



**HITACHI**

**Business Results for FY2010  
ended March 31, 2011**

**April 26, 2011**

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



**ZX120 hydraulic excavator operating in disaster area**

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# I . Summary of Consolidated Results

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Note: The numbers in parenthesis show the Original forecast as of Jan '11

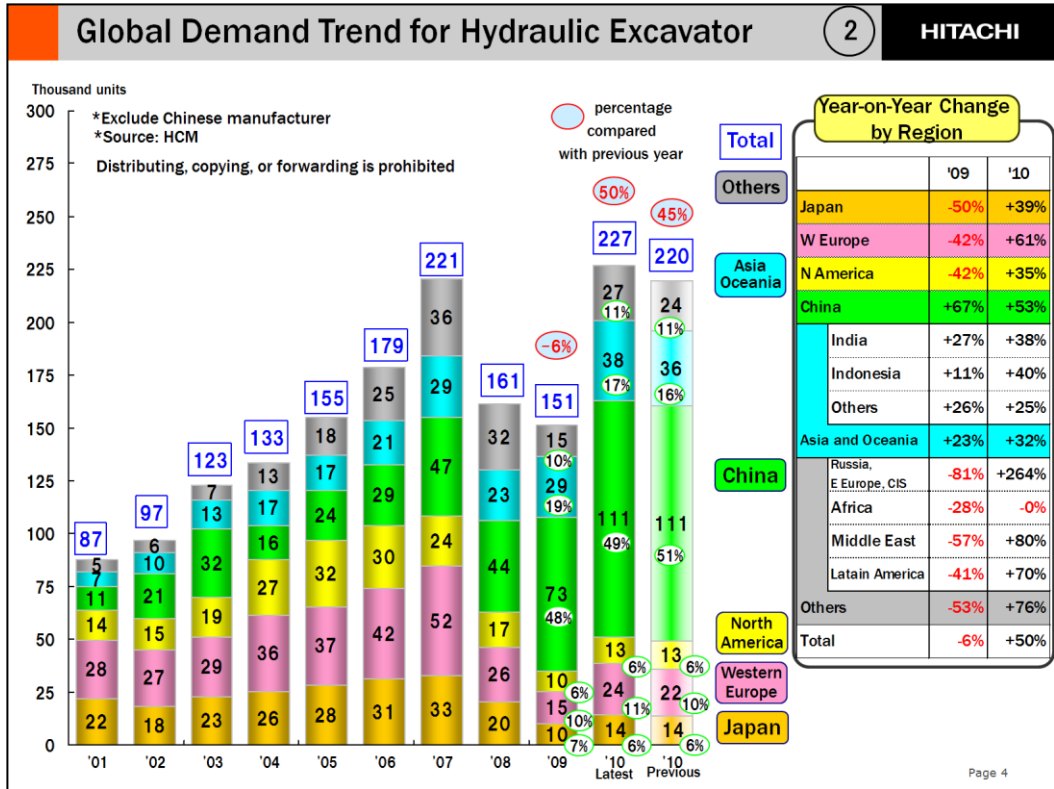
Billions of yen

	Mar'11 Actual (A)	Mar'10 Actual (B)	Change (B/A)
<b>Net sales</b>	<b>773.8</b>	<b>605.8</b>	<b>128%</b>
<b>Operating income</b>	<b>41.5</b>	<b>19.7</b>	<b>211%</b>
<b>Ordinary income</b>	<b>41.9</b>	<b>19.2</b>	<b>219%</b>
<b>Net income</b>	<b>11.1</b>	<b>4.0</b>	<b>276%</b>
F	Exchange rate (YEN/USD)	85.38	92.23
	Forward exchange rate(YEN/USD)	86.75	94.12
X	Exchange rate (YEN/EUR)	112.13	129.17
	Forward exchange rate (YEN/EUR)	115.29	133.43
<b>Cash dividends per share (yen)</b>	<b>20</b>	<b>10</b>	<b>10</b>

Impacts of the earthquake for Mar'11 include approximately 10 bil. yen for net sales, and 2.4 bil. yen for operating income.

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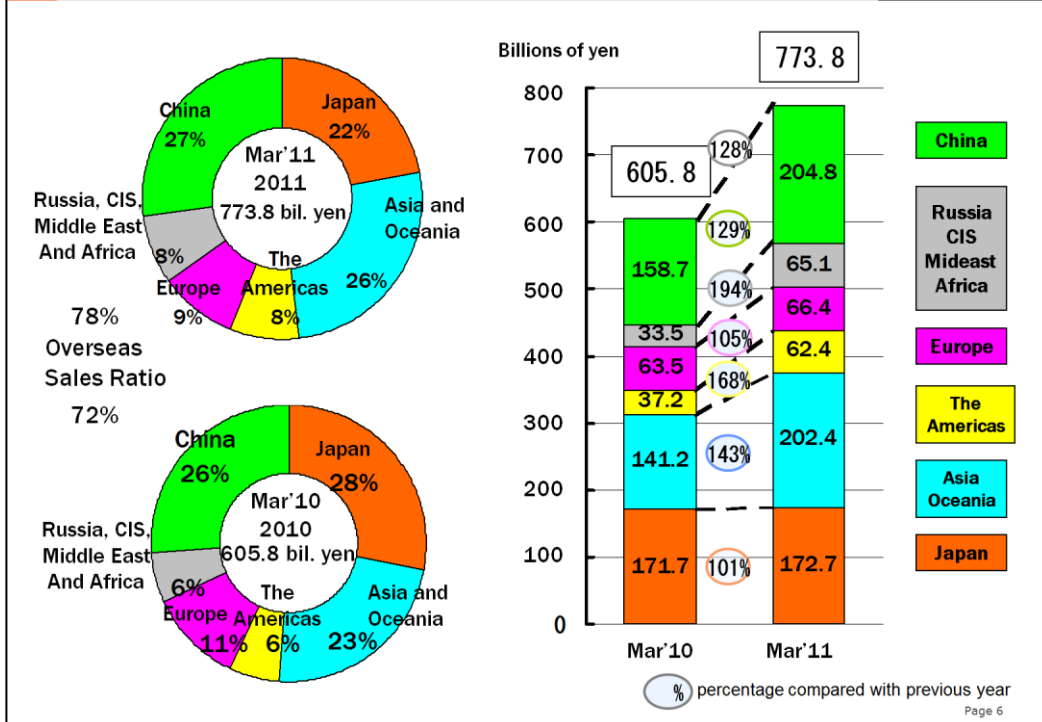
- Net sales increased by 28% compared with the previous year.
- All profit items became more than twice compared with the previous year.
- We recognized losses caused by the earthquake of 6.8 bil. yen as extraordinary losses.



● Global demand for FY2010 increased by 7,000 units compared with the previous forecast as of 3Q release, and increased by 50% year-on-year, to 227,000 units. China is the main driving force of increasing demands.

Billions of yen

	Mar'11	Mar'10	Increase (Decrease)	
			Amount	%
<b>Net sales</b>	<b>773.8</b>	<b>605.8</b>	<b>168.0</b>	<b>128%</b>
<b>Cost of sales</b>	<b>588.0</b>	<b>465.2</b>	<b>122.8</b>	<b>126%</b>
Selling, general and administrative expenses	144.3	120.9	23.4	119%
<b>Operating income</b>	<b>41.5</b>	<b>19.7</b>	<b>21.8</b>	<b>211%</b>
<b>Non-operating income(loss)</b>	<b>0.4</b>	<b>(0.5)</b>	<b>0.9</b>	<b>-</b>
<b>Ordinary income</b>	<b>41.9</b>	<b>19.2</b>	<b>22.7</b>	<b>219%</b>
<b>Extraordinary losses</b>	<b>(6.2)</b>	<b>(0.8)</b>	<b>(5.4)</b>	<b>-</b>
<b>Income taxes</b>	<b>15.5</b>	<b>8.4</b>	<b>7.1</b>	<b>183%</b>
<b>Minority interests</b>	<b>(9.2)</b>	<b>(5.9)</b>	<b>(3.3)</b>	<b>156%</b>
<b>Net income</b>	<b>11.1</b>	<b>4.0</b>	<b>7.1</b>	<b>276%</b>



- Overseas sales ratio increased by 6% to 78%.
- Net sales increased by 33% compared with the previous year without considering negative impact of 31.8 bil. yen in foreign exchange.

# Consolidated Statements of Income

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Billions of yen

	Mar'11		Mar'10		Increase (Decrease)	
					Amount	%
Net sales		773.8		605.8	168.0	128%
Cost of sales	(76.0%)	588.0	(76.8%)	465.2	122.8	126%
Selling, general and administrative expenses	(18.6%)	144.3	(20.0%)	120.9	23.4	119%
Operating income	(5.4%)	41.5	(3.2%)	19.7	21.8	211%
Non-operating income(loss)		0.4		(0.5)	0.9	-
Ordinary income		41.9		19.2	22.7	219%
Extraordinary losses		(6.2)		(0.8)	(5.4)	-
Income taxes		15.5		8.4	7.1	183%
Minority interests		(9.2)		(5.9)	(3.3)	156%
Net income	(1.4%)	11.1	(0.7%)	4.0	7.1	276%

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Billions of yen

	Mar'11	Mar'10	Increase (Decrease)	
			Amount	%
Net sales	773.8	605.8	168.0	128%
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Operating income	41.5	19.7	21.8	211%
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Income taxes	15.5	8.4	7.1	183%
Minority interests	(9.2)	(5.9)	(3.3)	156%
Net income	11.1	4.0	7.1	276%



Billions of yen

	Mar'11	Mar'10	Change
Dividends/Interest income and expenses	(4.6)	(4.4)	(0.2)
Gain (loss) on equity earnings of affiliated companies	1.1	(1.0)	2.1
Foreign exchange gains, net	3.2	3.6	(0.4)
Others	0.7	1.3	(0.6)
Total	0.4	(0.5)	0.9

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- Since profit of Deere-Hitachi improved greatly, we gained on equity earnings of affiliated companies in FY2010.

# Consolidated Statements of Income

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HITACHI

Billions of yen

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Net sales		773.8		605.8	168.0	128%
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Operating income	(5.4%)	41.5	(3.2%)	19.7	21.8	211%
Non-operating income(loss)		0.4		(0.5)	0.9	-
Ordinary income		41.9		19.2	22.7	219%
Extraordinary losses		(6.2)		(0.8)	(5.4)	-
Income taxes		15.5		8.4	7.1	183%
Minority interests		(9.2)		(5.9)	(3.3)	156%
Net income	(1.4%)	11.1	(0.7%)	4.0	7.1	276%

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Billions of yen

		Mar'11	Mar'10	Change
Gains on sales of property, plant and equipment		0.0	0.8	(0.8)
Restructuring costs		(3.0)	(1.9)	(1.1)
Loss on disaster	Loss on disposal and revaluation of inventories	(7.5)		
	Loss on disposal and repair cost of P.P. & E.	(1.7)		
	Fixed cost	(3.1)		
	Return on insurance	5.5		
Sub total		(6.8)	0.0	(6.8)
Others		0.9	0.3	0.6
Total		(6.2)	(0.8)	(5.4)

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● We recognized losses caused by the disaster of 6.8 bil. yen as extraordinary losses.

Despite of

<1> 9.2 bil. yen of the losses on inventories and P.P. & E;

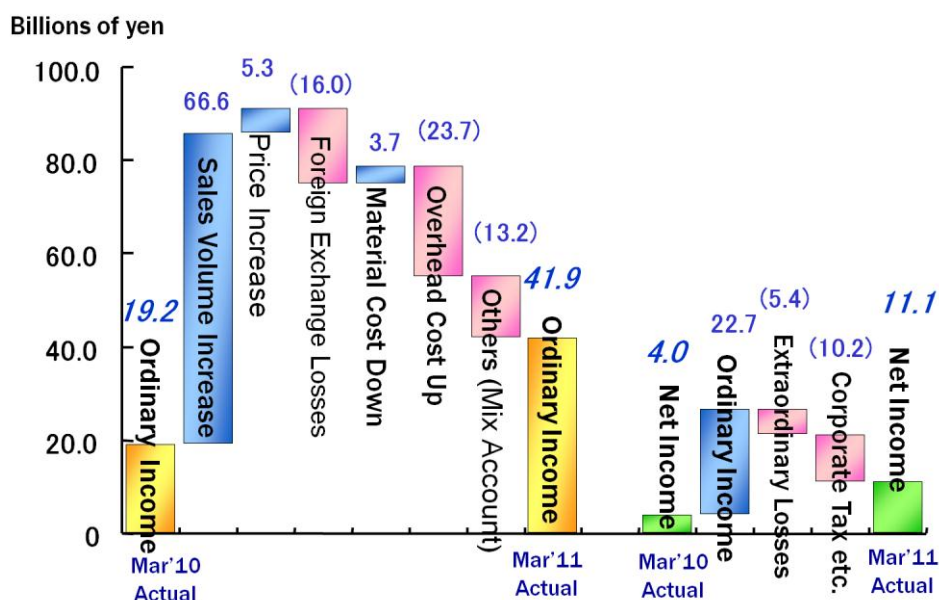
<2> 3.7 bil. yen of the losses related to assets, after offset by 5.5 bil. yen from return on insurance;

<3> 3.1 bil. yen of the losses of the expense during the period that the production and sales activities are stopped after March 11th, which was counted as extraordinary losses.

Losses caused by disaster was recognized 6.8 bil yen in total as extraordinary losses.

Billions of yen

	Mar'11	Mar'10	Increase (Decrease)	
			Amount	%
Net sales	773.8	605.8	168.0	128%
Cost of sales	588.0	465.2	122.8	126%
Selling, general and administrative expenses	144.3	120.9	23.4	119%
Operating income	41.5	19.7	21.8	211%
Non-operating income(loss)	0.4	(0.5)	0.9	-
Ordinary income	41.9	19.2	22.7	219%
Extraordinary losses	(6.2)	(0.8)	(5.4)	-
Income taxes	15.5	8.4	7.1	183%
Minority interests	(9.2)	(5.9)	(3.3)	156%
Net income	11.1	4.0	7.1	276%



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- Ordinary income increased by 22.7 bil. yen compared with the previous year to 41.9 bil. yen.
- Although overhead cost increases associated with sales volume increase and acquisition of TELCON, etc., ordinary income still increased vastly from the previous year because of the profit increase from sales volume increase.

Consolidated Balance Sheets				12	HITACHI		
				Billions of yen			
	(A) Mar' 11	(B) Mar' 10	(A-B) Change		(D) Mar' 11	(E) Mar' 10	(D-E) Change
Cash and bank deposits	67.7	57.3	10.4	Note and accounts payable	150.3	122.2	28.1
Notes and accounts receivable	184.5	163.0	21.5	Others	226.5	219.3	7.2
Lease receivables and investment assets	130.1	93.8	36.3	Total current liabilities	376.8	341.5	35.3
Inventories	192.8	206.0	(13.2)	Total non-current liabilities	218.6	197.3	21.3
Others	50.6	29.4	21.2	Total liabilities	595.4	538.8	56.6
Total current assets	625.7	549.5	76.2	Minority interests	42.1	38.7	3.4
Property, plant and equipment	224.4	232.3	(7.9)	Common stock, Capital surplus, and Retained earnings	332.0	324.1	7.9
Intangible assets	46.3	54.8	(8.5)	Others	(25.1)	(18.6)	(6.5)
Others	48.0	46.5	1.5	Shareholders' equity ratio	32.4%	34.5%	-2.1%
Total fixed assets	318.7	333.6	(14.9)	Total net assets	349.0	344.2	4.8
Total assets	944.4	883.0	61.4	Total liabilities and net assets	944.4	883.0	61.4
On hand days (Divided by net sales) (unit : Day)				Interest-bearing debt	(34.7%)	(34.9%)	(Δ0.1%)
*1 Notes and accounts receivable	148	155	Δ7	Cash and cash equivalents	327.8	307.8	20.0
Inventories	91	124	Δ33	(Deposit)	(7.1)	0.0	(7.1)*2
*1 On hand days for notes and account receivable includes lease receivable and investment assets.				Interest-bearing debt, net	(26.8%)	(28.4%)	(Δ1.6%)
*2 Cash and cash equivalents include the numbers in parenthesis as pooling deposit paid to Hitachi, Ltd.				Net D/E Ratio	0.83	0.82	0.01

Total assets increased by 61.4 bil. yen compared with that at the end of the previous year.

● Cash and bank deposit increased by 10.4 bil. yen.

● ‘Notes and accounts receivable’ and ‘lease receivables and investment assets’ increased by 57.8 bil. yen in total because of the sales volume increase in China.

● On the other hand, ‘inventories’ decreased by 13.2 bil. yen.

● On hand days for notes and accounts receivable and inventories decreased by 40 days in total, and increased efficiency of funds.

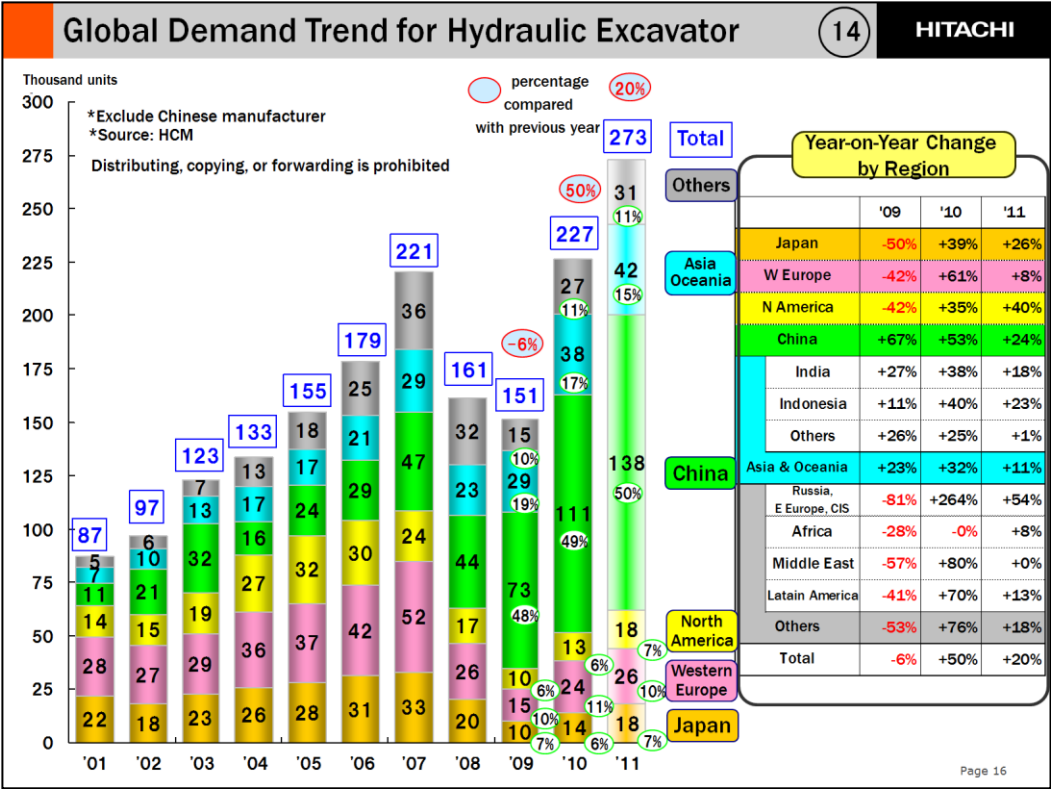
# Consolidated Cash Flows

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	Billions of yen		
	Mar'11	Mar'10	Increase (Decrease)
Income before income taxes and minority interests	35.7	18.3	17.4
Depreciation and amortization	73.8	55.3	18.5
(Increase) decrease in notes and accounts receivable	(30.9)	15.8	(46.7)
(Increase) decrease in lease receivables and investment assets	(42.7)	(72.6)	29.9
(Increase) decrease in inventories	5.3	78.1	(72.8)
(Increase) decrease in notes and accounts payable	(30.4)	23.5	(53.9)
Income taxes paid	(13.9)	(2.3)	(11.6)
Others, net	(2.1)	(4.8)	2.7
<b>Net cash provided by operating activities</b>	<b>27.4</b>	<b>71.7</b>	<b>(44.3)</b>
Acquisitions of property, plant and equipment	(17.7)	(18.5)	0.8
Proceeds from sale of property, plant and equipment	0.2	3.2	(3.0)
Purchase of investment in securities	(1.6)	(0.1)	(1.5)
Decrease in purchase of investments in subsidiaries	0.0	(23.7)	23.7
Proceeds from sale of investments in securities	0.1	1.4	(1.3)
Other, net	(1.8)	(1.6)	(0.2)
<b>Net cash used in investing activities</b>	<b>(20.8)</b>	<b>(39.3)</b>	<b>18.5</b>
<b>Free Cash Flows</b>	<b>6.6</b>	<b>32.4</b>	<b>(25.8)</b>
Net increase (decrease) in short-term loans	6.2	(84.1)	90.3
Net increase (decrease) in long-term loans	28.3	35.2	(6.9)
Proceeds from issuance of bonds	0.0	49.8	(49.8)
Repayment of bonds	33.0	(0.5)	32.6
Dividends paid to shareholders	(6.7)	(9.3)	2.6
Proceeds from disposal and purchase of treasury stock	0.1	0.1	0.0
Interest paid, others	(18.4)	(16.4)	(2.0)
<b>Net cash provided by (used in) financing activities</b>	<b>14.6</b>	<b>(16.0)</b>	<b>30.6</b>
Effect of exchange rate changes on cash and cash equivalents	(3.9)	0.8	(4.7)
<b>Net increase in cash and cash equivalents</b>	<b>17.4</b>	<b>17.2</b>	<b>0.2</b>
Cash and cash equivalents at beginning of year	57.3	40.1	17.2
Cash and cash equivalents at end of year	74.7	57.3	17.4

● Free cash flow remained positive followed by the 3rd quarter, and amounted to an inflow of 6.6 bil. yen in FY2010.





As for the earnings forecast for Fiscal 2011, although production at all the works restarted already, since the impacts of the earthquake, economic activities associated with parts procurement from suppliers, and electricity restrictions on the production and sales activities are uncertain yet, we are unable to make rational calculations to disclose the consolidated forecast at present.

We will disclose the consolidated forecast immediately after it become possible.

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For further inquiries:

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