

# **Hitachi Construction Machinery Co., Ltd.**

**Financial Results for the Third Quarter**

**Ended December 31, 2010**

# Consolidated Financial Results for the Third Quarter Ended December 31, 2010 (Japan GAAP)

January 26, 2011

Listed company: **Hitachi Construction Machinery Co., Ltd. (HCM)**

Stock exchange: Tokyo, Osaka (first section) Code number: 6305

URL <http://www.hitachi-c-m.com/>

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Scheduled date for submission of the Quarterly Securities Report: February 9, 2011

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, analysts and journalists)

U.S. Accounting Standards are not applied.

## 1. Consolidated results for the third quarter ended December 2010 (April 1, 2010 to December 31, 2010)

### (1) Consolidated results (Rounded off to the nearest million)

	Net sales		Operating income		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec 31, 2010	530,128	28.1	22,812		20,773		6,048	
Dec 31, 2009	413,749	(31.1)	1,832	(96.8)	(904)		(8,766)	

	Net income (loss) per share	Net income per share (Diluted)
	Yen	Yen
Dec 31, 2010	28.61	28.59
Dec 31, 2009	(42.39)	

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
Dec 31, 2010	909,420	338,958	32.7	1,408.34
Mar 31, 2010	883,047	344,231	34.5	1,441.73

Note: Total equity December 2010: ¥297,779 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		10.00			
March 31, 2011 (Projection)				10.00	20.00

Note: Changes involving the dividend status 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	%
March 31, 2011	750,000	23.8	40,000	103.4	35,000	82.6

	Net income		Net income per share
	Millions of yen	%	Yen
March 31, 2011	10,000	148.8	47.30

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

#### 4. Others

- (1) Changes in significant changes involving subsidiaries during the period (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 to compile 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)

December 2010:	215,115,038	March 2010:	215,115,038
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[2] Number of treasury shares at the end of the period

December 2010:	3,674,859	March 2010:	3,696,618
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[3] Average number of shares during the period (cumulative for all quarters)

December 2010:	211,429,835	December 2009:	206,807,776
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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 (3) Qualitative Information concerning Projected Consolidated Results on page 9 of the Attachment for conditions serving as assumptions for results forecasts.

## Index of the Attachment

1. Qualitative Information concerning Consolidated Business Performance.....	4
(1) Qualitative Information concerning Consolidated Financial Results.....	4
(2) Qualitative Information concerning Consolidated Financial Position.....	7
(3) Qualitative Information concerning Projected Consolidated Results.....	9
2. Others.....	10
(1) Significant changes involving subsidiaries during the period.....	10
(2) Simple accounting procedures and the application of special accounting procedures for the compilation of quarterly consolidated financial statements .....	10
(3) Changes in accounting principles, procedures, and presentation methods used in the preparation of quarterly consolidated financial statements. ....	10
3. Consolidated Financial Statements.....	12
(1) Consolidated Balance Sheets.....	12
(2) Consolidated Statements of Income.....	14
(3) Consolidated Statements of Cash Flows.....	15
(4) Notes on the Preconditions for a Going Concern.....	16
(5) Segment Information.....	16
(6) Notes on Significant Fluctuations in Shareholder's Equity.....	18
4. Appendix.....	19
(1) Segment Information by Area.....	19
(2) Overseas Sales.....	19

## **1. Qualitative Information concerning the Consolidated Business Performance**

### **(1) Qualitative Information concerning the Consolidated Financial Results**

During the consolidated fiscal year under review (April 1, 2010 to December 31, 2010), although economic conditions in the United States and Europe remained unclear partially, the outlook for the global economy showed an upward trend, due to stimulus packages in individual countries and the economic growth of emerging countries such as China.

With respect to the market for construction machinery, as well as increasing demand in China, demand in emerging markets such as Asia also rose; hence the steady overall climb in global demand.

Under these circumstances, the HCM Group closely monitored the trends of Chinese economic policy and exchange rates, etc., and also strove to win orders in order to respond to the increasing demand for construction machinery in emerging countries, by expanding sales for new-type hydraulic excavators targeted at emerging nations and the introduction of sales support systems.

The following table summarizes the consolidated results for the term:

(100 million yen; %)

	Third Quarter	Third Quarter	Year-on-year change	
	Ended Dec 31, 2010 (A)	Ended Dec 31, 2009 (B)	(A) - (B)	(A)/(B)
Net sales	5,301	4,137	1,164	128
Operating income	228	18	210	-
Ordinary income	208	(9)	217	-
Net income	60	(88)	148	-

Note: Figures under ¥100 million are rounded off.

### **[Overview of Consolidated Sales by Regional Segment]**

#### **Japan**

Although public investment declined due to the deep budget cuts for fiscal 2010, demand for hydraulic excavators recovered due to the pickup in private investment, such as housing and corporate capital expenditure, as well as from rental companies, who were formerly conservative in buying.

Amid these trends, the Company strove to expand industry-specific sales for non-civil engineering in sectors such as forestry, demolition, and steel & scrap, where the use of various applications is expected to expand and with the combination of optimal options for each machine by area. As for wheel loaders, though we used to sell them as 'HCM' and 'TCM' brands, the two brands were merged into the 'HCM' brand from October, targeting sales expansion through brand integration campaigns, etc.

Consequently, net sales increased by 1% year-on-year to ¥124,162 million.

#### **The Americas**

In the United States, economic conditions have been slowly recovering while the demand for construction machinery has increased in accordance with the increased utilization ratio of rental machines, and the expansion and replacement of assets for the rental companies.

In addition, since stocks for sales dealers were building up, sales for Deere-Hitachi Construction Machinery Corporation increased compared with the same term of the previous year.

Consequently, net sales increased by 46% year-on-year to ¥40,332 million.

#### **Europe**

Although the European economy seems to have partially bottomed out, overall economic conditions remain unclear. Demand for construction machinery increased steadily, though

remaining low.

Under these demand trends, we focused on expanding sales of machines for various applications, namely hydraulic and wheeled hydraulic excavators, as well as packaged sales of large wheel loaders for crushing and sites for collecting marble, as well as providing various sales support for dealers.

Consequently, net sales decreased by 1% year-on-year to ¥45,137 million.

### **Russia-CIS, Africa and the Middle East**

In Russia and the CIS, there was continued strong demand in the mining sector, thanks to the development of resources such as oil & gas, and of steel industrial zones such as the Ural, alongside increased demand for construction machinery. Also, since demand is expected to increase further, we have reached an agreement concerning the investment with Tver Oblast to establish a factory for production in Russia.

In Africa, we established Hitachi Construction Machinery Zambia Co., Ltd in Zambia, home to many copper mines, to enhance the parts support system and promote sales of ultra-large mining machines and the remanufactured parts business. Also, to develop the Sub Sahara market where demand is expected to increase vastly in years to come with the backdrop of vast natural resources, we established Hitachi Construction Machinery Africa Pty. Ltd.

Turning to the Middle East, demand in Turkey increased following active digging for coal, gold, chromium and marble stone, etc.

Consequently, total net sales of Russia-CIS, Africa and the Middle East increased by 100% year-on-year to ¥44,606 million.

### **Asia and Oceania**

In Asia and Oceania, economic conditions are recovering due to stimulus packages and rising exports toward China, hence demand for construction machinery increased accordingly on an ongoing basis. Also, in response to competitive Asian markets, we introduced and established a strategic sales support system 'Hi-STEP' as part of a country-by-country, industry-specific strategy, to enhance sales and gain market share. In Indonesia, markets related to forestry, palm oil and mining increased continuously, which fueled near-record demand for construction machinery. We targeted further market share in the largest market in Asia.

In India, we strove to maintain a high market share and expand sales for mining markets aggressively, while demand for construction machinery increased continuously amid intensifying competition.

In Australia, we aimed to securely acquire orders from mining in a steadily growing market, as well as focusing on the expansion of industry-specific sales for small- to mid-sized hydraulic excavators.

Consequently, net sales in Asia and Oceania increased by 51% year-on-year to ¥145,047 million.

### **China**

Due to continuous public infrastructural projects, demand for construction machinery increased nationwide.

The hydraulic excavator targeted at emerging nations 'ZAXIS-3G', that we sequentially launched this fiscal year, was highly acclaimed, and we strove to secure our position in the growing market on an ongoing basis. In addition, we introduced a sales control system for service and parts, etc. to support sales dealers as well as aiming to enhance collaborative relationships with dealers, and improve customer satisfaction via close connection with 'Global e-service'; allowing us to capture the conditions of machines at work.

Consequently, net sales increased by 32% year-on-year to ¥130,844 million.

The following table summarizes the consolidated net sales by geographic area:

**Consolidated Net Sales by Geographic Area**

(Millions of yen)

	Current fiscal year (April 1, 2010- December 31, 2010)		Previous fiscal year (April 1, 2009- December 31, 2009)		Increase (Decrease)	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	Change(%)
The Americas	40,332	7.6	27,638	6.7	12,694	45.9
Europe	45,137	8.5	45,807	11.1	(670)	(1.5)
Russia-CIS, Africa and the Middle East	44,606	8.4	22,353	5.4	22,253	99.6
Asia and Oceania	145,047	27.4	96,074	23.2	48,973	51.0
China	130,844	24.7	99,223	24.0	31,621	31.9
Sub-total	405,966	76.6	291,095	70.4	114,871	39.5
Japan	124,162	23.4	122,654	29.6	1,508	1.2
Total	530,128	100.0	413,749	100.0	116,379	28.1

**[Overview of Consolidated Net Sales by Business Segment]**

**Construction Machinery Business**

Regarding construction-related machinery, in addition to the 'ZAXIS-3' series of hydraulic excavators and the 'ZW' Series of wheel loaders, our core products, we strove to expand sales of ZAXIS-3G, a new type of hydraulic excavator, featuring a durable structure and the ability to handle high workloads, targeted at emerging nations.

In addition, we launched two new tandem rollers and two compaction rammers to expand our product lineup. In terms of product development, we collectively developed the double-front work machine 'ASTACO' in response to the diverse application requirements of heavy-duty machines. 'ASTACO' was originally based on the machine 'ZX450TF-3', commonly used at demolition sites, to which two arms on the left and right were respectively applied, allowing us to complete complicated work with a single unit, for which two would normally have been required.

In terms of resource development machinery, we strove to expand the sales of new products such as the EX-6 Series of ultra-large hydraulic excavators, equipped with brand-new environmentally friendly engines, as well as the electric-drive series of ultra-large hydraulic excavators with an external electric supply, and dump trucks achieving high driving performance via AC electric-drive systems, while also starting to sell trolley dump trucks made by HCM, that achieve high hill-climbing performance via both engines, and electricity from wires; dramatically reducing running costs. Furthermore, we strove to win orders for fleet management system software and maintenance services for the same, as well as launching the rigid dump truck 'EH4000ACII' to expand the product lineup.

Consequently, net sales increased by 30% year-on-year to ¥487,002 million.

## **Industrial Vehicles Business**

As for our core product forklifts demand in emerging countries such as China and Southeast Asia, where we launched strategic motels targeted at emerging countries, has increased steadily. Domestically, TCM Co., Ltd integrated its sales companies as of October 1, 2010 and started a new structure thorough manufacturing to distribution in union. Orders have rocketed since October compared with the previous year.

With respect to large-type cargo handling machines used mainly for ports and terminals, inquiries and orders have been growing since late in the first half, especially for hybrid Transfer Cranes.

Consequently, net sales increased by 12% year-on-year to ¥43,126 million.

## **(2) Qualitative Information concerning the Consolidated Financial Position**

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

#### **Assets**

Current assets at the end of the period amounted to ¥590,873 million, an increase of 7.5%, or ¥41,403 million, from the previous fiscal year-end. This was due to an increase of ¥22,298 million in lease receivables and investment assets, and an increase of ¥19,642 million in inventories.

Non-current assets decreased 4.5% or ¥15,030 million, from the end of the previous fiscal year to ¥318,547 million.

As a result, total assets increased 3.0%, or ¥26,373 million from the previous fiscal year-end to ¥909,420 million.

#### **Liabilities**

Current liabilities at the end of the period amounted to ¥354,146 million, an increase of 3.7%, or ¥12,624 million from the previous fiscal year-end. This was due mainly to a decrease of ¥20,074 in short-term loans, and an increase of ¥36,158 million in notes and accounts payable.

Non-current liabilities increased 9.6%, or ¥19,022 million from the previous fiscal year-end to ¥216,316 million. This was due mainly to an increase of ¥18,820 million in long-term loans, etc.

As a result, total liabilities increased 5.9%, or ¥31,646 million from the previous fiscal year-end to ¥570,462 million.

#### **Net Assets**

Net assets decreased 1.5%, or ¥5,273 million from the previous fiscal year-end to ¥338,958 million. This was due mainly to the effect of foreign currency translation adjustments.

### **[2] Status of Consolidated Cash Flows**

Cash and cash equivalents at end of the period totaled ¥61,693 million, an increase of ¥4,379 million from the end of the previous fiscal year.

Factors relating to each cash flow category were as follows:

#### **Cash Flows from Operating Activities**

Net cash provided by operating activities totaled ¥23,040 million, a decrease of ¥33,914 million compared with the third quarter of the previous fiscal year.

Factors that decreased cash included an increase of ¥1,266 million in notes and accounts receivable, a difference of ¥46,809 million compared with that of the ¥45,543 million decrease for the same period the previous fiscal year. Other factors included an increase of ¥32,335 million in inventories, a difference of ¥90,641 million compared with that of the ¥58,306 million decrease for the same period the previous fiscal year. Factors that increased cash included an increase of ¥51,998 in notes and accounts payable, a difference of ¥66,161



million compared with that of the ¥14,163 million decrease.

#### **Cash Flows from Investing Activities**

Net cash used in investing activities was ¥16,376 million, amounting to the same level compared with that of ¥15,762 million in the third quarter of the previous fiscal year.

As a result, free cash flows, the sum of cash flows from operating activities and cash flows from investing activities, amounted to an inflow of ¥6,664 million.

#### **Cash Flows from Financing Activities**

Net cash provided by financing activities totaled ¥3,323 million. This was due mainly to the use of surplus funds to repay short-term loans, etc., while the proceeds from long-term loans were used for financing in China, etc.

### (3) Qualitative Information concerning Projected Consolidated Results

The global demand for hydraulic excavators has been growing, especially in China and Southeast Asia. In advanced nations such as the United States meanwhile, demand is clearly recovering with increasing replacement demand; hence overall demand for the fiscal year 2010 is expected to exceed the previous estimate announced in October 2010. However, as of today, we have left our earnings forecast announced in October 2010 unchanged for the fiscal year ending March 2011.

(100 million yen; %)

	March 2011 Forecast (A)	March 2010 Actual (B)	(A) - (B)	(A) / (B)(%)
Net sales	7,500	6,058	1,442	124
Operating income	400	197	203	203
Ordinary income	350	192	158	182
Net income	100	40	60	250

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 the actual results, forecasts, plans and expectations may differ. These factors are considered to include the economic conditions in principal markets and fluctuations in demand, fluctuations in exchange rates and revisions to Japanese or international laws and regulations, accounting standards, practices or other policies.
- 3) These projections assume exchange rates of ¥83 to the U.S. dollar, ¥110 to the Euro and ¥12.6 to the Chinese Yuan respectively, during the fourth quarter.

## **2. Others**

(1) Significant changes involving subsidiaries during the period: None

(2) Simple accounting procedures and the application of special accounting procedures to compile quarterly consolidated financial statements

### **A. Method of evaluating inventory assets**

The value of inventories at the end of the third 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 the 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 of 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 credit losses value for general credits**

In calculating the estimated credit losses value for general credits at the end of the third quarter, except in the case where a noteworthy change in the credit loss rate is recognized, the credit 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 information available 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 and add on 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 third quarter after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly income before income taxes and minority interests. However, if this results in an unreasonable result, we use the effective tax rate.

Income tax adjustments are included in the income tax 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 standards revisions**

#### **1. Application of accounting standards for asset retirement obligations**

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, March

31, 2008)” and “ASBJ Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). The effect of the application of these standards on profit and loss is minimal.

2. Application of accounting standard for business combinations

From the first quarter of the current fiscal year, the Company has been applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, 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 Guidance on 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)

	Third-Quarter As of Dec. 31, 2010 (A)	Previous year-end As of Mar. 31, 2010 (B)	(A)-(B)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank deposits	47,635	57,327	(9,692)
Notes and accounts receivable	148,952	162,961	(14,009)
Lease receivables and investment assets	116,098	93,800	22,298
Merchandise and manufactured goods	151,052	144,931	6,121
Work in process	49,877	39,326	10,551
Material and supplies	24,666	21,696	2,970
Other	57,709	35,690	22,019
Less: Allowance for doubtful accounts	(5,116)	(6,261)	1,145
Total current assets	590,873	549,470	41,403
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Property held for lease (net)	41,527	41,316	211
Buildings and structures (net)	65,209	68,835	(3,626)
Machinery, equipment and vehicles (net)	46,813	51,109	(4,296)
Tools, furniture and fixtures (net)	4,500	4,981	(481)
Land	58,774	58,663	111
Construction in progress	6,361	7,376	(1,015)
Net property, plant and equipment	223,184	232,280	(9,096)
<b>Intangible assets</b>			
Software	19,659	20,611	(952)
Goodwill	26,777	32,598	(5,821)
Other	1,446	1,586	(140)
Total intangible assets	47,882	54,795	(6,913)
<b>Investments and other assets</b>			
Investments in securities	18,741	15,482	3,259
Other	29,992	32,521	(2,529)
Less: Allowance for doubtful accounts	(1,252)	(1,501)	249
Total investments and other assets	47,481	46,502	979
Total non-current assets	318,547	333,577	(15,030)
<b>Total assets</b>	<b>909,420</b>	<b>883,047</b>	<b>26,373</b>

(Rounded off to the nearest million)

(Millions of yen)

	Third-Quarter As of Dec. 31, 2010 (A)	Previous year-end As of Mar. 31, 2010 (B)	(A)-(B)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Notes and accounts payable	158,185	122,027	36,158
Short-term loans	119,770	139,844	(20,074)
Current portion of bonds	10	1,510	(1,500)
Income taxes payable	6,914	5,432	1,482
Other	69,267	72,709	(3,442)
Total current liabilities	354,146	341,522	12,624
<b>Non-current liabilities</b>			
Bonds	50,275	50,280	(5)
Long-term loans	134,940	116,120	18,820
Retirement and severance benefits	11,210	11,224	(14)
Other	19,891	19,670	221
Total non-current liabilities	216,316	197,294	19,022
<b>Total liabilities</b>	570,462	538,816	31,646
<b>Net assets</b>			
<b>Shareholder's equity</b>			
Common stock	81,577	81,577	0
Capital surplus	84,466	84,468	(2)
Retained earnings	160,940	158,063	2,877
Treasury stock	(4,562)	(4,588)	26
Total shareholders' equity	322,421	319,520	2,901
<b>Valuation and translation adjustments</b>			
Net unrealized gain (loss) on securities	3,313	1,625	1,688
Deferred gain (loss) on hedging instruments	722	(501)	1,223
Foreign currency translation adjustments	(28,677)	(15,836)	(12,841)
Total valuation and translation adjustments	(24,642)	(14,712)	(9,930)
<b>Stock acquisition rights</b>	766	766	0
<b>Minority interests</b>	40,413	38,657	1,756
Total net assets	338,958	344,231	(5,273)
<b>Total liabilities and net assets</b>	909,420	883,047	26,373

(Rounded off to the nearest million)

**(2) Consolidated Statements of Income**

(Millions of yen)

	Third-Quarter 〔Nine months ended〕 Dec. 31, 2010 (A)	Third-Quarter 〔Nine months ended〕 Dec. 31, 2009 (B)	(A)/(B)×100 (%)
			%
<b>Net sales</b>	530,128	413,749	128
<b>Cost of sales</b>	400,410	325,228	123
Gross profit	129,718	88,521	147
<b>Selling, general and administrative expenses</b>			
Packing and shipping expenses	15,133	8,185	185
Employees' salaries	29,765	27,031	110
R&D expenditure	11,595	10,053	115
Other	50,413	41,420	122
Total selling, general and administrative expenses	106,906	86,689	123
<b>Operating income</b>	22,812	1,832	-
<b>Non-operating income</b>			
Interest income	1,887	1,370	138
Interest income from installment sales	429	111	386
Dividends income	154	182	85
Gains on equity in earnings of affiliated companies	791	0	-
Foreign exchange gains, net	775	692	112
Other	3,117	3,961	79
Total non-operating income	7,153	6,316	113
<b>Non-operating expenses</b>			
Interest expenses	6,630	5,318	125
Losses on equity in earnings of affiliated companies	0	1,029	-
Other	2,562	2,705	95
Total non-operating expenses	9,192	9,052	102
<b>Ordinary income (loss)</b>	20,773	(904)	-
<b>Extraordinary losses</b>			
Losses on adjustment for changes of accounting standard for asset retirement obligations	203	0	-
Restructuring costs	287	438	66
Total extraordinary losses	490	438	112
<b>Income (loss) before income taxes and minority interests</b>	20,283	(1,342)	-
<b>Income taxes</b>	8,323	3,976	209
<b>Income before minority interests</b>	11,960	-	-
<b>Minority interests</b>	5,912	3,448	171
<b>Net income (loss)</b>	6,048	(8,766)	-

(Rounded off to the nearest million)

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Third-Quarter 〔 Nine months ended 〕 Dec. 31, 2010	Third-Quarter 〔 Nine months ended 〕 Dec. 31, 2009
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes and minority interests	20,283	(1,342)
Depreciation and amortization	27,938	27,320
Decrease in allowance for doubtful accounts	(1,099)	(1,532)
Interest and dividends income	(2,041)	(1,552)
Interest expenses	6,630	5,336
(Gains) losses on equity earnings of affiliated companies	(791)	1,029
(Increase) decrease in notes and accounts receivable	(1,266)	45,543
(Increase) decrease in lease receivables and investment assets	(33,523)	(48,447)
(Increase) decrease in inventories	(32,335)	58,306
Purchase of property held for lease	(10,680)	(13,191)
Sales of property held for lease	1,973	1,992
Increase (decrease) in notes and accounts payable	51,998	(14,163)
Gains on sales of property, plant and equipment	(1,610)	(1,539)
Losses on valuation of investments in securities	17	44
Other, net	12,241	4,426
Sub-total	37,735	62,230
Income taxes paid	(14,695)	(5,276)
<b>Net cash provided by operating activities</b>	<b>23,040</b>	<b>56,954</b>
<b>Cash flows from investing activities</b>		
Acquisitions of property, plant and equipment	(12,629)	(14,851)
Proceeds from sale of property, plant, and equipment	112	618
Purchase of intangible assets	(2,805)	(2,771)
Purchase of investments in securities	(1,387)	(137)
Decrease in purchase of investments in subsidiaries	0	(634)
Interest and dividends received	2,103	1,722
Dividends received from affiliated companies	41	438
Other, net	(1,811)	(147)
<b>Net cash used in investing activities</b>	<b>(16,376)</b>	<b>(15,762)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans	(11,956)	(82,749)
Proceeds from long-term loans	47,657	33,635
Repayments of long-term loans	(17,740)	(13,621)
Repayments of lease obligation	(1,676)	(1,579)
Redemption of bonds	(5)	(525)
Proceeds from issuance of bonds	0	49,786
Interest paid	(6,553)	(5,061)
Dividends paid to shareholders	(3,172)	(5,570)
Dividends paid to minority shareholders by subsidiaries	(3,257)	(3,733)
Proceeds from issuance of common stocks to minority shareholders by subsidiaries	0	1,753
Proceeds from disposal of treasury stock	28	52
Purchase of treasury stock	(5)	(4)
Other, net	2	0
<b>Net cash provided by (used in) financing activities</b>	<b>3,323</b>	<b>(27,616)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(5,608)</b>	<b>294</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,379</b>	<b>13,870</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>57,314</b>	<b>40,104</b>
<b>Cash and cash equivalents at end of period</b>	<b>61,693</b>	<b>53,974</b>

(Rounded off to the nearest million)



#### (4) Notes on the Preconditions for a Going Concern: None

#### (5) Segment Information

##### A. Business segment information

Third Quarter ended December 31, 2009 (From April 1, 2009 to December 31, 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	375,124	38,625	413,749		413,749
(2) Inter-segment sales/transfers	0	0	0	0	
Total	375,124	38,625	413,749	0	413,749
Operating income (loss)	2,620	(788)	1,832	0	1,832

Notes:

- 1) Business categories are based on internal segments used within the Company.
- 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 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 terms of growth potential. The sales and 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

Third Quarter ended December 31, 2009 (From April 1, 2009 to December 31, 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	167,595	125,544	54,015	16,861	49,734	413,749		413,749
(2) Inter-segment sales/transfers	76,891	8,667	1,227	9,469	341	96,595	(96,595)	
Total	244,486	134,211	55,242	26,330	50,075	510,344	(96,595)	413,749
Operating income (Loss)	(28,781)	18,493	742	2,463	2,910	(4,173)	6,005	1,832

Note:

- 1) National and regional categories are based on geographic proximity.
- 2) The 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. Others: Australia, New Zealand, and South Africa

### C. Overseas sales

Third Quarter ended December 31, 2009 (From April 1, 2009 to December 31, 2009) (Millions of yen)

	The Americas	Europe, Africa, & the Middle East	Asia & Oceania	China	Total overseas sales
Overseas sales	27,638	68,160	96,074	99,223	291,095
Consolidated sales					413,749
Percentage of sales in consolidated sales (%)	6.7	16.5	23.2	24.0	70.4

Notes:

- 1) National and regional categories are based on geographic proximity.
- 2) The 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 of the Company and its consolidated subsidiaries in countries and areas outside Japan.

## Segment Information

### A. Overview of reportable segment

The Company's reportable segments are its structural units, for which separate financial information is available, and which are subject to periodic review by the Board of Directors in order to assist decision-making on the allocation of managerial resources and assessment of business performance. The Company has established business groups organized by product and service in headquarters, and each business group formulates comprehensive strategies and promotes business activities both domestically and overseas. Based on the business groups above, the Company is organized by product and service segments, and the following two are the reporting segments: the construction machinery business and the industrial vehicles business.

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

### B. Segment sales and Income (Loss)

Third Quarter ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

(Millions of yen)

	Construction machinery business	Industrial vehicles business	Total (Note)
Net Sales			
Net sales to outside customers	487,002	43,126	530,128
Inter-segment sales/transfers	0	0	0
Total	487,002	43,126	530,128
Segment income	21,510	1,302	22,812

Note: Segment income is adjusted for the operating income described in Consolidated Statements of Income.

### 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, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Guidance No.20, March 21, 2008).

### (6) Notes on Significant Fluctuations in Shareholders' Equity: None

## 4. Appendix

### A. Segment Information by Area

Third Quarter ended December 31, 2010 (From April 1, 2010 to December 31, 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	191,714	190,556	51,535	23,074	73,249	530,128		530,128
(2) Inter-segment sales/transfers	174,319	13,572	869	5,876	274	194,910	(194,910)	
Total	366,033	204,128	52,404	28,950	73,523	725,038	(194,910)	530,128
Operating income (Loss)	(2,504)	24,516	(823)	2,106	5,414	28,709	(5,897)	22,812

Note:

- 1) National and regional categories are based on geographic proximity.
- 2) The 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. Others: Australia, New Zealand, and South Africa

### B. Overseas Sales

Third Quarter ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

(Millions of yen)

	The Americas	Europe, Africa, & the Middle East	Asia & Oceania	China	Total overseas sales
Overseas sales	40,332	89,743	145,047	130,844	405,966
Consolidated sales					530,128
Percentage of sales in consolidated sales (%)	7.6	16.9	27.4	24.7	76.6

Notes:

- 1) National and regional categories are based on geographic proximity.
- 2) The 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 of the Company and its consolidated subsidiaries in countries and areas outside Japan.