Hitachi Construction Machinery Co., Ltd.

Financial Results for the First Quarter

Ended June 30, 2010

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

Consolidated Financial Results for the First Quarter Ended June 30, 2010 (Japan GAAP) (Non-audited)

July 27, 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 for submission of the Quarterly Securities Report: August 5, 2010
Scheduled date of commencement of payment of dividends: —
Supplementary materials to the quarterly financial statements have been prepared: Yes
Presentation will be held to explain the quarterly financial statements: Yes
(for institutional investors, analyst and journalists)
U.S. Accounting Standards are not applied.

1. Consolidated results for the first quarter ended June 2010 (April 1, 2010 to June 30, 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	%
June 30, 2010	167,339	26.5	4,300	—	4,093	—	1,456	—
June 30, 2009	132,302	(43.4)	(2,438)	—	(4,098)	—	(8,590)	—

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2010	6.89	6.88
June 30, 2009	(41.64)	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2010	876,706	336,392	33.9	1,405.91
June 30, 2009	883,047	344,231	34.5	1,441.73

Note: Total equity June 2010: ¥297,238 million March 2010: ¥304,808 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2010	—	5.00	—	5.00	10.00
March 31, 2011	—				
March 31, 2011 (Projection)		10.00	—	10.00	20.00

Note: Changes involving the dividend states for the fiscal year ending March 2011: None

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

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 2011: None

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

4. Others

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

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

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

[1] Changes accompanying revision of accounting standards: Yes

[2] Changes other than those in [1]: None

Note: Items to be disclosed in “Significant Changes in the Basis of Presenting Quarterly Consolidated Financial Statements”.

(4) Number of shares issued (common shares)

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

June 2010: 215,115,038 March 2010: 215,115,038

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

June 2010: 3,694,218 March 2010: 3,696,618

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

June 2010: 211,420,323 June 2010: 206,283,437

Notes)

Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

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

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

Index of the Attachment

1. Qualitative Information concerning Consolidated Business Performance

(1) Qualitative Information concerning Consolidated Financial Results

During the consolidated fiscal year under review (April 1, 2010 to June 30, 2010), although there are some concerns such as the financial crisis in some parts of the world, the outlook for the global economy is trending upward because of stimulus packages in individual countries.

With respect to the market for construction machinery, as well as clearly increased demand in emerging countries such as China and Indonesia, in advanced nations, demand in the United States is beginning to recover, and that of Europe is also showing steady increase, etc., therefore, global demand as a total has begun to pickup.

Under these circumstances, the HCM Group has launched new types of hydraulic excavators for emerging nations to expand the product lineup; in addition we have strengthened our business structure by acquisition of additional shares of Telco Construction Equipment Company Limited to make it our subsidiary, etc.

The following table summarizes consolidated results for the term:

(100 million yen; %)

	Jun. 2010 (A)	Jun. 2009 (B)	Year-on-year change (A) - (B)	(A)/(B)
Net sales	1,673	1,323	350	126
Operating income	43	(24)	67	—
Ordinary income	41	(41)	82	—
Net income	15	(86)	101	—

Note: Figures under ¥100 million are rounded off.

[Overview of Consolidated Sales by Regional Segment]

Japan

Although both public and private investments remained sluggish, demand for hydraulic excavator increased compared with the same period of the previous year, because of the increase in exports of used machines and increase in the utilization ratio of the machineries in such sectors as demolition, steel, scrap, environment & recycle, resources and forestry. However, demand for other construction machinery products remained flat.

Under these demand trends, we are striving to create new demands for non-civil engineering where applications are expected to expand, while we are aggressively promoting sales activities to rental companies who have been conservative in buying.

As a result, net sales were ¥34,397 million.

The Americas

In the United States, although housing starts and public investment remained sluggish, economic conditions have begun to recover due to the stimulus packages. Demand for construction machinery seemed to have hit bottom in the first quarter and finally turned upward.

Responding to these circumstances, Deere-Hitachi Construction Machinery Corporation had stopped production adjustments and expanded production plans to acquire new orders.

Consequently, net sales increased 1% year-on-year to ¥11,030 million.

Europe

There are signs that the economy has bottomed out, and demand for construction machinery increased steadily.

Under these circumstances, we focused on further enhancement of the dealer network and enrichment of the product lineup for mini excavators and wheel loaders, as well as expansion of sales for application products and attachments for hydraulic excavators and wheeled excavators.

Accordingly, net sales in Europe increased 5% from the same period of the previous year to ¥16,065 million.

Russia-CIS, Africa and the Middle East

In Russia and the CIS, the economy seems to have partially bottomed out, and demand for construction machinery subsequently remained at low levels.

Reflecting these situations, we established Hitachi Construction Machinery Eurasia Sales LLC in March and let them manage stock control of the products and parts that the dealer formerly managed. Therefore, we were successfully able to strengthen dealers' sales forces while we enhanced the sales and technical support for mining to dealers, etc., to be more competitive comprehensively to respond to increasing demand in the near future.

In Africa, we tried to enhance a Sub Sahara base in Ghana by dispatching Japanese staff in April, to develop the mining market in Ghana followed by South Africa and Zambia, and to strengthen sales schemes of small to mid-sized products in nearby African countries.

Turning to the Middle East, the economy is going relatively well in Saudi Arabia, while there are signs of recovery in Turkey. We aim to improve the market share in those major countries, as well as trying hard to gain government-affiliated orders in Iran and Iraq, etc.

Total net sales of Russia-CIS, Africa and the Middle East regions increased 92% to ¥11,263 million.

Asia and Oceania

In Asia and Oceania, demand for construction machinery increased steadily due to stimulus packages and rising exports stretching from Asia.

In India, we strived to expand sales aggressively to maintain the high market share in the competitive market through Telco Construction Equipment Co., Ltd., which we made our subsidiary in March. In addition, we strengthened the business structure to respond to the markets in anticipation of high growth, by promoting local production of mining machineries in India with the long-term prospect of increasing demand in resources, etc. In Indonesia, while demand related to palm oil and forestry increased steadily, we promoted sales of 10t and 20t class Foresters, and in response to growing demand for mining, we utilized the financing scheme of PT. Hitachi Construction Machinery Finance (Indonesia) to promote sales at the same time.

In Australia, we aimed to expand sales to new major clients such as cement-related and rental companies, as well as to securely acquire mining related orders.

As a result, net sales in Asia and Oceania increased 36% to ¥42,973 million.

China

In China, the economy is expanding supported by domestic demand due to economic stimulus packages, and demand for construction machinery increased in all regions.

Under these circumstances, we promoted sales by launch of new types of hydraulic excavators 'ZAXIS-3G', in addition we enhanced the business management system by utilization of sales support software 'Hi-STEP' to be more efficient and to improve the customer management system etc. Also, we are striving to enhance the business structure by industry-specific sales, establishment of the qualification system for mining dedicated staff, and broadening the knowledge of industry-specific products, etc. to acquire orders in the growing market.

Net sales in China increased 50% from the same period of the previous year to ¥51,611 million.

The following table summarizes consolidated net sales by geographic area:

Consolidated Net Sales by Geographic Area (Millions of yen)

	Current fiscal year (April 1,2010- June 30, 2010)		Previous fiscal year (April 1,2009- June 30, 2009)		Increase	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	% change
The Americas	11,030	6.6	10,896	8.2	134	1.2
Europe	16,065	9.6	15,298	11.6	767	5.0
Russia-CIS, Africa and the Middle East	11,263	6.7	5,854	4.4	5,409	92.4
Asia and Oceania	42,973	25.7	31,639	23.9	11,334	35.8
China	51,611	30.8	34,372	26.0	17,239	50.2
Sub-total	132,942	79.4	98,059	74.1	34,883	35.6
Japan	34,397	20.6	34,243	25.9	154	0.4
Total	167,339	100.0	132,302	100.0	35,037	26.5

[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 our core product hydraulic excavators, as for wheel loaders which we positioned as next core products, we enhanced the business structure by succession of the wheel loaders business from TCM Corporation, which we made a wholly owned subsidiary in April, and by acquiring 34% share of KCM Corporation in June, an affiliate of Kawasaki Heavy Industries, Ltd., to make it an equity method affiliate, etc. to improve product competitiveness.

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. In addition, we started selling trolley dump truck made by HCM, that realize high hill-climbing performance using both engine and electricity from wires and dramatic reduction in the running costs, and power feeding & wires made by Hitachi Limited, as a package, altogether.

As a result, net sales in the Construction Machinery Business increased 27% from the same period of the previous fiscal year to ¥154,094 million.

(b) Industrial Vehicles Business

As for the core product, forklifts, the demand in emerging countries such as China and Asia seems to have hit bottom compared with the same period of the previous year, and is beginning to recover. Also, sales including repaired parts grew favorably, and increased on a year-on-year basis.

With respect to the products, followed by the ‘C-1’ Series that was launched in March for the Chinese market, we developed ‘Smart Spec’ products as parts of strategic models for emerging countries and have released them in July starting with Thai and Indonesia, etc.

Consolidated net sales in the Industrial Vehicles Business increased 21% from the same period of the previous year to ¥13,245 million.

(2) Qualitative Information concerning Consolidated Financial Position

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the fiscal year amounted to ¥553,717 million, an increase of 0.8%, or ¥4,247 million, from the previous fiscal year-end. This was due to a decrease of ¥5,228 million in inventories, and an increase of accounts receivable (total of notes and accounts receivables, lease receivables and investment assets), etc.

Non-current assets decreased 3.2% or ¥10,588 million, from the end of the previous fiscal year to ¥322,989 million.

As a result, total assets decreased 0.7%, or ¥6,341 million from the previous fiscal year-end to ¥876,706 million.

(b) Liabilities

Current liabilities at the end of the fiscal year amounted to ¥335,779 million, a decrease of 1.7%, or ¥5,743 million from the previous fiscal year-end. This was due mainly to a decrease in short-term loans, etc.

Non-current liabilities increased 3.7% from the previous fiscal year-end to ¥204,535 million. This was due mainly to an increase of ¥7,417 million in long-term loans, etc. As a result, total liabilities increased 0.3%, or ¥1,498 million from the previous fiscal year-end to ¥540,314 million.

(c) Net Assets

Net assets, including minority interests, decreased 2.3%, or ¥7,839 million from the previous fiscal year-end to ¥336,392 million. This was mainly due to net income in the first quarter amounting to ¥1,456 million, and the effect of foreign currency translation adjustments, etc.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of the period totaled ¥48,458 million, a decrease of ¥8,856 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 used in operating activities totaled ¥3,632 million, a difference of ¥14,631 million compared with the first quarter of the previous fiscal year. Factors that reduced cash included a decrease of ¥2,576 million in notes and accounts receivable, a difference of ¥37,164 million compared with that of ¥39,740 million decrease in the same period of the previous fiscal year. Other factors included an increase of ¥6,061 million in inventories, a difference of ¥33,950 million compared with that of ¥27,889 million decrease in the same period of the previous fiscal year, etc.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥4,753 million, a decrease of ¥232 million compared with ¥4,521 million in the first quarter of the previous fiscal year. Key factor underlying this decrease included a decrease in purchase of investments in securities, which was amounting to ¥1,264 million. As a result, free cash flows, the sum of cash flows from operating activities and cash flows from investing activities, amounted to an outflow of ¥8,385 million.

(c) Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥3,513 million. This was due mainly to the proceeds of ¥14,015 million from long-term loans, and an appropriate amount was used for repayment of long-term loans which was ¥5,288 million, ¥1,057 million in dividends paid to shareholders, and ¥1,897 million in interest paid, etc.

(3) Qualitative Information concerning Projected Consolidated Results

Regarding the global demand for hydraulic excavators, especially in emerging markets such as China, India and Southeast Asia, demand increased steadily and demonstrates an upward trend. Also in the advanced nations, demand is clearly headed for recovery due to replacement demand in the United States, etc. Therefore, we expect demand as a total for the fiscal year 2010 to exceed the previous estimate that we announced in April 2010.

However, there is still uncertainty about the future business environment due to concern for domestic material costs and foreign currency, in addition to the effect of the financial crisis that occurred in Europe and fiscal austerity in individual countries.

Under these conditions, we have left our earnings forecast unchanged for the fiscal year ending March 2011 that we announced in April, 2010.

(100 million yen; %)

	March 2011 Forecast (A)	March 2010 Actual (B)	(A)- (B)	(A)／(B)(%)
Net sales	7,400	6,058	1,342	122
Operating income	400	197	203	203
Ordinary income	300	192	108	156
Net income	70	40	30	175

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 fluctuations 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 ¥88 to the U.S. dollar and ¥110 to the Euro, in and after the second quarter.

2. Others

(1) Significant changes involving subsidiaries during the period: 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 first 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 acquisitions, sales, and the 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 year 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

The collectability of deferred tax assets is reviewed using the 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 the quarterly income before income taxes and minority interests. But if this results in lack of reasonableness, we use the effective tax rate.

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

(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

1. From the first quarter of the current fiscal year, the Company has been applying the “Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008)” and “Implementation Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Implementation Guidance No. 21, issued on March 31,

2008). The effect of the application of these standards on profit and loss is minimal.

2. From the first quarter of the current fiscal year, the Company has been applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, issued on December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, revised in 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, revised in 2008) and “Revised Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, revised in 2008).

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

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First-Quarter As of Jun. 30, 2010 (A)	Previous year-end As of Mar. 31, 2010 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	57,770	57,327	443
Notes and accounts receivable	148,778	162,961	(14,183)
Lease receivables and investment assets	110,021	93,800	16,221
Merchandise and manufactured goods	146,882	144,931	1,951
Work in process	32,539	39,326	(6,787)
Material and supplies	21,304	21,696	(392)
Other	42,173	35,690	6,483
Less: Allowance for doubtful accounts	(5,750)	(6,261)	511
Total current assets	553,717	549,470	4,247
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	40,256	41,316	(1,060)
Buildings and structures (net)	66,512	68,835	(2,323)
Machinery, equipment and vehicles (net)	49,677	51,109	(1,432)
Tools, furniture and fixtures (net)	4,609	4,981	(372)
Land	58,233	58,663	(430)
Construction in progress	5,257	7,376	(2,119)
Net property, plant and equipment	224,544	232,280	(7,736)
Intangible assets			
Software	19,782	20,611	(829)
Goodwill	30,692	32,598	(1,906)
Other	1,524	1,586	(62)
Total intangible assets	51,998	54,795	(2,797)
Investments and other assets			
Investments in securities	16,372	15,482	890
Other	31,416	32,521	(1,105)
Less: Allowance for doubtful accounts	(1,341)	(1,501)	160
Total investments and other assets	46,447	46,502	(55)
Total Non-current assets	322,989	333,577	(10,588)
Total assets	876,706	883,047	(6,341)

(Rounded off to the nearest million)

(Millions of yen)

	First-Quarter As of Jun. 30, 2010 (A)	Previous year-end As of Mar. 31, 2010 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	121,495	122,027	(532)
Short-term loans	138,912	139,844	(932)
Current portion of bonds	1,510	1,510	0
Income taxes payable	4,019	5,432	(1,413)
Other	69,843	72,709	(2,866)
Total current liabilities	335,779	341,522	(5,743)
Non-current liabilities			
Bonds	50,280	50,280	0
Long-term loans	123,537	116,120	7,417
Retirement and severance benefits	11,083	11,224	(141)
Other	19,635	19,670	(35)
Total non-current liabilities	204,535	197,294	7,241
Total liabilities	540,314	538,816	1,498
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	84,468	84,468	0
Retained earnings	158,462	158,063	399
Treasury stock	(4,585)	(4,588)	3
Total shareholders' equity	319,922	319,520	402
Valuation and translation adjustments			
Net unrealized gain (loss) on securities	1,330	1,625	(295)
Deferred gain (loss) on hedging instruments	276	(501)	777
Foreign currency translation adjustments	(24,290)	(15,836)	(8,454)
Total valuation and translation adjustments	(22,684)	(14,712)	(7,972)
Stock acquisition rights	766	766	0
Minority interests	38,388	38,657	(269)
Total net assets	336,392	344,231	(7,839)
Total liabilities and net assets	876,706	883,047	(6,341)

(Rounded off to the nearest million)

(2) Consolidated Statements of Income

(Millions of yen)

	First-Quarter (Three months ended Jun. 30, 2010 (A))	First-Quarter (Three months ended Jun. 30, 2009 (B))	(A)/(B)×100 (%)
			%
Net sales	167,339	132,302	126
Cost of sales	128,221	106,671	120
Gross profit	39,118	25,631	153
Selling, general and administrative expenses			
Packing and shipping expenses	4,137	2,028	204
Employees' salaries	10,081	9,492	106
R&D expenditure	3,695	2,995	123
Other	16,905	13,554	125
Total selling, general and administrative expenses	34,818	28,069	124
Operating income (loss)	4,300	(2,438)	-
Non-operating income			
Interest income	631	528	120
Interest income from installment sales	149	47	317
Dividends income	74	22	336
Gains on equity in earnings of affiliated companies	153	0	-
Foreign exchange gains, net	276	123	224
Other	1,526	1,171	130
Total non-operating income	2,809	1,891	149
Non-operating expenses			
Interest expenses	1,873	1,781	105
losses on equity in earnings of affiliated companies	0	569	-
Other	1,143	1,201	95
Total non-operating expenses	3,016	3,551	85
Ordinary income (loss)	4,093	(4,098)	-
Extraordinary losses			
Losses on adjustment for changes of accounting standard for asset retirement obligations	203	0	-
Restructuring costs	233	0	-
Total extraordinary losses	436	0	-
Income (loss) before income taxes and minority interests	3,657	(4,098)	-
Income taxes	201	3,347	6
Income before minority interests	3,456	-	-
Minority interests	2,000	1,145	175
Net income (loss)	1,456	(8,590)	-

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First-Quarter (Three months ended Jun. 30, 2010)	First-Quarter (Three months ended Jun. 30, 2009)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	3,657	(4,098)
Depreciation and amortization	9,015	8,596
Decrease in allowance for doubtful accounts	(388)	(108)
Interest and dividends income	(705)	(550)
Interest expenses	1,873	1,781
(Gains) losses on equity earnings of affiliated companies	(153)	569
Decrease in notes and accounts receivable	2,576	39,740
Increase in lease receivables and investment assets	(20,942)	(19,840)
(Increase) decrease in inventories	(6,061)	27,889
Purchase of property held for lease	(2,279)	(2,263)
Sales of property held for lease	1,492	977
Increase (decrease) in notes and accounts payable	11,854	(39,116)
Loss (gain) on sales of property, plant and equipment	(1,186)	(841)
Other, net	2,121	3,484
Sub-total	874	16,220
Income taxes paid	(4,506)	(5,221)
Net cash provided by (used in) operating activities	(3,632)	10,999
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(3,780)	(5,433)
Purchase of intangible assets	(398)	(964)
Purchase of investments in securities	(1,264)	(4)
Interest and dividends received	848	718
Dividends received from affiliated companies	3	401
Other, net	(162)	761
Net cash used in investing activities	(4,753)	(4,521)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(1,112)	(19,939)
Proceeds from long-term loans	14,015	6,148
Repayments of long-term loans	(5,288)	(5,194)
Repayments of lease obligation	(692)	(503)
Proceeds from issuance of bonds	0	29,865
Redemption of bonds	0	(8)
Interest paid	(1,897)	(1,735)
Dividends paid to shareholders	(1,057)	(4,538)
Dividends paid to minority shareholders by subsidiaries	(460)	(1,094)
Proceeds from disposal of treasury stock	5	0
Purchase of treasury stock	(1)	(1)
Net cash provided by financing activities	3,513	3,001
Effect of exchange rate changes on cash and cash equivalents	(3,984)	317
Net increase (decrease) in cash and cash equivalents	(8,856)	9,796
Cash and cash equivalents at beginning of year	57,314	40,104
Cash and cash equivalents at end of period	48,458	49,900

(Rounded off to the nearest million)

(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 of sales or corporate bases	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 income (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) The Company previously divided the businesses into the following three segments: construction machinery business, industrial vehicles business and semiconductor production equipment business. However, the Company decided to include the semiconductor production equipment business into 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 in this period are insignificant.

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 of sales or corporate bases	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)

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: The Netherlands, France, and the United Kingdom
   3. The Americas: The United States and Canada
   4. Other: Australia, New Zealand, and South Africa

C. Overseas sales

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

	The Americas	Europe, Africa, & the Middle East	Asia & Oceania	China	Total overseas sales
Overseas sales	10,896	21,152	31,639	34,372	98,059
Consolidated sales					132,302
Percentage of sales in consolidated sales (%)	8.2	16.0	23.9	26.0	74.1

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: The Netherlands, 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.

Segment Information

A. General information about reportable segment

The reported segments of the Group's for which separate financial information can be acquired are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

In the Group, the product enterprise and the service enterprise are separately divided at headquarters, and also each enterprise of the Group has conducted their businesses by performing an inclusive strategy for their products and the services both domestically and overseas. Therefore, each segment has been separately composed by the enterprise according to the products and services, and the reportable segments are divided into the construction machinery business and industrial vehicles business.

The construction machinery business produces hydraulic excavators, ultra-large excavators, wheel loaders and crawler cranes, and the industrial vehicles business produces forklifts and skid steer loaders.

B. Information about reported segment profit or loss

First Quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Total (Note)
Net Sales			
Net sales to outside customers	154,094	13,245	167,339
Inter-segment sales/transfers	0	0	0
Total	154,094	13,245	167,339
Segment income	3,993	307	4,300

Note: The total amount of reportable segment income and the amount of operating income on Consolidated Statements are corresponding.

Additional information

Starting from the first quarter of the current fiscal year, the Company is applying the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, Revised in 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Guidance No. 20, revised in 2008).

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

4. Appendix

A. Segment information by area

First Quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010) (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination of sales or corporate bases	Consolidated
Net sales								
(1) Net sales to outside customers	53,654	70,656	17,352	5,928	19,749	167,339		167,339
(2) Inter-segment sales/transfers	46,273	3,845	132	2,572	159	52,981	(52,981)	
Total	99,927	74,501	17,484	8,500	19,908	220,320	(52,981)	167,339
Operating income (Loss)	(6,744)	10,363	(709)	411	1,141	4,462	(162)	4,300

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, Malaysia, and India
    2. Europe: The Netherlands, France, and the United Kingdom
    3. The Americas: The United States and Canada
    4. Other: Australia, New Zealand, and South Africa

B. Overseas sales

First Quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010) (Millions of yen)

	The Americas	Europe, Africa, & the Middle East	Asia & Oceania	China	Total overseas sales
Overseas sales	11,030	27,328	42,973	51,611	132,942
Consolidated sales					167,339
Percentage of sales in consolidated sales (%)	6.6	16.3	25.7	30.8	79.4

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: The Netherlands, the United Kingdom, Italy, South Africa, and the United Arab Emirates
    3. Asia & Oceania: Indonesia, Australia, New Zealand, and India
    4. China: China
3) Overseas sales are sales in countries and areas other than Japan of the Company and its consolidated subsidiaries.