Hitachi Construction Machinery Co., Ltd.

Financial Results for the Year Ended March 31, 2011

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

Consolidated Financial Results for the Year Ended March 31, 2011
(Japan GAAP)

April 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/
Representative: Michijiro Kikawa, President and Chief Executive Officer
Scheduled date of regular General Meeting of Shareholders: June 20, 2011
Scheduled date of commencement of payment of dividends: May 31, 2011
Scheduled date for submission of Securities Report: June 21, 2011
Supplementary materials to the financial statements have been prepared: Yes
Presentation will be held to explain the financial statements: Yes
(for institutional investors, analysts and journalists)
U.S. Accounting Standards are not applied.

1. Consolidated results for the year ended March 2011 (April 1, 2010 to March 31, 2011)

(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, 2011	773,769	27.7	41,511	111.0	41,912	118.7	11,088	175.9
March 31, 2010	605,788	(18.6)	19,669	(59.7)	19,166	(59.9)	4,019	(78.0)

Note: Comprehensive income March 2011: ¥13,572 million (3.2%) March 2010: ¥ 13,156 million (— %)

	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, 2011	52.44	52.41	3.6	4.6	5.4
March 31, 2010	19.33	19.32	1.3	2.2	3.2

References:
1) Gain (loss) on equity earnings of affiliated companies March 2011: ¥1,083 million March 2010: (¥977 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, 2011	944,370	348,986	32.4	1,447.52
March 31, 2010	883,047	344,231	34.5	1,441.73

Reference: Total equity at fiscal year-end March 2011: ¥306,106 million March 2010: ¥304,808 million

(3) Consolidated cash flows

	Net cash provided by 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, 2011	27,395	(20,768)	14,646	74,710
March 31, 2010	71,705	(39,292)	(16,010)	57,314

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, 2010	—	5.00	—	5.00	10.00	2,089	51.7	0.7
March 31, 2011	—	10.00	—	10.00	20.00	4,229	38.1	1.4
March 31, 2012 (Projection)	—	—	—	—	—		—	

Note: Payment of dividends for the year ending March 31, 2012 is not determined at this time.

3. Projected consolidated results for the fiscal year ending March 2012 (April 1, 2011 to March 31, 2012)

The HCM Group has decided to refrain from publishing consolidated financial results forecasts for the year ending March 31, 2012 because forecasting with any reasonable degree of accuracy is not possible at this stage. Please refer to '1.Business Performance (1) Analysis of Management Results [4] Outlook for the Fiscal Year Ending March 31, 2012' on page7 of the Attachment for the relevant reasons.

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

Note:
For detailed information, please refer to '4.Consolidated Financial Statements (7) Changes in important matters used in the preparation of consolidated financial statements' on page 23.

(3) Number of outstanding shares (common shares)

[1] Number of outstanding shares at fiscal year-end (including treasury shares)
March 2011: 215,115,038 March 2010: 215,115,038
[2] Number of treasury shares at fiscal year-end
March 2011: 3,645,459 March 2010: 3,696,618
[3] Average number of common shares outstanding during the fiscal year (shares)
March 2011: 211,435,743 March 2010: 207,870,256

(Reference) Summary of Non-consolidated Results

1. Non-consolidated results for the year ended March 2011 (April 1, 2010 to March 31, 2011)

(1) Non-consolidated results (Rounded off to the nearest million)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	368,525	54.3	(5,837)	—	5,703	—	(317)	—
March 31, 2010	238,882	(40.0)	(25,176)	—	(12,587)	—	(8,791)	—

	Net income (loss) per share	Net income per share (Diluted)
	Yen	Yen
March 31, 2011	(1.50)	—
March 31, 2010	(42.29)	—

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, 2011	513,348	247,673	48.1	1,167.58
March 31, 2010	479,474	249,365	51.8	1,175.86

Note: Total equity at fiscal year-end March 2011: ¥246,907 million March 2010: ¥248,599 million

Notes)

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit 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 ''1.Business Performance (1) Analysis of Management Results' on page 4 for the relevant reasons.

Index of the Attachment

1. Business Performance

(1) Analysis of Management Results

[1] Business Performance for the Fiscal Year Ended March 31, 2011

During the consolidated fiscal year under review (April 1, 2010 to March 31, 2011), 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 country-specific economic policies, and also strove to win orders in response to the increasing demand for construction machinery, by expanding sales for new-type hydraulic excavators targeted at emerging nations and the introduction of sales support systems.

As a result, consolidated net sales increased by 28% year-on-year to ¥773,769 million, and operating income increased by 111% year-on-year to ¥41,511 million.

Ordinary income increased 119% year-on-year to ¥41,912 million. The main factors of non-operating income included ¥3,208 million in interest income, ¥3,152 million in foreign exchange gain, and ¥8,867 million in interest expenses.

However, some buildings, production facilities and inventories, etc. of the HCM Group in disaster areas have been affected by the Great East Japan Earthquake which occurred on March 11, 2011. We quickly made efforts in examining facilities and restoration work and restarted portions of production operations by March 28 at all production sites. In this way, we recognized losses caused by the disaster of ¥6,779 million as extraordinary losses, and net income became ¥11,088 million, 176% increase year-on-year.

The following table summarizes consolidated results for the term:

(100 million yen; %)

	Mar. 2011 (A)	Mar. 2010 (B)	Year-on-year change (A) - (B)	(A)/(B)
Net sales	7,738	6,058	1,680	128
Operating income	415	197	218	211
Ordinary income	419	192	227	219
Net income	111	40	71	276

Note: Figures under ¥100 million are rounded off.

[2] Overview of Consolidated Net Sales by Regional Segment

Japan

Although public investment declined, 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.

Amid these trends, we 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.

However, due to the production sites affected by the Great East Japan Earthquake which occurred on March 11, 2011, we had to postpone some shipments and sales of products that were planned in March until April or later, etc.

Consequently, net sales increased by 1% year-on-year to ¥172,701 million.

The Americas

In the United States, economic conditions have been slowly recovering with the increase in capital expenditure, etc. With respect to demand for construction machinery, it has increased in accordance with the increased utilization ratio of rental machines, and the expansion and replacement of assets for the rental companies, etc.

In addition, we strove to enhance the production system at Deere-Hitachi Construction Machinery Corporation by expanding production plans to capture demand.

Consequently, net sales increased by 67% year-on-year to ¥62,351 million.

Europe

Overall European economies, except for some countries, have been slowly recovering. Demand for construction machinery has 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 the expansion of product lineup for mini excavators and wheel loaders including large machineries. Also for parts sales, we enhanced sales network and implemented a variety of measures.

Consequently, net sales increased by 5% year-on-year to ¥66,367 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.

Under these circumstances, we sought to improve comprehensive competitiveness by technical & sales support concerning mining for sales dealers, as well as by enhancing support of parts supply and support for after service, etc. 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, in order 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 area’s vast natural resources, we established Hitachi Construction Machinery Africa Pty. Ltd to expand our business all over Africa.

Turning to the Middle East, we maintained a high market share in Turkey. Also, we focused on winning orders from major contractors with the backdrop of high resource demand.

Consequently, total net sales increased by 95% year-on-year to ¥65,149 million.

Asia and Oceania

In Asia, economic conditions remained strong due to economic stimulus packages and rising exports toward China. With respect for construction machinery, demand increased because of improvements to the social-infrastructure, etc. 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 maintaining the high market share in the largest market in Asia. Under such circumstances, Hitachi Construction Machinery Indonesia started to enhance the production capacity.

In India, we strove to maintain a high market share and expand sales for mining markets aggressively through Telco Construction Equipment Co., Ltd.

In Australia, we aimed to securely acquire orders from mining in a steadily growing market, as well as focusing on the expansion of sales for small-to-mid sized hydraulic excavators. Also, we sought to expand sales for new clients related to rental, steel, scrap and railway, etc.

Consequently, net sales increased by 43% year-on-year to ¥202,444 million.

China

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

The hydraulic excavator targeted at emerging nations ‘ZAXIS-3G’, which we sequentially launched this fiscal year, was highly acclaimed by the market, and won “Golden Award of Technical Innovation in 2010 in Top 50 of China Construction Machinery Products” by China Construction Machinery Association, and contributed to catching demand. In addition, we enhanced business operation by introducing a sales control system for service and parts, etc. to support sales dealers, etc. We aimed to enhance collaborative relationships with dealers, and improve customer satisfaction via close connections with ‘Global e-service’; allowing us to capture the conditions of machines at work. With this as the backdrop, Hitachi Construction Machinery China started to implement a plan to increase production in response to increasing demand in China.

Consequently, net sales increased by 29% year-on-year to ¥204,757 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- March 31, 2011)		Previous fiscal year (April 1,2009- March 31, 2010)		Increase (Decrease)	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	% change
The Americas	62,351	8.1	37,245	6.2	25,106	67.4
Europe	66,367	8.6	63,504	10.5	2,863	4.5
Russia-CIS, Africa and the Middle East	65,149	8.4	33,463	5.5	31,686	94.7
Asia and Oceania	202,444	26.2	141,238	23.3	61,206	43.3
China	204,757	26.4	158,681	26.2	46,076	29.0
Sub-total	601,068	77.7	434,131	71.7	166,937	38.5
Japan	172,701	22.3	171,657	28.3	1,044	0.6
Total	773,769	100.0	605,788	100.0	167,981	27.7

[3] 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 terms of resource development machinery, we strove to expand the sales of new products such as EX-6 Series of ultra-large hydraulic excavators, with an external electric supply. We also strove to expand the product lineup of the dump trucks by launch of ‘EH4000ACII’ achieving high driving performance via AC electric-drive systems. In addition, we focused on expansion of trolley dump trucks that realize high hill-climbing performance using electricity from wires, while we jointly developed a monitoring system with Clarion Co., Ltd. to support operator safety checks by mounting several cameras on the dump trucks. In the software business, we sought orders for the software and maintenance

of the fleet management system, which enables mining machinery to operate under optimal conditions.
Consequently, net sales increased by 29% year-on-year to ¥712,926 million.

Industrial Vehicles Business

As for our core product forklifts, demand in emerging countries such as China and Asia, CIS, Latin America, Africa, etc. increased steadily, however, we are facing a trying market environment.

Under such circumstances, TCM Co., Ltd. launched strategic models targeted at emerging countries, and integrated its sales and manufacturing companies, to promote active measures.

With respect to cargo handling machines used mainly for ports and terminals, inquiries and orders have been growing especially for hybrid Transfer Cranes, favored by the bounty system provided by New Energy and Industrial Technology Development Organization.

Consequently, net sales increased by 13% year-on-year to ¥60,843 million.

[4] Outlook for the Fiscal Year Ending March 31, 2012

The global demand for hydraulic excavators has been growing, especially in China, India, Indonesia and Russia, etc. and demand in North America increased due to replacement demand especially from rental companies, and demand in Europe recovered as well; hence overall demand for Fiscal 2011 is expected to exceed the global demand of the previous year.

However, as for the earnings forecast for Fiscal 2011, since the impacts of the earthquake, economic activities associated with the nuclear power plant disaster, parts procurement from suppliers, and electricity restrictions on the HCM group are unknown yet, we are unable to make rational calculations to disclose the earnings forecast at present. Notification will be issued promptly after the impacts have been examined.

We plan to disclose the outlook for Fiscal 2011 before the date of regular General Meeting of Shareholders that is scheduled on June, 2011.

(2) Analysis of Financial Conditions

[1] Status of Assets, Liabilities and Net Assets

Assets

Current assets at the end of the fiscal year amounted to ¥625,695 million, an increase of 13.9%, or ¥76,225 million from the previous fiscal year-end. This was due mainly to a decrease of ¥13,153 million in inventories, and to the contrary, respective increases of ¥10,323 million in cash and bank deposits, and ¥57,798 million in the total of notes and accounts receivable, lease receivables and investment assets.

Fixed assets declined 4.5%, or ¥14,902 million from the end of the previous fiscal year to ¥318,675 million.

As a result, total assets increased 6.9% or ¥61,323 million from the previous fiscal year-end to ¥944,370 million.

Liabilities

Current liabilities at the end of the fiscal year amounted to ¥376,825 million, an increase of 10.3%, or ¥35,303 million from the previous fiscal year-end. This was due mainly to an increase of ¥28,291 million in notes and accounts payable.

Long-term liabilities increased 10.8%, or ¥21,265 million from the previous fiscal year-end to ¥218,559 million. As a result, total liabilities increased 10.5% or ¥56,568 million from the previous fiscal year-end to ¥595,384 million.

Net Assets

Net assets increased 1.4%, or ¥4,755 million from the previous fiscal year-end to ¥348,986 million. This was mainly due to net income in this fiscal amounting to ¥11,088 million, and a decrease of ¥8,731 million in foreign currency translation adjustments.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of year totaled ¥74,710 million, an increase of ¥17,396 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 ¥27,395 million, a decrease of ¥44,310 million compared with the previous fiscal year.

Factors that increased cash included ¥35,745 million in income before income taxes and minority interests, ¥38,112 million in depreciation and amortization, ¥5,314 million in decrease in inventories, and ¥37,901 million in increase in notes and accounts payable. Factors that reduced cash included that ¥30,861 million in decrease in notes and accounts receivable, and ¥42,714 million in increase in lease receivables and investment assets, etc.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥20,768 million, a decrease of ¥18,524 million compared with ¥39,292 million in the previous fiscal year. This was due mainly to spending of ¥17,663 million in acquisitions of property, plant and equipment to enhance production facilities of Telco Construction Equipment Co., Ltd.

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 ¥6,627 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥14,646 million. This was due mainly to the fact that an appropriate amount including an inflow from free cash flows and ¥49,662 million in proceeds from long term loans was mainly used for repayment of short-term and long-term debts.

The following table describes HCM's cash flow indicator indices:

	March 2008	March 2009	March 2010	March 2011
Equity ratio (%)	37.1	34.9	34.5	32.4
Equity ration on market price basis (%)	64.0	31.1	52.9	49.5
Interest-bearing debt to operating cash flows ratio (%)	-	-	4.3	12.0
Interest coverage ratio (times)	-	-	10.5	3.2

Notes:
Equity ratio: Total equity/total assets
Equity ratio on market price basis: Share market price/total assets
Interest-bearing debt to operating cash flows ratio: Interest-bearing debt/cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities/interest payments

1. Indices are calculated using consolidated figures.
2. Share market price is calculated by multiplying the closing price at the end of the period by the number of outstanding shares at the end of the period (after excluding treasury stock).
3. Cash flows from operating activities reflect cash flows from operating activities as detailed in the Consolidated Statements of Cash Flows. Interest-bearing debt reflects all debt for which the Company is paying interest as detailed in the Consolidated Balance Sheets. Interest payments reflect interest paid as detailed in the Consolidated Statements of Cash Flows.
4. Interest-bearing debt to operating cash flows ratio and interest coverage ratio for the fiscal year ended March 2008 and March 2009 are omitted as the figures of cash flows from operating activities were negative.

(3) Principles Regarding Appropriation of Earnings and Dividends for the Year under Review and the Fiscal Year Ending March 31, 2012

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 19, 2011, a resolution for cash dividends per share of ¥10.00 for the fiscal year ended March 31, 2011 will be proposed. As a result, cash dividends for the entire fiscal year ended March 31, 2011 will amount to ¥20.00 per share.

As for dividends for the fiscal year endning March 31, 2012, notification will be issued at the same timing of the financial results forecasts for the year ending March 31, 2012.

(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 71.7% in the previous fiscal year, and 77.7% 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 debts were approximately 327,800 million JPY as of March 31, 2011. 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 sales, 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.

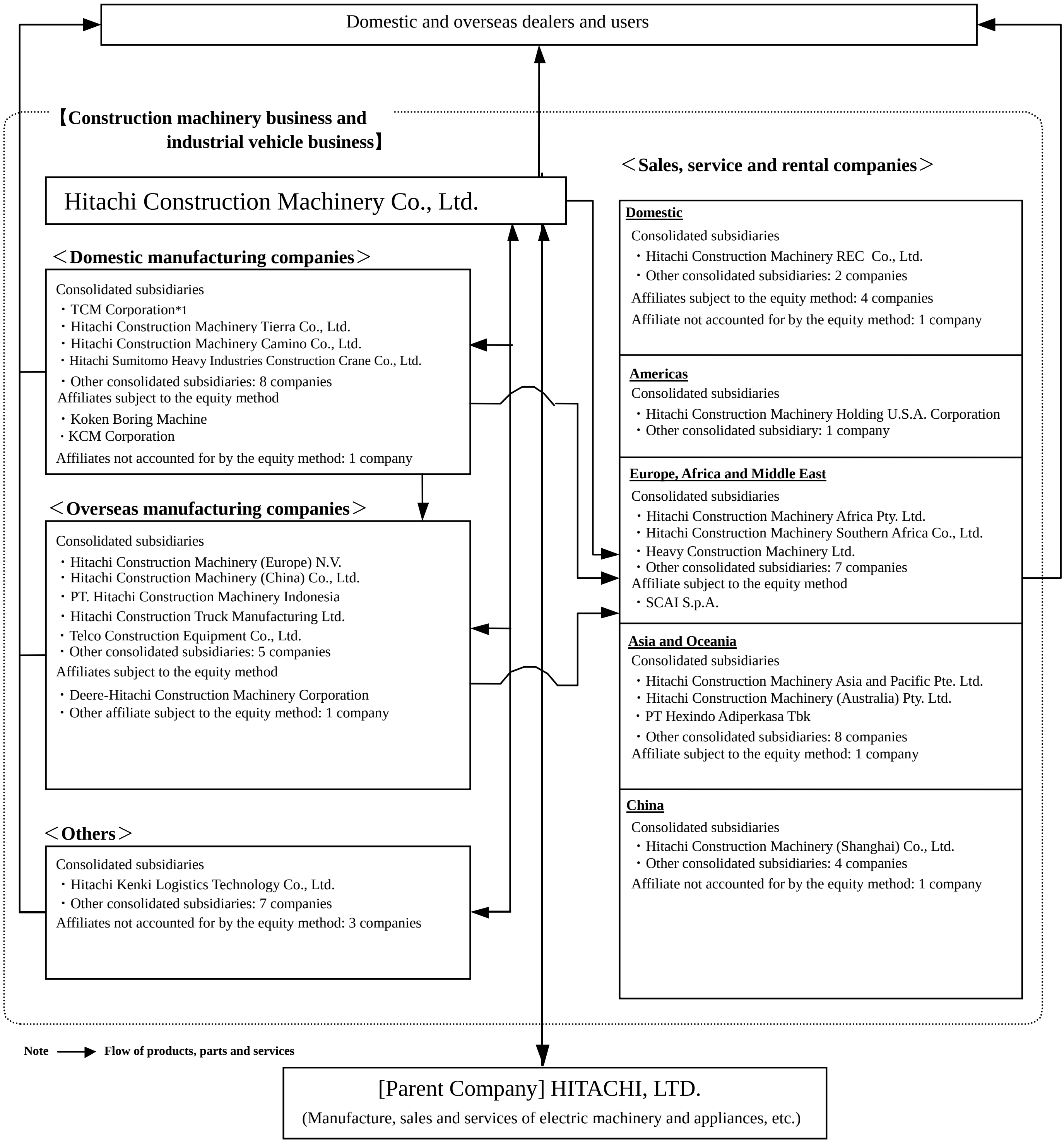
9. Information Security, Intellectual Property and Other Matters
The HCM group may obtain confidential information concerning its customers and individuals in the normal course of its business. The HCM group also holds confidential business and technological information. The HCM group maintains such 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 occurred, 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, the consolidated Group consists of Hitachi Construction Machinery, its parent company, its 61 subsidiaries and its 16 affiliates. Its business mainly involves the manufacture, sale, service and leasing of construction machinery and industrial vehicles.



*1: TCM Sales and Service Co., Ltd. was merged with TCM Corporation as of October 1, 2010.

3. Management Policy

(1) Basic Management Policy

1) To improve the enterprise value and shareholder value of the HCM Group through 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 and mining machinery markets, by providing leading-edge products and services on the foundation of superb technological capabilities, in order to contribute as a reliable partner to business customers worldwide and enhance community based business operations.

3) To have greater presence in emerging markets by structuring the product development system to meet regional markets needs, enhancement of the global production operation, enrichment of the sales and service formulation, and expansion of the base of life cycle support for the machinery in order to be more competitive.

To ensure the ability to achieve these objectives, there is strong emphasis on developing global personnel and sharing the Kenkijin Sprit**, and we aim to establish a global management base to strengthen continuous growth.

**Kenkijin Sprit:

In pursuing our vision and principles, it is important to achieve the goals of the HCM Group's medium to long-term vision and medium-term management plan while responding to the demands of society in areas such as compliance and corporate social responsibility (CSR). The actions of each individual employee are the driving force behind these efforts. If these actions are in line with shared values and guiding principles, we can pursue our goals while making the most of each employee's ideas and initiatives. The Kenkijin Sprit codifies these shared values and guiding principles, to embody the attitude of a Kenkijin.

(2) Mid-to-Long-Term Management Strategies, (3) Issues to be Addressed

In the construction machinery business, which is a growth industry for the mid to long term, HCM Group have been working on the various management plans to build a solid position in global markets. We aim to meet the market shift to emerging nations and the varieties of services and products in accordance with the market shift, and are also focusing on the mining business where the market has been continuously growing, to be more competitive.

The principal policies are as follows:

1) Product Strategies

We focus on the research and development of the high-value added products that meet regional needs based on superb solo technology. Emerging markets and the mining machinery market demand highly durable, reliable equipment that can handle large volumes of work. In advanced nations, on the other hand, markets are seeking equipment that compiles with environmental regulations such as those for exhaust emissions, that is flexible and can cope with varieties of non-excavation based works, such as on building demolition sites and recycles, and that incorporates advanced features related to fuel efficiency, safety, high-value added and other areas. We aim to attain overwhelming product competitiveness to meet those varieties of market needs.

2) Software Business

The accumulated number of machines in work in the markets has been increasing, so the demand for parts and services and second hand machines is expected to grow. We plan to establish ICT-driven business models, such as Global e-service, which capture such demand as check & repair, preventive maintenance service, sales of parts & remanufactured products, second hand products, rental and financing services, to cover the whole life cycle of the products.

3) Regional Strategy

We intend to expand our presence in each region with regional business operations to meet the diversifying markets, by further enrichment of the sales and service system, enhancement of the support to sales dealers, on community-based operation.

4) Global Management Operation

To respond to the market polarization and rapid change of the market, we aim to realize genuine global management by dispatching local staff including top management, achievement of speedy judgments by management through the review of the function, authority, responsibility between the headquarters and the regional companies, evolution to the global production operation to achieve total optimization, enhancement of the corporate governance as the basis.

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, 2011 (A)	Previous year-end As of Mar. 31, 2010 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	67,650	57,327	10,323
Notes and accounts receivable	184,450	162,961	21,489
Lease receivables and investment assets	130,109	93,800	36,309
Merchandise and Manufactured Goods	130,151	144,931	(14,780)
Work in process	40,235	39,326	909
Material and supplies	22,414	21,696	718
Short-term loans receivable	-	1,014	-
Deferred tax assets	14,679	7,282	7,397
Others	41,036	27,394	13,642
Less: Allowance for doubtful accounts	(5,029)	(6,261)	1,232
Total current assets	625,695	549,470	76,225
Fixed assets			
Property, plant and equipment			
Property held for lease (net)	40,412	41,316	(904)
Buildings and structures (net)	66,296	68,835	(2,539)
Machinery, equipment and vehicles (net)	46,559	51,109	(4,550)
Tools, furniture and fixtures (net)	5,093	4,981	112
Land	58,966	58,663	303
Construction in progress	7,058	7,376	(318)
Net property, plant and equipment	224,384	232,280	(7,896)
Intangible assets			
Software	19,737	20,611	(874)
Goodwill	25,011	32,598	(7,587)
Others	1,540	1,586	(46)
Total intangible assets	46,288	54,795	(8,507)
Investments and other assets			
Investments in securities	19,646	15,482	4,164
Deferred tax assets	5,064	5,786	(722)
Others	24,453	26,735	(2,282)
Less: Allowance for doubtful accounts	(1,160)	(1,501)	341
Total investments and other assets	48,003	46,502	1,501
Total fixed assets	318,675	333,577	(14,902)
Total assets	944,370	883,047	61,323

(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, 2011 (A)	Previous year-end As of Mar. 31, 2010 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	150,318	122,027	28,291
Short-term loans	146,513	139,844	6,669
Current portion of bonds	210	1,510	(1,300)
Income taxes payable	15,774	5,432	10,342
Reserve for disaster loss	1,204	0	1,204
Others	62,806	72,709	(9,903)
Total current liabilities	376,825	341,522	35,303
Long-term liabilities			
Bonds	50,070	50,280	(210)
Long-term loans	130,975	116,120	14,855
Lease obligations	8,757	9,473	(716)
Deferred tax liabilities	9,836	3,360	6,476
Retirement and severance benefits	11,483	11,224	259
Others	7,438	6,837	601
Total long-term liabilities	218,559	197,294	21,265
Total liabilities	595,384	538,816	56,568
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	84,466	84,468	(2)
Retained earnings	165,980	158,063	7,917
Treasury stock	(4,526)	(4,588)	62
Total shareholders' equity	327,496	319,520	7,976
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	3,772	1,625	2,147
Deferred gains or losses on hedges	(595)	(501)	(94)
Foreign currency translation adjustment	(24,567)	(15,836)	(8,731)
Total accumulated other comprehensive income	(21,390)	(14,712)	(6,678)
Stock purchase warrants	766	766	0
Minority interests	42,114	38,657	3,457
Total net assets	348,986	344,231	4,755
Total liabilities and net assets	944,370	883,047	61,323

(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, 2011 (A)]	Previous fiscal year [For the year ended Mar. 31, 2010 (B)]	(A)/(B)×100 (%)
			%
Net sales	773,769	605,788	128
Cost of sales	587,953	465,176	126
Gross profit	185,816	140,612	132
Selling, general and administrative expenses			
Packing and shipping expenses	21,335	12,859	166
Employees' salaries	40,827	38,175	107
R&D expenditure	14,943	14,367	104
Others	67,200	55,542	121
Total selling, general and administrative expenses	144,305	120,943	119
Operating income	41,511	19,669	211
Non-operating income			
Interest income	3,208	2,239	143
Interest income from installment sales	630	162	389
Dividends income	399	423	94
Gain on equity earnings of affiliated companies	1,083	0	-
Foreign exchange gains, net	3,152	3,560	89
Others	3,467	5,580	62
Total non-operating income	11,939	11,964	100
Non-operating expenses			
Interest expenses	8,867	7,244	122
Loss on equity earnings of affiliated companies	0	977	-
Others	2,671	4,246	63
Total non-operating expenses	11,538	12,467	93
Ordinary income	41,912	19,166	219
Extraordinary Income			
Gain on sales of property, plant and equipment	0	803	-
Gain on sales of securities	0	223	-
Surrender value of insurance	1,582	0	-
Total Extraordinary Income	1,582	1,026	154
Extraordinary losses			
Losses on adjustment for changes of accounting standard for asset retirement obligations	203	0	-
Business structure improvement expenses	315	1,859	17
Loss on disaster	6,779	0	-
Others	452	0	-
Total extraordinary losses	7,749	1,859	417
Income before income taxes and minority interests	35,745	18,333	195
Income taxes			
Current	17,754	11,564	154
Deferred	(2,259)	(3,115)	-
Total income tax	15,495	8,449	183
Income before minority interests	20,250	-	-
Minority interests	9,162	5,865	156
Net income	11,088	4,019	276

(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.

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2011 (A))	Previous fiscal year (For the year ended Mar. 31, 2010 (B))	(A)/(B)×100 (%)
			%
Income before minority interests	20,250	-	-
Other comprehensive income			
Valuation difference on available-for-sale securities	2,129	-	-
Deferred gains or losses on hedges	(94)	-	-
Foreign currency translation adjustment	(8,573)	-	-
Share of other comprehensive income of associates accounted for using equity method	(140)	-	-
Total other comprehensive income	*2 (6,678)	-	-
Comprhensive Income	*1 13,572	-	-
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	5,389	-	-
Comprehensive income attributable to minority interests	8,183	-	-

(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, 2011 (A)]	Current fiscal year [For the year ended Mar. 31, 2010 (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	84,468	81,084	104
Disposal of treasury stock	(2)	3,384	-
Balance at end of year	84,466	84,468	100
Retained earnings			
Balance at beginning of year	158,063	159,726	99
Cash dividends	(3,171)	(5,570)	-
Effect of newly consolidated subsidiaries	0	(112)	-
Net income	11,088	4,019	276
Balance at end of year	165,980	158,063	105
Treasury stock			
Balance at beginning of year	(4,588)	(10,957)	-
Purchase of treasury stock	(5)	(5)	-
Disposal of treasury stock	67	6,374	1
Balance at end of year	(4,526)	(4,588)	99
Total Shareholders' equity	327,496	319,520	102
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at beginning of year	1,625	(124)	-
Change in valuation difference on available-for-sale securities	2,147	1,749	123
Balance at end of year	3,772	1,625	232
Deferred gains or losses on hedges			
Balance at beginning of year	(501)	(129)	-
Change in deferred gains or losses on hedges	(94)	(372)	-
Balance at end of year	(595)	(501)	-
Foreign currency translation adjustments			
Balance at beginning of year	(15,836)	(17,331)	-
Change in foreign currency translation adjustments	(8,731)	1,895	-
Balance at end of year	(24,567)	(15,836)	-
Total accumulated other comprehensive income	(21,390)	(14,712)	-
Stock purchase warrants			
Balance at beginning of year	766	747	103
Change in stock purchase warrants	0	19	-
Balance at end of year	766	766	100
Minority interests			
Balance at beginning of year	38,657	36,822	105
Change in minority interests	3,457	1,835	188
Balance at end of year	42,114	38,657	109
Total Net Assets	348,986	344,231	101

(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, 2011)	Previous fiscal year (Year ended Mar. 31, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	35,745	18,333
Depreciation and amortization	38,112	37,022
Increase (decrease) in allowance for doubtful accounts	(1,381)	(1,376)
Interest and dividends income	(3,607)	(2,662)
Interest expenses	8,867	7,262
Amortization of goodwill and negative goodwill	6,513	-
(Gain) loss on equity earnings of affiliated companies	(1,083)	977
Decrease (increase) in notes and accounts receivable	(30,861)	15,845
Increase in lease receivables and investment assets	(42,714)	(72,564)
Decrease in inventories	5,314	78,132
Purchase of property held for lease	(13,478)	(15,913)
Sales of property held for lease	2,332	3,217
Increase in notes and accounts payable	37,901	2,190
Gain on sales of property, plant and equipment	(1,888)	(3,200)
Others, net	1,498	6,756
Sub-total	41,270	74,019
Income taxes paid	(13,875)	(2,314)
Net cash provided by operating activities	27,395	71,705
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(17,663)	(18,466)
Proceeds from sale of property, plant and equipment	174	3,231
Purchase of intangible assets	(4,133)	(3,652)
Purchase of investments in securities	(1,596)	(141)
Decrease in purchase of investments in subsidiaries	0	(23,682)
Proceeds from sale of investments in securities	87	1,419
Interest and dividends received	3,599	2,607
Dividends received from affiliated companies	41	438
Others, net	(1,277)	(1,046)
Net cash used in investing activities	(20,768)	(39,292)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	6,239	(84,133)
Proceeds from long-term loans	49,662	72,174
Repayments of long-term loans	(21,343)	(36,988)
Repayments of lease obligation	(3,160)	(1,965)
Proceeds from issuance of bonds	0	49,783
Repayment of bonds	(1,510)	(530)
Interest paid	(8,617)	(6,847)
Dividends paid to shareholders	(3,173)	(5,570)
Dividends paid to minority shareholders by subsidiaries	(3,507)	(3,749)
Proceeds from issuance of common stocks to minority shareholders by subsidiaries	0	1,753
Proceeds from disposal of treasury stock	64	67
Purchase of treasury stock	(6)	(5)
Others, net	(3)	0
Net cash provided by (used in) financing activities	14,646	(16,010)
Effect of exchange rate changes on cash and cash equivalents	(3,877)	807
Net increase in cash and cash equivalents	17,396	17,210
Cash and cash equivalents at beginning of year	57,314	40,104
Cash and cash equivalents at end of period	74,710	57,314

(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: 61

(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: 4

1) Hitachi Construction Machinery Africa Pty. Ltd.
2) Hitachi Construction Machinery (Zambia) Co., Ltd.
3) Hitachi Construction Machinery Mozambique Limited
4) Hitachi Construction Machinery Middle East Corporation FZE

(3) Number of excluded consolidated subsidiaries: 2

1) Exclusion of TCM Sales and Service Co., Ltd. by the merger with TCM Corporation
2) Exclusion of TCM France S.A.S. by liquidation

2. Application of the equity method

Number of affiliates subject to the equity method: 10

(1) Main affiliates subject to the equity method

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

(2) Number of newly affiliates subject to the equity method: 1

(3) Number of companies excluded from the equity method: 3

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

10) Hitachi Construction Machinery Eurasia Sales LLC
11) Hitachi Construction Machinery Mozambique Limited

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 statutory Financial Report (submitted on June 22, 2010).

(7) Changes in important matters used in the preparation of consolidated financial statements.

1. Application of accounting standards for asset retirement obligations

From 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 standards for business combinations

From 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).

(8) Notes on consolidated financial statements

<u>Consolidated statements of comprehensive income</u>

Fiscal Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	(Millions of yen)
*1 Comprehensive income of the last fiscal year	
Comprehensive income attributable to owners of the parent	7,251
Comprehensive income attributable to minority interests	5,905
Total	13,156
*2 Other comprehensive income of the last fiscal year	
Valuation difference on available-for-sale securities	1,743
Deferred gains or losses on hedges	(372)
Foreign currency translation adjustment	2,601
Share of other comprehensive income of associates accounted for using equity method	(700)
Total	3,272

<u>Additional Information</u>

From the current fiscal year, the Company has been applying "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). The amounts of "accumulated other comprehensive income" and "total accumulated other comprehensive income" of the previous fiscal year states in the amounts of "valuation and translation adjustments" and "total valuation and translation adjustments"

Segment Information

A. Business segment information

Fiscal Year ended March 31, 2010 (From April 1, 2009 to 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	552,169	53,619	605,788	0	605,788
Operating Expenses	532,180	53,939	586,119	0	586,119
Operating Income (Loss)	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

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

Fiscal Year ended March 31, 2010 (From April 1, 2009 to 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 (Loss)	(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

Notes:

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

C. Overseas sales

Fiscal year ended March 31, 2010 (From April 1, 2009 to March 31, 2010) (Millions of yen)

	The Americas	Europe, Africa, & the Middle East	Asia & Oceania	China	Total overseas sales
Overseas Sales	37,245	96,967	141,238	158,681	434,131
Consolidated Sales					605,788
Percentage of Sales in Consolidated Sales (%)	6.2	16.0	23.3	26.2	71.7

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.

D. Segment Information

Fiscal year ended March 31, 2010 (From April 1, 2010 to March 31, 2011)

1. 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.

2. Way to compute the amounts of sales and income (loss), assets, liabilities, and other items by each reportable segment

Accounting procedures of business segment is the same as described in the statement of "Important matters that form the basis for compiling consolidated financial statements"

3. Information about the amounts of sales and income (loss), assets, liabilities, and other items by each reportable segment.

(Millions of yen)

	Construction machinery business	Industrial vehicles business	Total (Note)
Net Sales and Operating Income			
Net Sales			
(1) Net Sales to Outside Customers	712,926	60,843	773,769
(2) Inter-segment Sales/Transfers	0	0	0
Total	712,926	60,843	773,769
Segment Income	40,316	1,195	41,511
Segment Asset	897,681	46,689	944,370

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

Additional information

Starting from 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).

Per share information

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
	Yen	Yen
Net assets per share	1,447.52	1,441.73
Net income per share	52.44	19.33
Net income per share after adjustments for dilution	52.41	19.32

Note: Basic data for calculations

1. Net assets per share

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
Total amount of net assets on consolidated balance sheets (millions of yen)	348,986	344,231
Amount of net assets associated with common shares (millions of yen)	306,106	304,808
Primary breakdown of amount differentials (millions of yen)		
New share acquisition rights	766	766
Held by minority shareholders	42,114	38,657
Number of common shares issued (shares)	215,115,038	215,115,038
Number of common shares that are treasury shares (shares)	3,645,459	3,696,618
Number of common shares used in the calculation of net assets per share (shares)	211,469,579	211,418,420

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

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010
Net income (millions of yen)	11,088	4,019
Amount not returned to common shareholders (millions of yen)	0	0
Net income associated with common shares (millions of yen)	11,088	4,019
Average number of common shares outstanding during the fiscal year (shares)	211,435,743	207,870,256
Increase in common shares used for calculating net income per share after dilution (shares)		
Stock purchase warrant	119,255	134,143
Summary of latent shares not included in the calculation of fully diluted net profit per share due to lack of dilution effect.	–	–

Important Subsequent Events: None

5. Other

(1) Changes in Officer Structure

As the candidates for Director were finalized following a resolution by the Nominating Committee on April 26, 2011, a list of candidates for Director is provided below.

In addition, the Directors are expected to be appointed at the 47th regular General Meeting of Shareholders scheduled for June 20, 2011.

(1) Candidates for Director

Proposed Appointment(s)		Current Appointment(s)
Outside Director	Takashi Miyoshi	Executive Vice President, Representative Executive Officer and Director of Hitachi, Ltd. Chairman of the Board and Outside Director
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	Shinichi Mihara	Senior Vice President and Executive Officer
Director	Hiroshi Tokushige	Senior Vice President and Executive Officer
Director	Yuichi Tsujimoto	Vice President and Executive Officer
Director	Kiichi Uchibayashi	Director
Outside Director	Masahide Tanigaki	Vice President and Executive Officer of Hitachi, Ltd. Outside Director
Outside Director	Kousei Watanabe	Lawyer

(2) Retiring Director (as of June 20, 2011)

Toru Sakai	Expected to become Senior Adviser after the regular General Meeting of Shareholders scheduled for June 20, 2011
Yoshio Kubo	