Hitachi Construction Machinery Co., Ltd.

Financial Results for the Year Ended
March 31, 2010

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

Consolidated Financial Results for the Year Ended March 31, 2010

April 26, 2010

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 of regular General Meeting of Shareholders: June 21, 2010
Scheduled date of commencement of payment of dividends: May 21, 2010
Scheduled date for submission of Securities Report: June 22, 2010
U.S. Accounting Standards are not applied.

1. Consolidated results for the year ended March 2010 (April 1, 2009 to March 31, 2010)

(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	%
March 31, 2010	605,788	(18.6)	19,669	(59.7)	19,166	(59.9)	4,019	(78.0)
March 31, 2009	744,167	(20.9)	48,836	(55.0)	47,805	(52.5)	18,253	(67.4)

	Net income per share	Net income per share (Diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
March 31, 2010	19.33	19.32	1.3	2.2	3.2
March 31, 2009	85.79	85.72	6.1	5.7	6.6

Notes:
1) Equity method investment profit
March 2010: (¥977 million) March 2009: ¥147 million
2) Percentages indicated for net sales, operating income, ordinary income and net income are increases (decreases) compared with the 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
March 31, 2010	883,047	344,231	34.5	1,441.73
March 31, 2009	841,353	331,015	34.9	1,422.54

Note:
Total equity at fiscal year-end
March 2010: ¥304,808 million March 2009: ¥293,446 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in)financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2010	71,705	(39,292)	(16,010)	57,314
March 31, 2009	(54,825)	(61,624)	90,037	40,104

2. Dividends status

	Cash dividends per share					Dividends paid (Total)	Dividend Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of	%	%
March 31, 2009	—	22.00	—	22.00	44.00	9,244	51.3	3.1
March 31, 2010	—	5.00	—	5.00	10.00	2,089	51.7	0.7
March 31, 2011 (Projection)	—	10.00	—	10.00	20.00		60.4	

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3. Projected consolidated results for the fiscal year ending March 2011 (April 1, 2010 to March 31, 2011)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2010 (Interim)	346,000	27.1	11,200	—	7,000	—
March 31, 2011	740,000	22.2	40,000	103.4	30,000	56.5

	Net income		Net income per share
	Millions of yen	%	Yen
September 30, 2010 (Interim)	200	—	0.95
March 31, 2011	7,000	74.2	33.11

Note:
Percentages indicated for the entire year show changes from the previous fiscal year, and percentages indicated for the interim period show changes from the previous interim period.

4. Others

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

(2) Changes in accounting principles and procedures in the preparation of the Consolidated Financial Statements and changes in presentation methods (changes in principal items that serve as the basis for preparing the Consolidated Financial Statements)

[1] Changes accompanying revision of accounting standards None
[2] Changes other than those in [1] None

Note:
For detailed information, please refer to Changes in Important Matters that Form the Basis for Compiling Consolidated Financial Statements on page 23.

(3) Number of shares issued (common shares)

[1] Number of shares issued at fiscal year-end (including treasury shares)
March 2010: 215,115,038 March 2009: 215,115,038
[2] Number of treasury shares at fiscal year-end
March 2010: 3,696,618 March 2009: 8,831,203

Note:
Please refer to Per Share Information on page 28 for the number of shares used as the basis for calculating net income (consolidated) per share.

(Reference) Summary of Non-consolidated Results

1. Non-consolidated results for the year ended March 2010 (April 1, 2009 to March 31, 2010)

(1) Non-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	%
March 31, 2010	238,882	(40.0)	(25,176)	—	(12,587)	—	(8,791)	—
March 31, 2009	398,232	(17.0)	(2,043)	—	18,796	(57.5)	2,974	(90.4)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
March 31, 2010	(42.29)	—
March 31, 2009	13.98	13.96

Note:

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

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	479,474	249,365	51.8	1,175.86
March 31, 2009	444,910	252,256	56.6	1,219.85

Note:

Total equity at fiscal year-end

March 2010: ¥248,599 million March 2009: ¥251,635 million

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

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially. Please refer to Business performance on pages 4 to 8 for conditions serving as assumptions for results forecasts.

Qualitative Information and Financial Statements

1. Business Performance

(1) Analysis of Management Results

[1] Business Performance for the Fiscal Year Ended March 31, 2010

During the consolidated fiscal year under review (April 1, 2009 to March 31, 2010), although the demand in advanced countries such as Japan, the United States and Europe remained sluggish, the overall business conditions surrounding the HCM Group seem to have bottomed out especially in the fourth quarter, and demand in emerging countries such as China went through a recovery phase due to the effect of the stimulus package in individual countries, etc.

Under these circumstances, HCM Group aimed to secure profits for the fiscal year and proceeded with stock adjustments, reduction of material costs and fixed costs, improvement of market share, increase in selling price, etc. Also, from the mid-long term point of view, the Group tackled structural reform to bolster the competitiveness of the group as a whole, and aggressively attempted to strengthen the Group’s business position to adequately respond to the changing business environment.

With respect to sales, in Japan we tried to increase market share by a strategic shift of staff nationwide to industry-specific sales such as the environment, resources, forestry, while focusing on high-demand areas. Overseas, we expanded the sales structure by providing a range of financial services that meet the needs of customers in Asia such as those in China, where the market is on a track to recovery.

Regarding production, we reduced stocks of hydraulic excavators to an appropriate level while decreasing the material costs.

As for the business strategy, the HCM group made TCM Corporation a wholly owned subsidiary through stock swaps, thus, we promptly strive to carry out measures to respond to the rapidly changing construction machinery market.

Also overseas, as a part of the strategy for emerging countries, we acquired additional shares of Telco Construction Equipment Company Limited to make it our subsidiary. Thus, we tried to further expand our business in India where the demand for construction machinery is expected to increase due to the increase in the number of infrastructure projects.

As a result of these measures, in terms of consolidated results for the fiscal year under review, we suffered from sluggish demand except for some parts, tough competition among the manufacturers and appreciation of the yen.

The following table summarizes consolidated results for the term:

(100 million yen; %)

	Mar. 2010 (A)	Mar. 2009 (B)	Year-on-year change (A) - (B)	(A)/(B)
Net sales	6,058	7,442	(1,384)	81.4
Operating income	197	488	(291)	40.4
Ordinary income	192	478	(286)	40.2
Net income	40	183	(143)	21.9

Note: Figures under ¥100 million are rounded off.

[2] Overview of Consolidated Sales by Regional Segment

Japan

Although public investments increased slightly compared with the previous year due to the supplementary budget, etc., private housing investment and capital expenditure decreased year on year, and demand for hydraulic excavators remained sluggish.

Under these demand trends, we integrated the West and East Japan Divisions to establish the 'Japan Division' as of April 2009, and shifted sales staff nationwide to industry specific sales such as environment and resources, while focusing on high-demand areas, to be more competitive.

As a result, net sales fell 20% from the previous fiscal year to ¥171,657 million.

The Americas

In the United States, though housing indicators partially improved, there are only a few signs of the effects of the economic stimulus packages and the surrounding business environment remains severe due to the sluggish demand.

Responding to these circumstances, Deer-Hitachi Construction Machinery Corporation has carried out production adjustments and worked to maintain stocks at an appropriate level, while working on cost reduction and improvement of production efficiency.

Consequently, net sales fell 53% to ¥37,245 million.

Europe

Although demand for construction machinery decreased compared with the previous year due to the sluggish economy, the recovery trend seems to have started in the fourth quarter, and there might be light at the end of the tunnel for some parts of Europe, etc.

Under these circumstances, we have succeeded in adjusting the stocks of hydraulic excavators and mini excavators at an appropriate level, in addition to expanding sales to major clients through close connections with the sales dealers. As for wheel loaders, we are conducting measures to improve the production system, and also working to expand the product lineup such as the launch of a large wheel loader, etc., to increase market share.

Nevertheless, net sales in Europe declined 36% from the previous year to ¥63,504 million.

Russia-CIS, Africa and the Middle East

Demand for hydraulic excavators in Russia declined due to economic stagnation, but we further tried to enhance relations with local dealers in Kazakhstan and Azerbaijan to gain new orders.

Furthermore, we established Hitachi Construction Machinery Eurasia Sales LLC in Moscow to strengthen dealer support and let them manage stock control and product supply to meet market trends flexibly.

With respect to Africa, we received large lot orders of dump trucks in Zambia and Congo. Additionally we tried to enhance the organization through exploitation of new dealers and enhancement of existing dealers by opening a Sub Sahara base in Ghana with the long-term prospect of increasing demand in resources, etc.

Turning to the Middle East, though demand continued to decline, we sought a steady flow of individual orders and focused on acquiring new clients aggressively to increase market share.

Total net sales of Russia-CIS, Africa and the Middle East regions fell 59% to ¥33,463 million

Asia and Oceania

In Asia and Oceania, demand for construction machinery related to palm oil, forestry and mining increased steadily.

Reflecting such a situation, we started to expand sales in full swing with a proposal of the best combination of construction machinery especially for wood cutting, etc. in the forestry industry. Also in Indonesia, we enhanced sales activities to sell new machines and parts there to increase market share.

In addition, in response to growing demand for mining, we expanded the financing scheme of PT. Hitachi Construction Machinery Finance (Indonesia) to promote sales.

As a result, net sales in Oceania and Asia declined 7% to ¥141,238 million.

China

China clearly went through a recovery phase due to the effect of large infrastructure projects thorough the government's stimulus packages, and demand for hydraulic excavators and mini excavators increased vastly from the second half of the fiscal year.

Under these circumstances, we increased the number of staff by dispatching a special support team from Japan, who had been attending customers' diverse needs in Japan, and enhanced dealers by expanding the introduction of sales support software 'Hi-STEP' to be more competitive.

In addition, we aggressively conducted promotional activities such as exhibitions in each region to introduce the product lineup such as our main product, hydraulic excavator, and reached record units in sales.

Also in the financing business, we expanded the financing scheme to meet customer needs by Hitachi Construction Machinery Leasing (China) Co., Ltd. to all the dealers to promote sales.

Net sales in China increased 33% from the previous year to ¥158,681 million.

The following table summarizes consolidated net sales by geographic area:

Consolidated Net Sales by Geographic Area (Millions of yen)

	Current fiscal year (April 1,2009- March 31, 2010)		Previous fiscal year (April 1,2008- March 31, 2009)		Increase (Decrease)	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	% change
The Americas	37, 245	6. 2	79, 178	10. 7	(41, 933)	(53. 0)
Europe	63, 504	10. 5	99, 738	13. 4	(36, 234)	(36. 3)
Russia-CIS, Africa and the Middle East	33, 463	5. 5	81, 105	10. 9	(47, 642)	(58. 7)
Asia and Oceania	141, 238	23. 3	151, 148	20. 3	(9, 910)	(6. 6)
China	158, 681	26. 2	119, 295	16. 0	39, 386	33. 0
Sub-total	434, 131	71. 7	530, 464	71. 3	(96, 333)	(18. 2)
Japan	171, 657	28. 3	213, 703	28. 7	(42, 046)	(19. 7)
Total	605, 788	100. 0	744, 167	100. 0	(138, 379)	(18. 6)

[3] Overview of Consolidated Net Sales by Business Segment

(a) Construction Machinery Business

Regarding construction-related machinery, in addition to further expanding sales of the ZAXIS-3 Series of new-model hydraulic excavators and the ZW Series of new-model wheel loaders, we upgraded our lineup by launching a series of the ZX UR-3 mini-excavators with an ultra-short tail swing, and a large crawler crane 6000SLX that delivers maximum 500t lifting capacity.

In machinery for resource development, we made efforts to expand sales of new products such as the EX-6 Series of ultra-large hydraulic excavators, which are equipped with environmentally friendly engines, as well as the Electric-drive Series of ultra-large hydraulic excavators, which have an external electric supply, and dump trucks that realize high driving performance using AC electric-drive systems.

Under these circumstances, we made Wenco International Mining Systems, Ltd. a consolidated subsidiary in July 2009 to promote sales of mining machinery to customers who already have Wenco's system, while we aggressively proposed Wenco's system to customers who bought our mining machinery, to improve customer satisfaction. Wenco is a leading producer of fleet management systems in Canada for mining and conducts development, manufacturing, sales and maintenance of the systems.

Also, we launched the ZAXIS-3G Series of 30t class hydraulic excavators in China, where demand is rapidly expanding, as a first step of the product strategy, which accommodates the polarization of advanced and emerging nations.

As a result, net sales in the Construction Machinery Business fell 16% from the previous fiscal year to ¥552,169 million.

(b) Industrial Vehicles Business

In industrial vehicles, as for the core product, forklifts, the demand seems to have bottomed out in emerging countries such as China from the second half of the year, although, demand as a total decreased vastly compared with the previous year.

Reflecting this situation, we tried to reduce cost drastically and expand sales to unexplored regions.

As for product development, we worked hard especially in launching machines that meet Emission Control Regulations, while we successfully developed products targeting emerging markets, the 'C-1' Series, and launched in China in March 2010.

Consolidated net sales in the Industrial Vehicles Business decreased 35% from the previous year to ¥53,619 million.

[4] Outlook for the Fiscal Year Ending March 31, 2011

Regarding the global demand for hydraulic excavators, in addition to increasing demand in emerging markets such as China, India and Indonesia, etc., demand in North America, which has been sluggish, is expected to increase gradually due to increase in replacement demand from rental companies from the second half of fiscal year 2010. We also expect Europe to bottom out, therefore, demand as a total for fiscal year 2010 is estimated to exceed the previous year.

However, there is still uncertainty about the future business environment due to concern for material costs, foreign currency and interest rates, etc.

Under these conditions, the Group will ensure that we achieve better results through the efforts that we have made so far such as reinforcement of the sales scheme including the financing function, sales of used machineries & remanufactured parts, enhancement of parts sales and services, to gain more orders from increasing demand and increase profits.

The following table shows the present outlook for consolidated results for the fiscal year ending March 31, 2011.

(Millions of yen)

	March 2011 Forecast (A)	March 2010 Actual (B)	(A)- (B)	(A)／(B)(%)
Net sales	7,400	6,058	1,342	122.2
Operating income	400	197	203	203.0
Ordinary income	300	192	108	156.3
Net income	70	40	30	175.0

Notes:

1) Figures under ¥100 million are rounded off.
2) Forecasts, plans and expectations regarding future performance contained in the aforementioned statements are based on information currently available and deemed rational by Company management. However, as various factors could change actual results, forecasts, plans and expectations may differ. These factors are considered to include the economic conditions in principal markets and fluctuation in demand, fluctuations in exchange rates and revisions to Japanese or international laws and regulations, accounting standards, practices or other policies.
3) These projections assume an exchange rate of ¥90 to the U.S. dollar and ¥125 to the Euro.

(2) Analysis of Financial Conditions

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the fiscal year amounted to ¥549,470 million, an increase of 2.0% from the previous fiscal year-end. This was due mainly to a dramatic decrease of ¥62,359 million in inventories, and to the contrary, respective increases of ¥17,218 million in cash and bank deposits, and ¥58,121 million in the total of notes and accounts receivable, lease receivables and investment assets.

Fixed assets rose 10.2% from the end of the previous fiscal year to ¥333,577 million. This was due mainly to the acquisition of additional shares of Telco Construction Equipment Company Limited to make it our subsidiary, etc.

As a result, total assets increased 5.0% from the previous fiscal year-end to ¥883,047 million.

(b) Liabilities

Current liabilities at the end of the fiscal year amounted to ¥341,522 million, a decrease of 17.6% from the previous fiscal year-end. This was due mainly to a decrease of ¥90,041 million in short-term loans.

Long-term liabilities increased ¥101,331 million from the previous fiscal year-end to ¥197,294 million. As a result, total liabilities increased 5.6% from the previous fiscal year-end to ¥538,816 million.

(c) Net Assets

Net assets, including minority interests, increased 4.0% from the previous fiscal year-end to ¥344,231 million. This was mainly due to net income in this fiscal amounting to ¥4,019 million, and a decrease of ¥6,369 million in treasury stock from the previous fiscal year-end, along with a share swap to make TCM Corporation a wholly owned subsidiary. It is also due to an increase of minority interests because of acquisition of shares of Telco Construction Equipment Company Limited to make it subsidiary.

As a result of the above, the equity ratio was 34.5% versus 34.9% in the previous fiscal period.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of year totaled ¥57,314 million, an increase of ¥17,210 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 ¥71,705 million, an increase of ¥126,530 million compared with a decrease of ¥54,825 million in the previous fiscal year. Factors that increased cash included a dramatic improvement in inventories amounting to ¥165,016 million for the fiscal under review, which was a decrease of ¥78,132 million in inventories due to an aggressive expansion of sales, compared with an increase of ¥86,884 million in the previous fiscal year. Factors that increased cash also included an increase of ¥2,190 million in notes and accounts payable due to increase in production for the second half of the year in response to growing demand in China and the Asian region, a decrease of cash used by ¥50,418 million compared with a decrease in notes and accounts payable of ¥48,228 million in the previous fiscal year. Other factors included a payment of ¥2,314 million in income taxes paid, a decrease of ¥29,938 million compared with that of ¥32,252 million in the previous fiscal year.

Conversely, factors that reduced cash included a decrease of ¥25,809 million in income before income taxes and minority interests, which was ¥18,333 million compared with that of ¥44,142 million in the previous fiscal year. Other factors included an increase of ¥72,564 million in lease receivables and investments assets mainly in China, which was an increase of ¥50,073 million compared with an increase of ¥22,491 million in the previous fiscal year.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥39,292 million, a decrease of ¥22,332 million compared with ¥61,624 million in the previous fiscal year. Key factors underlying this decrease included a decrease of ¥34,653 million to ¥18,466 million in the acquisitions of property, plant and equipment compared with ¥53,119 million in the previous fiscal year. This was because we stopped capital investment in response to increased production and shifted to investment mainly for renewal and rationalization of the manufacturing bases. Factors also included ¥3,652 million in the purchase of intangible assets, which was a decrease of ¥6,276 million compared with ¥9,928 million in the previous fiscal year. Other factors included an increase of ¥3,231 million in proceeds from sales of property, plant and equipment. Factors that reduced cash included a payment of ¥23,682 million due to the acquisition of shares of Telco Construction Equipment Company Limited.

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 ¥32,413 million.

(c) Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥16,010 million. This was due mainly to the issuance of domestic corporate bonds and an appropriate amount including an inflow from free cash flows and long-term debt was mainly used for repayment of short-term and long-term debts.

(3) Principles Regarding Appropriation of Earnings and Dividends for the Year under Review and the Fiscal Year Ending March 31, 2011

To establish a solid position in global construction machinery markets, HCM will maintain and strengthen its financial structure and work to bolster its internal reserves while considering implementation plans for upfront investments, including investments for technology development and facilities based on medium- and long-term business strategies. At the same time, HCM will pay dividends linked to its consolidated business results in accordance with a policy of maintaining stable dividends.

With the aim of enabling the execution of a flexible capital policy, HCM will acquire treasury shares in consideration of necessity, financial conditions, and stock price movement.

At the Meeting of the Board of Directors scheduled for May 20, 2010, a resolution for cash dividends per share of ¥5.00 for the fiscal year ended March 31, 2010 will be proposed. As a result, cash dividends for the entire fiscal year ended March 31, 2010 will amount to ¥10.00.

Also for the fiscal year endning March 31, 2011, we will aim for cash dividends per share of ¥10.00 for the interim, and ¥10.00 for the end of period, therefore, dividends for the entire fiscal year ending March 31, 2011 will amount to ¥20.00

(4) Business Risks

The HCM group carries out its operations in regions throughout the world and executes its business in a variety of fields such as production, sales and finance, etc. Accordingly, the HCM group's business activities are subject to the effects of a wide range of risks. The HCM group has identified the following primary risks based on currently available information.

1. Market Conditions

Under HCM group's business activities, demand is heavily dependent on public investment such as infrastructure development and private investment including the development of natural resources, real estates, etc. The HCM group's business generally is affected by cyclical changes in the world economy and other rapidly changing factors, which may lead to much lower demand. A decrease in the product price because of the competitive environment, and a decrease in productivity at factories due to declining demand may affect the sales and profit of the HCM group.

2. Foreign Currency Exchange Rate Fluctuations

The sales that HCM group derived from outside Japan accounted for 71.3% in the previous fiscal year, and 71.7% in this fiscal year, and a substantial portion of its overseas sales were affected by foreign currency exchange rate fluctuations. In general, an appreciation of the Japanese yen against another currency such as the US dollar, European Euro or Chinese Yuan, which are our main settlement currencies, would adversely affect HCM group's operational results. The HCM group strives to alleviate the effect of such foreign currency exchange rate fluctuations by, for example, hedging activities, enlarging the portion of local production, and promotion of parts import via international purchasing. Despite our efforts, if the rates fluctuate beyond our projected range, our operational results may be adversely affected.

3. Fluctuations in Financial Markets

While the HCM group is currently working on improving the efficiency of its assets to reduce its interest-bearing debt, its aggregate short- and long-term interest bearing debt was approximately 307,800 million JPY as of March 31, 2010. Although the HCM group has strived to reduce the effect of interest rate fluctuations by procuring funds at fixed interest rates, an increase in interest rates may increase the interest expenses with respect to its interest-bearing debt subject to floating interest rates, thereby adversely affecting HCM group's operational results. In addition, fluctuations in the financial markets, such as fluctuations in the fair value of marketable securities and interest rates, may also increase the unfunded obligation portion of HCM group's pension plans or pension liabilities, which may result in an increase in pension expenses. Such an increase in interest expenses and pension expenses may adversely affect HCM group's operational results and financial condition.

4. Procurement and Production

The HCM group's procurement of parts and materials for its products accounts for a large portion of our manufacturing costs, and its procurement is exposed to the fluctuations in commodity prices. Price increases in commodities may increase the costs of materials as well as the manufacturing costs. In addition, the shortage of product parts and materials may make it difficult for the HCM group to engage in the timely procurement of parts and materials, thereby lowering the HCM group's production efficiency. In an effort to reduce any adverse effect on its business as a result of an increase in material costs, the HCM group plans to reduce other costs via VEC (Value Engineering for Customers) activities, and pass on the increase in material costs to the product prices, setting to the level of performance advantages compared with the previous model, introduction of the new model with additional new functions, etc. The HCM group plans to minimize the effects of a shortage in product parts or materials and production matters by promoting closer collaboration among all of its related business divisions and suppliers. However, if the increases in commodity prices were to exceed the HCM group's expectations or a prolonged shortage of materials and parts were to occur, the HCM group's operational results may be adversely affected.

5. Credit Management
The HCM group's main products, construction machineries, are sold via sales financing, such as installment payment, finance leasing, etc., and we set up a department to engage in credit management of the overall group. However, many different customers utilize our sales financing, and if bad-debt situations occur due to the degradation of the customers' financial conditions, it may adversely affect the HCM group's operational results and financial results.

6. Public Laws and Tax Practices
The HCM group's business operations are required to comply with increasingly stringent political measures, official restrictions, tax practices, legal laws and regulations, etc. For example, in the numerous countries in which the group operates, we are required to comply with restrictions or regulations such as authorizations for business operations and investments, limitations and rules regarding imports and exports, and to be covered by the laws and ordinances on monopoly prohibition, patents, intellectual properties, consumers, the environment and recycling, conditions of employment, taxation, etc.
If such existing laws or regulations were to be amended or tightened, the group may be required to incur increased costs and to make further capital expenditures to comply with such new standards. Such additional environmental compliance costs may adversely affect the group's operational results.

7. Product Liability
While the HCM group endeavors to sustain and improve the quality and reliability of its operations and products based on stringent standards established internally by the HCM group, it may face product liability claims or become exposed to other liabilities if unexpected defects in its products result in accidents. If the costs of addressing such claims or other liabilities are not covered by the HCM group's existing insurance policies, we may be required to bear the cost thereto, which may adversely affect its financial condition.

8. Alliances and Collaborative Relationships
The HCM group has entered into various alliances and collaborative relationships with distributors, suppliers and other companies in its industry to reinforce its international competitiveness. Through such arrangements, the HCM group is working to improve its product development, production, sales and service capabilities. While the HCM group expects its alliances and collaborative relationships to be successful, the HCM group's failure to attain the expected results or the termination of such alliances or collaborative relationships may adversely affect the HCM group's operational results.

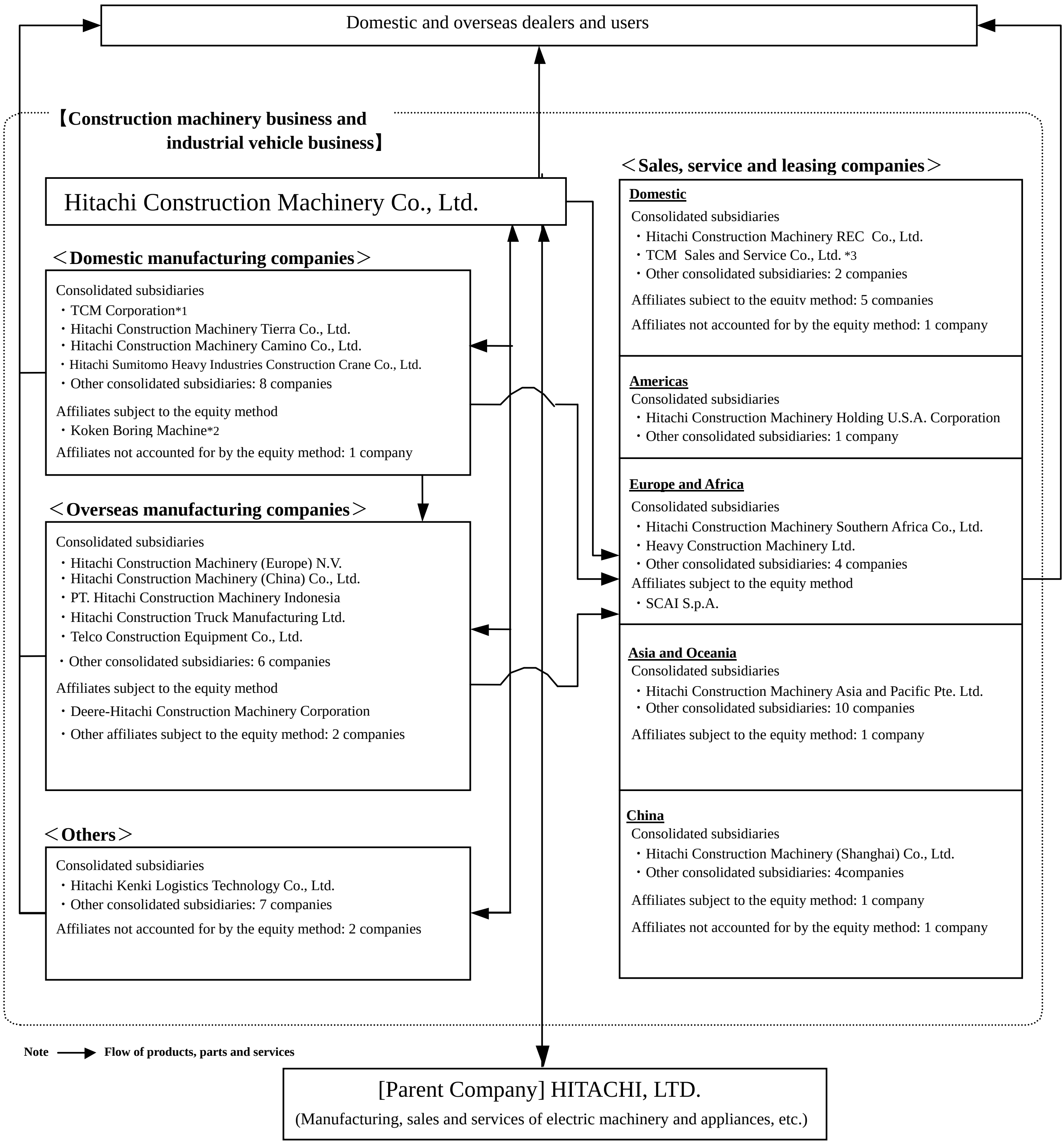
9. Information Security, Intellectual Property and Other Matters
The HCM group may obtain confidential information concerning its customers and individuals in the normal course of its business. The HCM group also holds confidential business and technological information. The HCM group maintains such confidential information with the utmost care. To safeguard such confidential information from unauthorized access, tampering, destruction, leakage, losses and other damage, the HCM group employs appropriate safety measures, including implementing technological safety measures and strengthening its information management capabilities.

If a leak of confidential information were to occur, the reputation of the HCM group may become damaged and customers may lose confidence in the HCM group. In addition, the HCM group's intellectual property may be infringed upon by a third party, or a third party may claim that the HCM group is liable for infringing on such third party's intellectual property rights.

10. Natural Disasters
The HCM group conducts its business operations on a global scale and operates and maintains development, production, supply and other business facilities in many countries. Natural disasters, such as earthquakes and floods, wars, terrorist acts, accidents, or interference by third parties in regions in which the HCM group operates may cause extensive damage to one or more of its facilities and disrupt operations, the procurement of materials and parts or the production and supply of the HCM group's products and other services. Such delays or disruptions may adversely affect the HCM group's operational results.

2. Status of the Corporate Group

As outlined below, this consolidated Group consists of Hitachi Construction Machinery, its parent company, its 59 subsidiaries and its 17 affiliates. Its business mainly involves the manufacture, sale, service and leasing of construction machinery and industrial vehicles.



*1: HCM Group concluded a contract with TCM Corporation on August 31, 2009 to make TCM a wholly owned subsidiary as of December 22, 2009 through a share swap. Thus, TCM Corporation has not been listed on the first section of Tokyo Stock Exchange/ Osaka Securities Exchange from December 17, 2009.

*2: Listed on JASDAQ

*3: As of October 1, 2009, TOUHOKU TCM Co., Ltd., HIGASHIKANTO TCM Co., Ltd., TOKYO TCM Co., Ltd., CHIBA TCM Co., Ltd., HOKUETSU TCM Co., Ltd., CHUBU TCM Co., Ltd., CHUGOKU TCM Co., Ltd., SHIKOKU TCM Co., Ltd, and KYUSHU TCM Co., Ltd. merged with KINKI TCM Co., Ltd. to form TCM Sales and Service Co., Ltd.

3. Management Policy

(1) Basic Management Policy

1) To improve the enterprise value and shareholder value of the HCM Group through a rigorous emphasis on consolidated management. To this end, Future Inspiration Value (FIV)* management is being vigorously applied throughout the Group.

*(FIV is an indicator of added value to increase corporate value based on the cost of capital formulated by Hitachi and is used by all members of the Hitachi Group.)

2) To establish an unshakeable position in global construction machinery markets by strengthening alliances both in Japan and overseas in order to provide a more comprehensive lineup of products and enhance business.

3) In all areas of operation, to diversify and develop as a Group supplier of total solutions encompassing both hardware and software.

To ensure the ability to achieve these objectives Group-wide, there is a strong emphasis on developing global personnel and building a global IT strategy to implement “total management,” “accelerated decision-making of management,” and “information management.”

(2) Mid-to-Long-Term Management Strategies

To prevail in global mega-competition and build a solid position in global markets, we have been working under “*SOH* 2010 – For the New Stage,” a medium-term management plan that runs from the fiscal year ending March 31, 2008 through the fiscal year ending March 31, 2011, with the aims of “Establishing an unshakeable position among the world’s Top Three” and “Realizing an industry-leading profit structure.”

We will implement the following principal policies under this plan:

1) Product Development

Strengthen our already strong line of products such as hydraulic excavators and ultra-large hydraulic excavators, and also cultivate next core products- wheel loaders, dump trucks, mini-excavators, crawler cranes and forklifts.

2) Software Business

The accumulated number of machines in work in the markets has been increasing, so the demand for parts and services, and recycled parts are growing consequently. We plan to capture such demand with the aims of expanding new sales and profits.

3) Regional Strategy

We intend to enhance our presence in advanced nations such as Japan, United States and Europe as well as carry out further businesses in emerging nations.

(3) Issues to Be Addressed

Looking at future trends, although the outlook for the world economy is expected to remain uncertain in the near term, demand for construction machinery in total will continue to be strong since it shows signs of demand bottoming out after the financial crisis, while demand in emerging countries such as China and India is expected to grow steadily against the backdrop of increasing infrastructure building, and also certain replacement demand in the United States, where demand has previously been sluggish, is expected.

With respect to the business conditions surroundings the HCM Group, the structure of global demand is changing even faster and we need to flexibly respond to changes in the business conditions.

Under "*SOH* 2010—For the New Stage," a medium-term management plan running from Fiscal 2007 through Fiscal 2010, the HCM Group is striving to "establish an unshakeable position as a comprehensive manufacturer among the world's top three construction machinery manufacturers" while "realizing an industry-leading profit structure." In addition, in the final year of this plan, we try to catch demand in expanding areas to increase profits, and we plan to accelerate structural reforms to establish the basis of a brand new medium-term management plan.

Regarding sales, we are going to expand sales through fulfillment of the product line-up and upgrading sales system, etc., in China and Southeast Asia, while we will aggressively seek potential customers in Africa, where the demand for mining machinery is expected to expand further, by enhancement of the sales and service system.

Furthermore, we aim to improve customer satisfaction and secure profit, while we pursue expansion of high quality genuine parts through close connections with sales dealers, enrichment of the pre-maintenance structure utilizing the 'Global e-service,' which helps minimize the shutdown time of machinery and widespread use of remanufactured parts, and thus we help to reduce the operation costs of machinery. On top of this, we acquired additional shares of Telco Construction Equipment Company Limited to make it our subsidiary from equity method affiliate in March 2010, and in this manner, we attempted to further expand our business and maintain a high market share in India, where competition is becoming intense.

In terms of production, we aim to improve partnerships with parts manufacturers through information sharing, and produce products in a speedy and flexible manner through the establishment of a production system in which locations are optimized at the international level. Especially in China and Southeast Asia, we will increase production since demand is likely to grow there, and plan to upgrade the production structure in response to increasing demand.

As for products, we will further promote the development of machinery in accordance with the new regulations on emission controls as well as hybrid and electric construction machinery to launch new products to meet market needs in individual regions. In particular, regarding wheel loaders, which we positioned as next core products, the HCM group succeeded the business from TCM Corporation in April 2010 through merger and division and concentrated management resources; we promptly strive to carry out measures to improve the quality of the product to gain the competitive edge.

Along with the promotion of the above-mentioned strategies, we recognize the importance of corporate social responsibility (CSR), which we must fulfill as a group and will move forward to achieve the objectives of the medium-term management plan. In tandem, we will strengthen our brand power, increase our corporate value, and raise shareholder value.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year-end As of Mar. 31, 2010 (A)	Previous year-end As of Mar. 31, 2009 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	57,327	40,109	17,218
Notes and accounts receivable	162,961	175,854	(12,893)
Lease receivables and investment assets	93,800	22,786	71,014
Merchandise and Manufactured Goods	144,931	193,686	(48,755)
Work in process	39,326	50,512	(11,186)
Material and supplies	21,696	24,114	(2,418)
Deferred tax assets	7,282	12,367	(5,085)
Others	28,408	26,466	1,942
Less: Allowance for doubtful accounts	(6,261)	(7,121)	860
Total current assets	549,470	538,773	10,697
Fixed assets			
Property, plant and equipment			
Property held for lease (net)	41,316	41,474	(158)
Buildings and structures (net)	68,835	66,198	2,637
Machinery, equipment and vehicles (net)	51,109	48,498	2,611
Tools, furniture and fixtures (net)	4,981	6,374	(1,393)
Land	58,663	56,212	2,451
Construction in progress	7,376	8,206	(830)
Net property, plant and equipment	232,280	226,962	5,318
Intangible assets			
Software	20,611	18,969	1,642
Goodwill	32,598	5,373	27,225
Others	1,586	1,886	(300)
Total intangible assets	54,795	26,228	28,567
Investments and other assets			
Investments in securities	15,482	21,504	(6,022)
Deferred tax assets	5,786	3,336	2,450
Others	26,735	26,548	187
Less: Allowance for doubtful accounts	(1,501)	(1,998)	497
Total investments and other assets	46,502	49,390	(2,888)
Total fixed assets	333,577	302,580	30,997
Total assets	883,047	841,353	41,694

(Rounded off to the nearest million)

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

(Millions of yen)

	Year-end As of Mar. 31, 2010 (A)	Previous year-end As of Mar. 31, 2009 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	122,027	100,372	21,655
Short-term loans	139,844	229,885	(90,041)
Commercial paper	0	5,000	(5,000)
Current portion of bonds	1,510	500	1,010
Income taxes payable	5,432	5,970	(538)
Others	72,709	72,648	61
Total current liabilities	341,522	414,375	(72,853)
Long-term liabilities			
Bonds	50,280	1,820	48,460
Long-term loans	116,120	63,421	52,699
Deferred tax liabilities	3,360	9,494	(6,134)
Retirement and severance benefits	11,224	11,698	(474)
Others	16,310	9,530	6,780
Total long-term liabilities	197,294	95,963	101,331
Total liabilities	538,816	510,338	28,478
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	84,468	81,084	3,384
Retained earnings	158,063	159,726	(1,663)
Treasury stock	(4,588)	(10,957)	6,369
Total shareholders' equity	319,520	311,430	8,090
Valuation and translation adjustments			
Net unrealized gain (loss) on securities	1,625	(124)	1,749
Deferred gain (loss) on hedging instrument	(501)	(129)	(372)
Foreign currency translation adjustments	(15,836)	(17,731)	1,895
Total valuation and translation adjustments	(14,712)	(17,984)	3,272
Stock purchase warrants	766	747	19
Minority interests	38,657	36,822	1,835
Total net assets	344,231	331,015	13,216
Total liabilities and net assets	883,047	841,353	41,694

(Rounded off to the nearest million)

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

(2) Consolidated Statements of Income

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2010 (A))	Previous fiscal year (For the year ended Mar. 31, 2009 (B))	(A)/(B)×100 (%)
			%
Net sales	605,788	744,167	81
Cost of sales	465,176	552,095	84
Gross profit	140,612	192,072	73
Selling, general and administrative expenses			
Packing and shipping expenses	12,859	21,458	60
Employees' salaries	38,175	41,585	92
R&D expenditure	14,367	13,369	107
Provision of reserve for bad debt	0	2,330	-
Others	55,542	64,494	86
Total selling, general and administrative expenses	120,943	143,236	84
Operating income	19,669	48,836	40
Non-operating income			
Interest income	2,239	4,107	55
Interest income from installment sales	162	519	31
Dividends income	423	245	173
Gain on equity earnings of affiliated companies	0	147	-
Foreign exchange gains, net	3,560	2,276	156
Others	5,580	6,254	89
Total non-operating income	11,964	13,548	88
Non-operating expenses			
Interest expenses	7,244	7,888	92
Loss on equity earnings of affiliated companies	977	0	-
Others	4,246	6,691	63
Total non-operating expenses	12,467	14,579	86
Ordinary income	19,166	47,805	40
Extraordinary Income			
Gain on sales of property, plant and equipment	803	0	-
Gain on sales of securities	223	0	-
Total Extraordinary Income	1,026	0	-
Extraordinary losses			
Business structure improvement expenses	1,859	0	-
Losses on valuation of investments in securities	0	3,521	-
Losses on valuation of inventories	0	142	-
Total extraordinary losses	1,859	3,663	51
Income before income taxes and minority interests	18,333	44,142	42
Income taxes			
Current	11,564	9,354	124
Deferred	(3,115)	10,930	-
Total Income tax	8,449	20,284	42
Minority interests	5,865	5,605	105
Net income	4,019	18,253	22

(Rounded off to the nearest million)

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

(3) Consolidated Statements of Net Assets

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2010 (A))	Previous fiscal year (For the year ended Mar. 31, 2009 (B))	(A)/(B)×100 (%)
			%
Shareholders' Equity			
Common stock			
Balance at beginning of year	81,577	81,577	100
Balance at end of year	81,577	81,577	100
Capital surplus			
Balance at beginning of year	81,084	81,084	100
Disposal of treasury stock	3,384	0	-
Balance at end of year	84,468	81,084	104
Retained earnings			
Balance at beginning of year	159,726	150,942	106
Cash dividends	(5,570)	(9,411)	-
Effect of newly consolidated subsidiaries	(112)	0	-
Net income	4,019	18,253	22
Disposal of treasury stock	0	(58)	-
Balance at end of year	158,063	159,726	99
Treasury stock			
Balance at beginning of year	(10,957)	(2,856)	-
Purchase of treasury stock	(5)	(8,241)	-
Disposal of treasury stock	6,374	140	-
Balance at end of year	(4,588)	(10,957)	42
Total Shareholders' equity	319,520	311,430	103
Valuation and Translation adjustments			
Net unrealized gain (loss) on securities			
Balance at beginning of year	(124)	722	-
Change in unrealized gain (loss) on securities	1,749	(846)	-
Balance at end of year	1,625	(124)	-
Gain on deferred hedging instruments			
Balance at beginning of year	(129)	974	-
Change in deferred gain (loss) on hedging instruments	(372)	(1,103)	-
Balance at end of year	(501)	(129)	-
Foreign currency translation adjustments			
Balance at beginning of year	(17,331)	(3,084)	-
Change in foreign currency translation adjustments	1,895	(14,647)	-
Balance at end of year	(15,836)	(17,731)	-
Total Valuation and Translation adjustments	(14,712)	(17,984)	-
Stock purchase warrants			
Balance at beginning of year	747	415	180
Change in stock purchase warrants	19	332	6
Balance at end of year	766	747	103
Minority interests			
Balance at beginning of year	36,822	36,844	100
Change in minority interests	1,835	(22)	-
Balance at end of year	38,657	36,822	105
Total Net Assets	344,231	331,015	104

(Rounded off to the nearest million)

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Current fiscal year (Year ended Mar. 31, 2010)	Previous fiscal year (Year ended Mar. 31, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	18,333	44,142
Depreciation and amortization	37,022	35,117
Increase (decrease) in allowance for doubtful accounts	(1,376)	697
Interest and dividends income	(2,662)	(4,352)
Interest expenses	7,262	7,888
(Gain) loss on equity earnings of affiliated companies	977	(143)
Decrease in notes and accounts receivable	15,845	48,303
Increase in lease receivables and investment assets	(72,564)	(22,491)
(Increase) decrease in inventories	78,132	(86,884)
Purchase of property held for lease	(15,913)	(14,082)
Sales of property held for lease	3,217	3,841
Increase (decrease) in notes and accounts payable	2,190	(48,228)
Gain on sales of property, plant and equipment	(3,200)	(3,285)
Loss on evaluation of investments in securities	45	3,837
Gain (loss) on sales of investments in securities	223	(120)
Other, net	6,488	13,187
Sub-total	74,019	(22,573)
Income taxes paid	(2,314)	(32,252)
Net cash provided by (used in) operating activities	71,705	(54,825)
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(18,466)	(53,119)
Proceeds from sale of property, plant and equipment	3,231	650
Purchase of intangible assets	(3,652)	(9,928)
Purchase of investments in securities	(141)	(4,225)
Increase in purchase of investments in subsidiaries	0	209
Decrease in purchase of investments in subsidiaries	(23,682)	0
Proceeds from sale of investments in securities	1,419	337
Interest and dividends received	2,607	4,223
Dividends received from affiliated companies	438	892
Other, net	(1,046)	(663)
Net cash used in investing activities	(39,292)	(61,624)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(84,133)	100,048
Proceeds from long-term loans	72,174	49,685
Repayments of long-term loans	(36,988)	(14,853)
Repayments of lease obligation	(1,965)	(2,590)
Proceeds from issuance of bonds	49,783	0
Repayment of bonds	(530)	(13,000)
Interest paid	(6,847)	(8,216)
Dividends paid to shareholders	(5,570)	(9,411)
Dividends paid to minority shareholders by subsidiaries	(3,749)	(3,538)
Proceeds from issuance of common stocks to minority shareholders by subsidiaries	1,753	71
Proceeds from disposal of treasury stock	67	82
Purchase of treasury stock	(5)	(8,241)
Net cash provided by (used in) financing activities	(16,010)	90,037
Effect of exchange rate changes on cash and cash equivalents	807	(2,210)
Net increase (decrease) in cash and cash equivalents	17,210	(28,622)
Cash and cash equivalents at beginning of year	40,104	68,726
Cash and cash equivalents at end of period	57,314	40,104

(Rounded off to the nearest million)

Note: Stated in order of the current fiscal year and the previous fiscal year.

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

(6) Important matters that form the basis for compiling consolidated financial statements

1. Scope of consolidation

Number of consolidated subsidiaries: 59

(1) Main consolidated subsidiaries

1) TCM Corporation
2) Hitachi Construction Machinery Tierra Co., Ltd.
3) Hitachi Construction Machinery Camino Co., Ltd.
4) Hitachi Construction Machinery REC Co., Ltd.
5) Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.
6) Hitachi Construction Machinery (China) Co., Ltd.
7) Hitachi Construction Machinery (Shanghai) Co., Ltd.
8) Telco Construction Equipment Co., Ltd.
9) Hitachi Construction Machinery Asia and Pacific Pte. Ltd.
10) PT. Hitachi Construction Machinery Indonesia
11) Hitachi Construction Machinery (Europe) N.V.
12) Hitachi Construction Machinery Holding U.S.A. Corporation
13) Hitachi Construction Truck Manufacturing Ltd.

(2) Number of newly consolidated subsidiaries: 9

The main newly consolidated subsidiaries are as follows

1) Telco Construction Equipment Co., Ltd.
2) Wenco International Mining Systems Ltd.
3) Hitachi Construction Machinery Eurasia Sales LLC
4) SHINTOHOKU METAL Co., Ltd. and, 5 other companies

On April 1st 2009, TCM USA Holdings, Inc., TCM Distribution USA, Inc. and TCM Manufacturing, USA, Inc. were merged and have changed their corporate name as TCM AMERICA, Inc.

Also the following companies were merged to KINKI TCM Co., Ltd. on October 1st 2009, KINKI TCM Co., Ltd. has changed its corporate name as TCM Sales and Service Co., Ltd.

1) TOUHOKU TCM Co., Ltd.
2) HIGASHI KANTO TCM Co., Ltd.
3) TOKYO TCM Co., Ltd.
4) CHIBA TCM Co., Ltd.
5) HOKUETSU TCM Co., Ltd.
6) CHUBU TCM Co., Ltd.
7) CHUGOKU TCM Co., Ltd.
8) SHIKOKU TCM Co., Ltd.
9) KYUSHU TCM Co., Ltd.

(3) Number of excluded consolidated subsidiaries: 12

1) As mentioned above in (2), 9 TCM sales companies.
2) As mentioned above in (2), 2 TCM companies of USA.
3) Exclusion of TCM MAINTE Co., Ltd. by the merger into TCM SHOUJI Co., Ltd.

2. Application of the equity method

Number of affiliates subject to the equity method: 12

(1) Main affiliates subject to the equity method

1) Deere-Hitachi Construction Machinery Corporation
2) Koken Boring Machine Co., Ltd.

(2) Number of companies excluded from the equity method: 2

3. Date of settlement of accounts for consolidated subsidiaries

Below is a list of the consolidated subsidiaries that settle their accounts on a date different from the rest of the consolidated Group.

1) Hitachi Construction Truck Manufacturing Ltd.
2) Hitachi Construction Machinery Holding U.S.A. Corporation
3) Hitachi Construction Machinery (China) Co., Ltd.
4) Hitachi Construction Machinery (Shanghai) Co., Ltd.
5) Hitachi Sumitomo Heavy Industries Construction Crane (Shanghai) Co., Ltd.
6) Hefei Rijian Shearing Co., Ltd.
7) Qingdao Chengri Construction Machinery Co., Ltd.
8) Hitachi Construction Machinery Leasing (China) Co., Ltd.
9) Inner Mongolia North Barybal Engineering Special Vehicle Corporation.
10) TCM (Anhui) Machinery Co., Ltd.

For making the consolidated financial statement, the company uses the financial statements of these subsidiaries, which is made by provisional account settlement as of March 31.
Disclosure of items other than those above has been omitted because there were no significant changes to these items as listed in the recent statute Financial Report (submitted June 23, 2009).

(7) Notes

(**Omission of disclosure**)

The Company has omitted the notes to the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Net Assets and Consolidated Statements of Cash Flows because the Company believes there is no significant need in this report (Kessan Tanshin) for such disclosure.

(8) Omission of disclosure

The Company has omitted notes related to the Company’s consolidated operations, such as notes for lease transactions, transactions related to the business partners, tax effect accounting, financial instruments, marketable securities, derivative transactions, Retirement Benefits, stock options, and M&A because the Company believes there is no significant need in this report (Kessan Tanshin) for such disclosure.

Segment Information

(1) Segment information by business category

Fiscal Year ended March 31, 2010 (Millions of yen)

	Construction Machinery Business	Industrial Vehicles Business	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income					
Net Sales					
(1) Net Sales to Outside Customers	552,169	53,619	605,788		605,788
(2) Inter-segment Sales/Transfers	0	0	0	0	
Total	522,169	53,619	605,788	0	605,788
Operating Expenses	532,180	53,939	586,119	0	586,119
Operating Income	19,989	(320)	19,669	0	19,669
Assets, Depreciation and Capital Expenditure					
Assets	841,828	41,219	883,047	0	883,047
Depreciation	33,723	3,299	37,022	0	37,022
Capital Expenditure	29,443	1,674	31,117	0	31,117

Fiscal Year ended March 31, 2009 (Millions of yen)

	Construction Machinery Business	Industrial Vehicles Business	Semiconductor Production Equipment Business	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income						
Net Sales						
(1) Net Sales to Outside Customers	660,397	82,832	938	744,167		744,167
(2) Inter-segment Sales/Transfers	15	0	1,257	1,272	(1,272)	
Total	660,412	82,832	2,195	745,439	(1,272)	744,167
Operating Expenses	611,546	82,822	2,236	696,604	(1,273)	695,331
Operating Income	48,866	10	(41)	48,835	1	48,836
Assets, Depreciation and Capital Expenditure						
Assets	777,130	53,194	810	831,134	10,219	841,353
Depreciation	30,421	4,369	27	34,817	300	35,117
Capital Expenditure	59,947	3,805	32	63,784	136	63,920

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) We previously divided our businesses into the following three segments: construction machinery business, industrial vehicles business and semiconductor production equipment business. However, we decided to reduce the semiconductor production equipment business and consolidate it in the construction machinery business because the market has reduced in size and the ultrasonic business, which is a core business of the semiconductor production equipment business, is expected to decrease in growth potential. The sales and the operating profit (loss) of the semiconductor production equipment business included in the construction machinery business at this fiscal year are insignificant.

(2) Segment information by area

Fiscal Year ended March 31, 2010 (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income								
Net Sales								
(1) Net Sales to Outside Customers	242,894	187,736	76,200	22,590	76,368	605,788		605,788
(2) Inter-segment Sales/Transfers	131,762	12,709	3,536	12,613	325	160,945	(160,945)	
Total	374,656	200,445	79,736	35,203	76,693	766,733	(160,945)	605,788
Operating Expenses	397,413	173,874	79,211	32,209	71,914	754,621	(168,502)	586,119
Operating Income	(22,757)	26,571	525	2,994	4,779	12,112	7,557	19,669
Assets	593,242	295,823	80,756	19,751	65,611	1,055,183	(172,136)	883,047

Fiscal Year ended March 31, 2009 (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income								
Net Sales								
(1) Net Sales to Outside Customers	334,973	145,234	132,338	44,294	87,328	744,167		744,167
(2) Inter-segment Sales/Transfers	259,039	25,202	10,783	20,459	43	315,526	(315,526)	
Total	594,012	170,436	143,121	64,753	87,371	1,059,693	(315,526)	744,167
Operating Expenses	589,435	147,024	141,465	58,094	80,335	1,016,353	(321,022)	695,331
Operating Income	4,577	23,412	1,656	6,659	7,036	43,340	5,496	48,836
Assets	584,857	215,328	107,607	29,199	54,573	991,564	(150,211)	841,353

Note: Countries included in each segment are as follows:
(1) Asia: China, Indonesia, Singapore, Thailand, Malaysia and India
(2) Europe: Holland, France and UK
(3) The Americas: United States and Canada
(4) Others: Australia, New Zealand and South Africa

(3) Overseas sales (Millions of yen)

	Fiscal year ended March 31, 2010		Fiscal year ended March 31, 2009	
	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales
The Americas	37,245	6.2 %	79,178	10.7 %
Europe, Africa & Middle East	96,967	16.0	180,843	24.3
Oceania & Asia	141,238	23.3	151,148	20.3
China	158,681	26.2	119,295	16.0
Total Overseas Sales	434,131	71.7	530,464	71.3
Consolidated Sales	605,788	100.0	744,167	100.0

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.

(9) Per share information

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2009
	Yen	Yen
Net assets per share	1,441.73	1,422.54
Net income per share	19.33	85.79
Net income per share after adjustments for dilution	19.32	85.72

Note: Basic data for calculations

1. Net assets per share

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2009
Total amount of net assets on consolidated balance sheets (millions of yen)	344,231	331,015
Amount of net assets associated with common shares (millions of yen)	304,808	293,446
Primary breakdown of amount differentials (millions of yen)		
New share acquisition rights	766	747
Held by minority shareholders	38,657	36,822
Number of common shares issued (shares)	215,115,038	215,115,038
Number of common shares that are treasury shares (shares)	3,696,618	8,831,203
Number of common shares used in the calculation of net assets per share (shares)	211,418,420	206,283,835

2. Net income per share and net income per share after dilution of latent shares

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2009
Net income (millions of yen)	4,019	18,253
Amount not returned to common shareholders (millions of yen)	0	0
Net income associated with common shares (millions of yen)	4,019	18,253
Average number of common shares outstanding during the fiscal year (shares)	207,870,256	212,754,987
Increase in common shares used for calculating net income per share after dilution (shares) Stock purchase warrant	134,143	188,571
Summary of latent shares not included in the calculation of fully diluted net profit per share due to lack of dilution effect.	–	–

(10) Important Subsequent Events

None

6. Other

(1)Changes in Officer Structure

As the candidates for Director were finalized following a resolution by the Nominating Committee on April 26, 2010, a list of candidates for Director is provided below.

In addition, the Directors are expected to be appointed at the 46th Annual General Meeting of Shareholders scheduled for June 21, 2010.

(1) Candidates for Director

Proposed Appointment(s)		Current Appointment(s)
Director	Michijiro Kikawa	President, Chief Executive Officer and Director
Director	Mitsuji Yamada	Executive Vice President, Representative Executive Officer
Director	Taiji Hasegawa	Executive Vice President
Director	Toru Sakai	Senior Vice President and Executive Officer
Director	Shinichi Mihara	Senior Vice President and Executive Officer
Director	Hiroshi Tokushige	Vice President and Executive Officer
Director	Kiichi Uchibayashi	Senior Adviser
Outside Director	Yoshio Kubo	Outside Director
Outside Director	Takashi Miyoshi	Executive Vice President, Representative Executive Officer and Director of Hitachi, Ltd.
Outside Director	Masahide Tanigaki	Vice President and Executive Officer of Hitachi, Ltd.

(2) Retiring Director (as of June 21, 2010)

Shungo Dazai	Expected to become Consultant to the Board of Directors after the Annual General Meeting of Shareholders scheduled for June 21, 2010
Yasuhiko Nakaura	Expected to become Senior Adviser after the Annual General Meeting of Shareholders scheduled for June 21, 2010
Katsutoshi Arita	Expected to become Senior Adviser after the Annual General Meeting of Shareholders scheduled for June 21, 2010
Nobuhiko Kuwahara	Expected to become Senior Adviser after the Annual General Meeting of Shareholders scheduled for June 21, 2010
Shuichi Ichiyama	
Takeo Ueno	
Kazuo Takano	