efforts to expand sales of such products as the EX-6 Series of ultra-large hydraulic excavators as well as an electric-drive series of ultra-large hydraulic excavators and dump trucks, which realize high driving performance using an AC electric-drive system.

As a result, net sales in the construction machinery business fell 43% from the same period of the previous fiscal year to ¥121,306 million.

(b) Industrial Vehicles Business

In industrial vehicles, we worked hard especially in the development of such new types of machines as battery forklifts for overseas and machines that meet Tier 3 Emission Control Regulations. However, demand for small- to mid-sized vehicles decreased sharply in most global areas, followed by the United States, Europe, and Russia-CIS, and we promptly started to reduce production volume and adjust stocks.

Consolidated net sales in the industrial vehicles business decreased 49% from the same period of the previous year to ¥10,996 million.

2. Qualitative Information concerning Consolidated Financial Statements

[1] Status of Assets, Liabilities, and Net Assets

(a) Assets

Current assets at the end of the first quarter under review amounted to ¥503,643 million, a decrease of ¥35,130 million, or 6.5%, from the previous fiscal year end. This was due mainly to respective decreases of ¥37,937 million in notes and accounts receivable, and ¥20,864 million in inventories.

Fixed assets increased ¥74 million from the end of the previous fiscal year to ¥302,654 million.

As a result, total assets decreased ¥35,056 million, or 4.2%, from the previous fiscal year end to ¥806,297 million.

(b) Liabilities

Current liabilities at the end of the first quarter amounted to ¥349,743 million, a decrease of ¥64,632 million, or 15.6%, from the previous fiscal year end. This was due mainly to a respective decrease of ¥34,571 million in notes and accounts payable and ¥23,727 million in short-term loans.

Long-term liabilities increased ¥38,283 million, or 39.9%, from the previous fiscal year end to ¥134,246 million. This was due mainly to the issue of domestic corporate bonds amounting to ¥30 billion in June 2009.

As a result, total liabilities decreased ¥26,349 million, or 5.2%, from the previous fiscal year end to ¥483,989 million.

(c) Net Assets

Net assets, including minority interests, decreased ¥8,707 million, or 2.6%, from the previous fiscal year end to ¥322,308 million. This was due mainly to a loss of ¥8,590 million in net income for the first quarter under review.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of period totaled ¥49,900 million, an increase of ¥9,796 million from the end of the previous fiscal year. Factors relating to each cash flow category were as follows.

(a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥10,999 million, an increase of ¥3,599 million compared with the first quarter of the previous fiscal year. Factors that increased cash included a decrease of ¥27,889 million in inventories, which was an improvement of ¥51,360 million compared with an increase of ¥23,471 million in inventories in the same period of the previous fiscal year. Factors that increased cash also included a decrease of ¥5,221 million in income taxes paid, a decrease of ¥15,179 million compared with that of ¥20,400 million in the previous first quarter.

Conversely, factors that reduced cash included a deficit of ¥4,098 million in income before income taxes and minority interests owing to a decrease in sales, a difference of ¥30,950 million compared with surplus of ¥26,852 million in the previous first quarter. Other factors included a decrease of ¥39,116 million in notes and accounts payable, a difference of ¥31,171 million compared with that of ¥7,945 million in the previous first quarter.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥4,521 million, a decrease of ¥12,961 million compared with ¥17,482 million in the previous first quarter. Key factors underlying this decrease included year on year changes in acquisitions of property, plant and equipment, which was ¥15,842 million in the previous first quarter, which consisted mainly of capital investment to respond to increased production at various manufacturing bases, and for the period under review, it was ¥5,433 million which was mainly from investment for renewal and rationalization.

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 ¥6,478 million.

(c) Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥3,001 million.

This was due mainly to the issuance of domestic five-year corporate bonds amounting to ¥30 billion in June 2009 to adjust the ratio of long-term and short-term debt, and the appropriate amount was used to pay back the long-term and short-term debt.

3. Qualitative Information concerning Consolidated Results Forecasts

The outlook for consolidated results as of April 27, 2009 was estimated based on the global demand forecast for hydraulic excavators, which was 133,700 units for fiscal 2009.

As of today, it is extremely difficult for us to predict the exact demand especially for the second half of the fiscal year. Recently, demand in China, Indonesia, Malaysia, etc. is returning to growth, which is increasing more than we expected, though we do not think that it will be able to compensate for the decline in Japan, the United States, and Europe with the increasing demand from those areas. Thus, our outlook for the global demand forecast for hydraulic excavators for fiscal year 2009 is changed to 120,600 units at this time.

Given these factors, though the Group is curbing and reducing materials costs to the targeted level and commencing initiatives aimed at achieving further reductions in fixed costs while expanding our market share in each region worldwide, as of today we do not think that the effort will be able to compensate for decrease in sales associated with the demand which is behind our estimate, therefore, we have revised our previous earnings forecast for the fiscal year ending March 2010 that we announced on April 27, 2009 as indicated below.

(100 million; %)

	March 31, 2010		Reference	Change	
	As of July 27, 2009 (A)	As of April 27, 2009 (B)	March 31, 2009	(A)－(B)	(A)／(B)(%)
Net sales	5,900	6,200	7,442	(300)	95.2
Operating income	240	270	488	(30)	88.9
Ordinary income	156	200	478	(44)	78.0
Net income	50	70	183	(20)	71.4

Notes:
1) Figures under ¥100 million are rounded off.
2) These projections assume an exchange rate of ¥95 to the U.S. dollar and ¥130 to the Euro.
3) Forecasts, plans, and expectations regarding future performance contained in the aforementioned statements are based on information currently available and deemed rational by the Company management. However, as various factors could change the actual results, forecasts, plans, and expectations may differ. These factors are considered to include the economic conditions in principal markets and fluctuations in demand, fluctuations in exchange rates, and revisions to Japanese or international laws and regulations, accounting standards, practices, or other policies.

4. Others

[1] Significant changes involving subsidiaries during the period (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

[2] Simple accounting procedures and the application of special accounting procedures for the compilation of quarterly consolidated financial statements

A. Method of evaluating inventory assets

The value of inventories at the end of the quarter under review is calculated using a rational method, based on physical inventories at the end of the previous fiscal year, rather than physical inventories at the end of the quarter under review.

B. Method of calculating depreciation of fixed assets

Projected annual depreciation incorporating estimates of anticipated acquisition, sale, and disposal of fixed assets throughout the year is allocated proportionally to the quarter.
Depreciation costs for assets using the declining-balance method are calculated by allocating depreciation costs for the consolidated fiscal proportionally to the quarter.

C. Method of calculating the estimated loan loss value for general loans

In calculating the estimated loan loss value for general loans at the end of the first quarter, except in the case where a noteworthy change in the loan loss rate is recognized, the loan loss rate at the end of the previous fiscal year is employed.

D. Method of calculating deferred tax assets and liabilities

Collectability of deferred tax assets is reviewed using available information as of closing. If there are no material changes in business or in temporary differences, we use the same business forecast or tax planning as at the previous year end.
If there are material changes in business or in temporary differences, we use the same business forecast or tax planning as at the previous year end adding the effect of the changes.

E. 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 quarterly income before income taxes and minority interests. But if this results in lack of reasonableness, we use the effective tax rate.

[3] Changes in accounting principles, procedures, and presentation methods used in the preparation of quarterly consolidated financial statements.

A. Changes in response to accounting standard revisions: None

B. Changes other than those in (A): None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First-Quarter As of Jun. 30, 2009 (A)	Previous year-end As of Mar. 31, 2009 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	43,664	40,109	3,555
Notes and accounts receivable	137,917	175,854	(37,937)
Lease receivable	41,102	22,786	18,316
Finished goods and merchandise	175,339	193,686	(18,347)
Work in process	49,596	50,512	(916)
Material and supplies	22,513	24,114	(1,601)
Others	40,556	38,833	1,723
Less: Allowance for doubtful accounts	(7,044)	(7,121)	77
Total current assets	503,643	538,773	(35,130)
Fixed assets			
Property, plant and equipment			
Property held for lease (net)	39,757	41,474	(1,717)
Buildings and structures (net)	65,627	66,198	(571)
Machinery, equipment and vehicles (net)	48,652	48,498	154
Land	56,709	56,212	497
Construction in progress	8,072	8,206	(134)
Tools, furniture and fixtures (net)	5,987	6,374	(387)
Net property, plant and equipment	224,804	226,962	(2,158)
Intangible assets			
Goodwill	5,180	5,373	(193)
Software	19,431	18,969	462
Others	1,852	1,886	(34)
Total intangible assets	26,463	26,228	235
Investments and other assets			
Investments in securities	23,177	21,504	1,673
Others	30,311	29,884	427
Less: Allowance for doubtful accounts	(2,101)	(1,998)	(103)
Total investments and other assets	51,387	49,390	1,997
Total fixed assets	302,654	302,580	74
Total assets	806,297	841,353	(35,056)

(Rounded off to the nearest million)

Notes: 1. Stated in order of the current first quarter and the previous year end.
2. Increases and decreases are comparisons of the end of the current first quarter and the previous year end.

(Millions of yen)

	First-Quarter As of Jun. 30, 2009 (A)	Previous year-end As of Mar. 31, 2009 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	65,801	100,372	(34,571)
Short-term loans	206,158	229,885	(23,727)
Commercial paper	10,000	5,000	5,000
Current portion of bonds	522	500	22
Income taxes payable	3,744	5,970	(2,226)
Others	63,518	72,648	(9,130)
Total current liabilities	349,743	414,375	(64,632)
Long-term liabilities			
Bonds	31,790	1,820	29,970
Long-term loans	64,427	63,421	1,006
Retirement and severance benefits	11,709	11,698	11
Others	26,320	19,024	7,296
Total long-term liabilities	134,246	95,963	38,283
Total liabilities	483,989	510,338	(26,349)
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	81,084	81,084	0
Retained earnings	146,598	159,726	(13,128)
Treasury stock	(10,958)	(10,957)	(1)
Total shareholders' equity	298,301	311,430	(13,129)
Valuation and translation adjustments			
Net unrealized gain (loss) on securities held	867	(124)	991
Gain (loss) on deferred hedge transactions	241	(129)	370
Foreign currency translation adjustments	(14,837)	(17,731)	2,894
Total valuation and translation adjustments	(13,729)	(17,984)	4,255
Stock purchase warrants	816	747	69
Minority interests	36,920	36,822	98
Total net assets	322,308	331,015	(8,707)
Total liabilities and net assets	806,297	841,353	(35,056)

(Rounded off to the nearest million)

Notes: 1. Stated in order of the current first quarter and the previous year end.
2. Increases and decreases are comparisons of the end of the current first quarter and the previous year end.

(2) Consolidated Statements of Income

(Millions of yen)

	First-Quarter (Three months ended Jun. 30, 2009 (A))	First-Quarter (Three months ended Jun. 30, 2008 (B))	(A)/(B)×100 (%)
			%
Net sales	132,302	233,881	57
Cost of sales	106,671	170,918	62
Gross profit	25,631	62,963	41
Selling, general and administrative expenses			
Packing and shipping expenses	2,028	5,984	34
Employees' salaries	9,492	10,728	88
R&D expenditure	2,995	3,038	99
Others	13,554	18,861	72
Total selling, general and administrative expenses	28,069	38,611	73
Operating income (loss)	(2,438)	24,352	-
Non-operating income			
Interest income	528	2,060	26
Interest income from installment sales	47	280	17
Dividends income	22	133	17
Gain on equity earnings of affiliated companies	0	465	-
Effect of exchange rate changes	123	1,049	12
Others	1,171	1,735	67
Total non-operating income	1,891	5,722	33
Non-operating expenses			
Interest expenses	1,781	1,779	100
loss on equity earnings of affiliated companies	569	0	-
Others	1,201	1,301	92
Total non-operating expenses	3,551	3,080	115
Ordinary income (loss)	(4,098)	26,994	-
Extraordinary losses			
Loss on evaluation of inventories	0	142	-
Total extraordinary losses	0	142	-
Income (loss) before income taxes and minority interests	(4,098)	26,852	-
Income taxes	3,347	10,553	32
Minority interests	1,145	3,779	30
Net income (loss)	(8,590)	12,520	-

(Rounded off to the nearest million)

Notes: 1. Stated in order of the current first quarter and the previous first quarter.
2. Stated as comparison with the previous first quarter.

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First-Quarter (Three months ended Jun. 30, 2009)	First-Quarter (Three months ended Jun. 30, 2008)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(4,098)	26,852
Depreciation and amortization	8,596	8,581
Increase (decrease) in allowance for doubtful accounts	(108)	124
Interest and dividends income	(550)	(2,193)
Interest expenses	1,781	1,779
Gain (loss) on equity earnings of affiliated companies	569	(465)
Increase (decrease) in notes and accounts receivable	39,740	22,148
Increase (decrease) in lease receivable	(19,840)	-
Increase in inventories	27,889	(23,471)
Purchase of property held for lease	(2,263)	(2,408)
Sales of property held for lease	977	514
Increase (decrease) in notes and accounts payable	(39,116)	(7,945)
Gain on sales of property, plant and equipment	(841)	(377)
Loss on evaluation of securities	1	0
Other, net	3,483	4,661
Sub-total	16,220	27,800
Income taxes paid	(5,221)	(20,400)
Net cash provided by operating activities	10,999	7,400
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(5,433)	(15,842)
Purchase of intangible assets	(964)	(1,844)
Purchase of investments in securities	(4)	(2,461)
Interest and dividends received	718	2,038
Dividends received from affiliated companies	401	509
Other, net	761	118
Net cash used in investing activities	(4,521)	(17,482)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(19,939)	10,576
Proceeds from long-term debt	6,148	2,538
Repayments of long-term debt	(5,194)	(3,622)
Repayments of lease liabilities	(503)	-
Proceeds from issuance of bonds	29,865	0
Redemption of debentures	(8)	0
Interest paid	(1,735)	(2,176)
Dividends paid to shareholders	(4,538)	(4,705)
Dividends paid to minority shareholders by subsidiaries	(1,094)	(1,226)
Proceeds from sale of treasury stock	0	35
Purchase of treasury stock	(1)	(7)
Net cash provided by financing activities	3,001	1,413
Effect of exchange rate changes on cash and cash equivalents	317	1,977
Net increase (decrease) in cash and cash equivalents	9,796	(6,692)
Cash and cash equivalents at beginning of year	40,104	68,726
Cash and cash equivalents at end of period	49,900	62,034

(Rounded off to the nearest million)

Note: Stated in order of the current first quarter and the previous first quarter.

(4) Notes on the preconditions for a going concern: None

(5) Segment Information

A. Segment information by business category

First Quarter ended June 30, 2009 (From April 1, 2009 to June 30, 2009) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Total	Elimination or corporate	Consolidated
Net Sales					
(1) Net sales to outside customers	121,306	10,996	132,302		132,302
(2) Inter-segment sales/transfers	0	0	0	0	
Total	121,306	10,996	132,302	0	132,302
Operating loss	(1,842)	(596)	(2,438)	0	(2,438)

Notes:
1) Business categories are based on internal segments used within HCM.
2) The products included in each category are as follows
   1. Construction machinery business: Hydraulic excavators, mini-excavators, wheel loaders, and crawler cranes
   2. Industrial vehicles business: Forklifts, transfer cranes, and container carriers
3) Starting from the current fiscal year, we changed our segmentation to construction machinery business and industrial vehicles business. Because we absorbed our wholly owned subsidiary Hitachi Kenki Fine Tech Co., Ltd that was separately below mentioned as semiconductor production equipment business, through a merger in October 1, 2008. The purpose of this merger is to achieve greater efficiency in the electricity and electronic field by consolidating the high level of technology in the company.

First Quarter ended June 30, 2008 (From April 1, 2008 to June 30, 2008) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Semiconductor production equipment business	Total	Elimination or corporate	Consolidated
Net Sales						
(1) Net sales to outside customers	211,910	21,698	273	233,881		233,881
(2) Inter-segment sales/transfers	7	0	368	375	(375)	
Total	211,917	21,698	641	234,256	(375)	233,881
Operating income	23,664	675	12	24,351	1	24,352

Notes:
1) Business categories are based on internal segments used within HCM.
2) The products included in each category are as follows:
   1. Construction machinery business: Hydraulic excavators, mini-excavators, wheel loaders, and crawler cranes
   2. Industrial vehicles business: Forklifts, transfer cranes, and container carriers
   3. Semiconductor production equipment business: Ultrasonic inspection video equipment and atomic force microscope equipment

B. Segment information by area

First Quarter ended June 30, 2009 (From April 1, 2009 to June 30, 2009) (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or corporate	Consolidated
Net sales (1) Net sales to outside customers	46,633	44,342	17,695	7,216	16,416	132,302		132,302
(2) Inter-segment sales/transfers	14,443	3,023	58	3,783	201	21,508	(21,508)	
Total	61,076	47,365	17,753	10,999	16,617	153,810	(21,508)	132,302
Operating income (loss)	(13,356)	7,052	537	494	1,087	(4,186)	1,748	(2,438)

First Quarter ended June 30, 2008 (From April 1, 2008 to June 30, 2008) (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or corporate	Consolidated
Net sales (1) Net sales to outside customers	82,519	48,758	55,138	18,144	29,322	233,881		233,881
(2) Inter-segment sales/transfers	83,583	8,045	5,492	4,442	24	101,586	(101,586)	
Total	166,102	56,803	60,630	22,586	29,346	335,467	(101,586)	233,881
Operating income	8,615	8,212	3,798	1,356	2,650	24,631	(279)	24,352

Note:

1) National and regional categories are based on geographic proximity.
2) Countries included in each segment are as follows:
    1. Asia: China, Indonesia, Singapore, Thailand, and Malaysia
    2. Europe: Holland, France, and the United Kingdom
    3. The Americas: The United States and Canada
    4. Other: Australia, New Zealand, and South Africa

C. Overseas sales

(Millions of yen)

	First quarter ended June 30, 2009		First quarter ended June 30, 2008	
	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales
The Americas	10,896	8.2%	26,916	11.5%
Europe, Africa, & the Middle East	21,152	16.0	71,917	30.7
Asia & Oceania	31,639	23.9	45,900	19.7
China	34,372	26.0	40,025	17.1
Total overseas sales	98,059	74.1	184,758	79.0
Consolidated sales	132,302	100.0	233,881	100.0

Notes:

1) National and regional categories are based on geographic proximity.

2) Countries included in each segment are as follows:
   1. The Americas: The United States and Canada
   2. Europe, Africa, & the Middle East: Holland, the United Kingdom, Italy, South Africa, and the United Arab Emirates
   3. Asia & Oceania: Indonesia, Australia, and New Zealand
   4. China: China

3) Overseas sales are sales in countries and areas other than Japan of the Company and its consolidated subsidiaries.

(6) Notes on Significant Fluctuations in Shareholder's Equity: None

6. Other information: None