Hitachi Construction Machinery Co., Ltd.

Financial Results for the First Quarter
Ended June 30, 2011

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

Consolidated Financial Results for the First Quarter Ended June 30, 2011 (Japan GAAP) (Non-audited)

July 27, 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 for submission of the Quarterly Securities Report: August 11, 2011
Scheduled date of commencement of payment of dividends: —
Supplementary materials to the quarterly financial statements have been prepared: Yes
A 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 first quarter ended June 2011 (April 1, 2011 to June 30, 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	%
June 30, 2011	176,038	5.2	8,215	91.0	7,682	87.7	2,399	64.8
June 30, 2010	167,339	26.5	4,300	—	4,093	—	1,456	—

Note: Comprehensive income June 2011: ¥1,853 million (— %) June 2010: (¥ 6,534 million) (— %)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2011	11.34	11.34
June 30, 2010	6.89	6.88

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
	Millions of yen	Millions of yen	%
June 30, 2011	949,499	348,516	32.1
March 31, 2011	944,370	348,986	32.4

Note: Total equity June 2011: ¥304,802 million March 2011: ¥306,106 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2011	—	10.00	—	10.00	20.00
March 31, 2012	—				
March 31, 2012 (Projection)		15.00	—	15.00	30.00

Note: Changes involving the dividend states for the fiscal year ending March 2012: None

3. Consolidated earnings forecast for the fiscal year ending March 2012 (April 1, 2011 to March 31, 2012)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2011 (Interim)	384,000	11.0	16,500	34.6	12,500	4.3
March 31, 2012	900,000	16.3	65,000	56.6	56,000	33.6

	Net income		Net income per share
	Millions of yen	%	Yen
September 30, 2011 (Interim)	3,800	22.4	17.97
March 31, 2012	23,000	107.4	108.76

Notes: 1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in consolidated earnings forecast: Yes

For the changes, please refer to "Notice of Revised Earnings Forecasts" that we announced today, July 27, 2011.

4. Others

(1) Important changes in the scope of the consolidation during period: None

(2) Application of a special accounting method: Yes

(3) Changes in accounting policies; changes in accounting estimates; restatements

[1] Changes in the accompanying revision of accounting policies : None
[2] Changes other than those in [1] : None
[3] Changes in accounting estimates : None
[4] Restatements : None

(4) Number of shares issued (common shares)

[1] Number of shares issued (including treasury shares)
June 2011: 215,115,038 March 2011: 215,115,038
[2] Number of treasury shares at the end of the period
June 2011: 3,637,854 March 2011: 3,654,459
[3] Average number of shares during the period (cumulative for all quarters)
June 2011: 211,473,895 June 2010: 211,420,323

Notes)

Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from the 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 1.Qualitative Information concerning Consolidated Business Performance, (3) Qualitative Information concerning Consolidated Earnings Forecasts 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

(1) Qualitative Information concerning Consolidated Financial Results

[1] Overview of Business Results

During the consolidated first quarter under review (April 1, 2011 to June 30, 2011), although there has been stagnation in production in accordance with the break in the supply chain and uncertainty about electric supply, etc., due to the Great East Japan Earthquake, the global economy, especially in the emerging nations of Asia, is steadily growing.

On the other hand, there are some concerns such as tightening in China, financial issues in Southern Europe, etc. as well as rapid appreciation of the yen, and the outlook is becoming a little unclear.

With respect to the market for construction machinery, although there are slowdowns in demand in China, since demand has increased in other emerging nations and mining machinery, as well as advanced nations such as United States, etc, overall demand increased steadily.

Under these circumstances, the HCM Group expanded sales of new types of hydraulic excavators for emerging nations, and introduced a sales support system. Also, we promoted a product strategy for the new-generation hybrid excavator ZH200, which is able to meet the needs of sites flexibly with practical performance, to enlarge the business area further.

In addition, as for the production facilities in disaster areas affected by the Great East Japan Earthquake, we quickly made efforts in examination and restoration work, and the level of production operations was back to full capacity by the end of May at all sites to meet robust demand from the mining sector and emerging nations such as those in Asia.

As a result, consolidated net sales increased by 5% year-on-year to ¥176,038 million. As for operating income, although there has been the negative impact of appreciation of the yen, thanks to increasing sales of parts and services especially from mining machinery, repression of increase in material costs, etc., it increased by 91% year-on-year to ¥8,215 million.

The following table summarizes the consolidated results for the term:

(100 million yen; %)

	Jun. 2011 (A)	Jun. 2010 (B)	Year-on-year change (A) - (B)	Year-on-year change (A)/(B)
Net sales	1,760	1,673	87	105
Operating income	82	43	39	191
Ordinary income	77	41	36	188
Net income	24	15	9	165

Note: Figures under ¥100 million are rounded off.

[2] Overview of Consolidated Sales by Regional Segment

Japan

Although public investments remained sluggish, demand for hydraulic excavators recovered due to the pickup in private investment, such as housing and corporate capital expenditure, as well as demand from rental companies.

Under these demand trends, we strove to expand industry-specific sales, while we are aggressively promoting sales activities to rental companies.

Consequently, net sales increased by 7% year-on-year to ¥36,686 million.

The Americas

In the United States, economic conditions have been slowly recovering with the increase in capital expenditure, etc. Demand for construction machinery has increased in accordance with the expansion and replacement of assets for rental companies, etc.

Responding to these circumstances, Deere-Hitachi Construction Machinery Corporation expanded production plans to acquire new orders. Three new models, which have met the interim Tier 4 standard for exhaust gas by the U.S. Environmental Protection Agency, were also launched.

Consequently, net sales increased by 55% year-on-year to ¥17,132 million.

Europe

European economies overall, except for some countries, have been slowly recovering. Demand for construction machinery including hydraulic excavators is on a recovery trend overall.

Under these trends, we focused on expanding sales of machines, namely hydraulic and wheeled hydraulic excavators, mini excavators, as well as wheel loaders whose lineup was expanded. Also for parts sales, Hitachi Construction Machinery (Europe) N.V. started operation of a new parts center in May, whose size is three times bigger than before.

Consequently, net sales increased by 9% year-on-year to ¥17,570 million.

Russia-CIS, Africa, and the Middle East

In Russia and the CIS, infrastructural projects in accordance with the development of resources such as oil & gas and mining-related business showed steady growth.

Under these circumstances, we sought to expand the scheme of support for dealers through Hitachi Construction Machinery Eurasia Sales LLC, which was established last year in Moscow. We also reached a basic agreement with Tver Oblast to establish a factory for production in Russia.

In Africa, we started the construction of a remanufacturing factory for the mining machinery of Hitachi Construction Machinery Zambia Co., Ltd. to improve competitiveness in the development of the mining market in southern Africa. We started installation of equipment and procurement, etc., aiming to start operation in October 2011.
In addition, to accelerate entry into the mining market in northwestern Africa focusing on Ghana, we are transferring the liaison office of HCM Sub-Sahara to the overall company Hitachi Construction Machinery Africa Pty, Ltd., as the Sub-Sahara branch. We are expanding the office and storage for parts and plan to start operation sequentially from September 2011.

Turning to the Middle East, we have incorporated the Middle East Center in Dubai by 100% payment, to establish Hitachi Construction Machinery Middle East Corp. FZE to expand business areas by strengthening sales and service strategy. In Turkey, against a backdrop of high demand for natural resources, we tried to capture orders of machine purchases from major contractors for their overseas projects.

The total net sales of Russia-CIS, Africa, and the Middle East regions reached ¥11,215 million.

Asia and Oceania

Economic conditions in Asia remained strong. Demand for construction machinery increased because of improvements made to the social infrastructure, etc. We also introduced and established a strategic sales support system called Hi-STEP as part of a country-by-country, industry-specific strategy, to enhance sales and gain market share. Especially in Indonesia, markets related to forestry, palm oil, and mining increased continuously, which fueled near-record demand for construction machinery. Under these conditions, P.T. Hitachi Construction Machinery Indonesia started to enhance the production capacity to maintain its high market share in the largest market in Asia.

In India, demand for hydraulic excavators increased compared with the same period of the previous year. We strove to maintain a high market share and expand sales for increasing 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 of small- to mid-sized hydraulic excavators. With respect to the market for mining machinery, as well as sales of ultra-large hydraulic excavators, the parts and service division contributed to the sales earnings by winning a good reputation from customers for the activities aiming for better service, such as dispatching engineers with high expertise for 24 hours at sites, etc. Also, we sought to expand sales for new major clients related to rental, steel, scrap, railway, etc. In addition, Marubeni Equipment Finance (Oceania) Pty Ltd was established and aimed to expand sales of mining and construction machinery, which comprised 80% investment by Marubeni Corporation and 20% investment by Hitachi Construction Machinery Co., Ltd. to newly enter the finance business. We aim to get ready to kick it into gear in August.

Consequently, net sales increased by 17% year-on-year to ¥50,166 million.

China

In China, due to the economic policy by the government, controlling inflation such as increasing the reserve deposit rate and raising the interest rate was conducted. As a result, demand for hydraulic excavators in China in the first quarter of FY2011 decreased year on year. However, water projects and the construction of affordable housing for middle- and low-income families are planned to start after China National Day in autumn, and we will focus on capturing demand.

Under these trends, we introduced a parts and sales management system in full swing and enhanced collaborative relationships with dealers via close connections with Global e-Service, etc., to increase our market presence.

Consequently, net sales decreased by 16% year-on-year to ¥43,269 million.

The following table summarizes consolidated net sales by geographic area:

Consolidated Net Sales by Geographic Area (Millions of yen)

	Current fiscal year (April 1,2011- June 30, 2011)		Previous fiscal year (April 1,2010- June 30, 2010)		Increase (Decrease)	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	% change
The Americas	17, 132	9. 7	11, 030	6. 6	6, 102	55. 3
Europe	17, 570	10. 0	16, 065	9. 6	1, 505	9. 4
Russia-CIS, Africa, and the Middle East	11, 215	6. 4	11, 263	6. 7	(48)	(0. 4)
Asia and Oceania	50, 166	28. 5	42, 973	25. 7	7, 193	16. 7
China	43, 269	24. 6	51, 611	30. 8	(8, 342)	(16. 2)
Sub-total	139, 352	79. 2	132, 942	79. 4	6, 410	4. 8
Japan	36, 686	20. 8	34, 397	20. 6	2, 289	6. 7
Total	176, 038	100. 0	167, 339	100. 0	8, 699	5. 2

[3] Overview of Consolidated Net Sales by Business Segment

(a) 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. Also, we launched the ZAXIS-5 series of hydraulic excavators sequentially to meet the regional characteristics of each market.

In addition, we developed a new-generation hybrid excavator, the ZH200, which is a newly developed combined hybrid system, and the new hydraulic system TRIAS-HX.

In machinery for resource development, we made efforts to expand sales of new products such as the EX-6 series of ultra-large hydraulic excavators, which are equipped with new engines, as well as the Electric-Drive series of ultra-large hydraulic excavators, which have an external electric supply. As for a series of dump trucks that realize high driving performance using AC electric-drive systems, we are successfully acquiring orders and increasing sales. In addition, we focused on selling a trolley dump truck that realizes high hill-climbing performance using both an engine and electricity from wires.

Consequently, net sales increased by 5% year-on-year to ¥161,615 million.

(b) Industrial Vehicles Business

As for the core product, forklifts, due to increasing demand from emerging countries as well as recovering demand from the Americas, Europe, and Russia/CIS, where demand had been low for a while, global demand including Japan increased robustly.

Under these trends, TCM Co., Ltd. promoted the expansion of sales focusing on emerging nations by establishing a joint venture company in Malaysia for sales, etc.

With respect to production, although slowdown in production occurred partially due to the effect of Great East Japan Earthquake, the level of production was back to the previous level in and after June.

As for cargo-handling machines used mainly for ports and terminals, inquiries and orders have been steadily growing especially for environmentally-friendly hybrid transfer cranes.

Consequently, net sales increased by 9% year-on-year to ¥14,423 million.

(2) Qualitative Information concerning Consolidated Financial Position

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the first quarter amounted to ¥636,270 million, an increase of 1.7%, or ¥10,575 million from the previous fiscal year-end. This was due mainly to a decrease of ¥22,214 million in the total of notes and accounts receivable, and lease receivables and investment assets, to the contrary, an increase of ¥32,474 million in inventories.

Non-current assets declined 1.7%, or ¥5,446 million from the end of the previous fiscal year to ¥313,229 million.

As a result, total assets increased 0.5% or ¥5,129 million from the previous fiscal year-end to ¥949,499 million.

Liabilities

Current liabilities at the end of the first quarter amounted to ¥388,082 million, an increase of 3.0%, or ¥11,257 million from the previous fiscal year-end. This was due mainly to an increase in short-term loans.

Non-current liabilities decreased 2.6%, or ¥5,658 million from the previous fiscal year-end to ¥212,901 million. This was due mainly to a decrease of ¥4,895 million in long-term loans.

As a result, total liabilities increased 0.9% or ¥5,599 million from the previous fiscal year-end to ¥600,983 million.

Net Assets

Net assets, including minority interests, decreased 0.1%, or ¥470 million from the previous fiscal year-end to ¥348,516 million. This was mainly due to net income in this fiscal amounting to ¥2,399 million, and the effect of dividends paid and foreign currency translation adjustment, etc.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of the first quarter totaled ¥67,597 million, an increase of ¥7,113 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 used in operating activities totaled ¥10,005 million, a difference of ¥6,373 million compared with the first quarter of previous fiscal year.

Factors that reduced cash included net income before income taxes and minority interests in this fiscal amounting to ¥7,682 million, ¥9,509 million in depreciation and amortization, ¥19,116 million decrease in total of notes and accounts receivable, and lease receivables and investment assets. Factors that increased cash included an increase of ¥34,614 million in inventories, and ¥6,384 million of income taxes paid, etc.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥8,370 million, an increase of ¥3,617 million compared with the first quarter of the previous fiscal year. This was due mainly to spending of ¥4,406 million in acquisitions of property, plant and equipment to enhance production capacity.

As a result, free cash flows, the sum of cash flows from operating activities and cash flows from investing activities, amounted to an outflow of ¥18,375 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥12,170 million. This was due mainly to the proceeds of ¥18,357 million from short- and long-term loans, and an appropriate amount was used for payment of ¥2,588 million in interest paid, and ¥2,934 million in dividends paid, etc.

(3) Qualitative Information concerning Consolidated Earnings Forecasts

Although global demand for hydraulic excavators has been growing especially in North America, Japan, Asia, etc., due to decrease in demand in China because of monetary tightening etc., overall demand for fiscal 2011 is expected to decrease by 18,000 units to become 245,000 units.

Under these circumstances, our outlook for consolidated sales for the first half ending September 30, 2011 is estimated to be below the previous forecast. However, parts and services especially for mining have been increasing and cost reduction is progressing; therefore, operating income, ordinary income, and net income are estimated to increase compared with the previous forecast.

In addition, as for the consolidated earnings forecast for the full year ending March 31, 2012, we shifted machinery that was planned for shipment to China to other areas where demand is increasing, focused on improving selling prices and further reducing cost, etc. Therefore, we have left our earnings forecast unchanged.

These projections assume an exchange rate of ¥80 to the U.S. dollar, ¥110 to the euro, and ¥12.3 to the Chinese yuan, in and after the second quarter. Previously, we assumed an exchange rate of ¥80 to the U.S. dollar (unchanged), ¥115 to the euro, and ¥12.5 to the Chinese yuan, as of May 26.

For details, please refer to the “Notice of Revised Earnings Forecasts” that we announced today, July 27, 2011.

2. Notes on Summary Information (Other)

(1) Important changes in the scope of the consolidation during period: None

(2) Application of a special accounting method

Standard used to calculate income taxes

Tax expenses are calculated by making a reasonable estimation of the effective tax rate on income before income taxes and minority interests for the fiscal year including the first quarter after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly income before income taxes and minority interests. However, if this results in an unreasonable result, we use the effective statutory tax rate.

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

(3) Changes in accounting policies; changes in accounting estimates; restatements: None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First-Quarter As of Jun. 30, 2011 (A)	Previous year-end As of Mar. 31, 2011 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	69,805	67,650	2,155
Notes and accounts receivable	162,390	184,450	(22,060)
Lease receivables and investment assets	129,955	130,109	(154)
Merchandise and manufactured goods	146,651	130,151	16,500
Work in process	54,846	40,235	14,611
Material and supplies	23,777	22,414	1,363
Other	54,057	55,715	(1,658)
Less: Allowance for doubtful accounts	(5,211)	(5,029)	(182)
Total current assets	636,270	625,695	10,575
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	38,663	40,412	(1,749)
Buildings and structures (net)	66,033	66,296	(263)
Machinery, equipment and vehicles (net)	45,113	46,559	(1,446)
Tools, furniture and fixtures (net)	5,250	5,093	157
Land	59,318	58,966	352
Construction in progress	6,958	7,058	(100)
Net property, plant and equipment	221,335	224,384	(3,049)
Intangible assets			
Software	19,451	19,737	(286)
Goodwill	23,244	25,011	(1,767)
Other	1,482	1,540	(58)
Total intangible assets	44,177	46,288	(2,111)
Investments and other assets			
Investments in securities	19,578	19,646	(68)
Other	29,237	29,517	(280)
Less: Allowance for doubtful accounts	(1,098)	(1,160)	62
Total investments and other assets	47,717	48,003	(286)
Total non-current assets	313,229	318,675	(5,446)
Total assets	949,499	944,370	5,129

(Rounded off to the nearest million)

(Millions of yen)

	First-Quarter As of Jun. 30, 2011 (A)	Previous year-end As of Mar. 31, 2011 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	148,383	150,318	(1,935)
Short-term loans	166,275	146,513	19,762
Current portion of bonds	210	210	0
Income taxes payable	14,179	15,774	(1,595)
Provision for loss on disaster	680	1,204	(524)
Other	58,355	62,806	(4,451)
Total current liabilities	388,082	376,825	11,257
Non-current liabilities			
Bonds	50,070	50,070	0
Long-term loans	126,080	130,975	(4,895)
Retirement and severance benefits	11,496	11,483	13
Other	25,255	26,031	(776)
Total non-current liabilities	212,901	218,559	(5,658)
Total liabilities	600,983	595,384	5,599
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	84,466	84,466	0
Retained earnings	166,264	165,980	284
Treasury stock	(4,517)	(4,526)	9
Total shareholders' equity	327,790	327,496	294
Accumulated other comprehensive income			
Net unrealized gain on securities	3,365	3,772	(407)
Deferred losses on hedges	(10)	(595)	585
Foreign currency translation adjustment	(26,343)	(24,567)	(1,776)
Total accumulated other comprehensive income	(22,988)	(21,390)	(1,598)
Subscription rights to shares	766	766	0
Minority interests	42,948	42,114	834
Total net assets	348,516	348,986	(470)
Total liabilities and net assets	949,499	944,370	5,129

(Rounded off to the nearest million)

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

Consolidated Statements of Income

	First-Quarter (Three months ended Jun. 30, 2011 (A))	First-Quarter (Three months ended Jun. 30, 2010 (B))	(A)/(B)×100 (%)
			%
Net sales	176,038	167,339	105
Cost of sales	129,500	128,221	101
Gross profit	46,538	39,118	119
Selling, general and administrative expenses			
Packing and shipping expenses	5,386	4,137	130
Employees' salaries	10,253	10,081	102
R&D expenditure	3,569	3,695	97
Other	19,115	16,905	113
Total selling, general and administrative expenses	38,323	34,818	110
Operating income	8,215	4,300	191
Non-operating income			
Interest income	920	631	146
Interest income from installment sales	82	149	55
Dividends income	108	74	146
Gain on equity in earnings of affiliated companies	40	153	26
Foreign exchange gains, net	144	276	52
Other	1,179	1,526	77
Total non-operating income	2,473	2,809	88
Non-operating expenses			
Interest expenses	2,710	1,873	145
Other	296	1,143	26
Total non-operating expenses	3,006	3,016	100
Ordinary income	7,682	4,093	188
Extraordinary losses			
Losses on adjustment for changes of accounting standard for asset retirement obligations	-	203	-
Business structure improvement expenses	0	233	-
Total extraordinary losses	0	436	-
Income before income taxes and minority interests	7,682	3,657	210
Total income tax	3,538	201	1,760
Income before minority interests	4,144	3,456	120
Minority interests	1,745	2,000	87
Net income	2,399	1,456	165

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First-Quarter (Three months ended Jun. 30, 2011 (A))	First-Quarter (Three months ended Jun. 30, 2010 (B))	(A)/(B)×100 (%)
			%
Income before minority interests	4,144	3,456	120
Other comprehensive income			
Net unrealized loss on securities	(392)	(291)	-
Deferred gains on hedges	583	777	75
Foreign currency translation adjustment	(2,669)	(10,503)	-
Share of other comprehensive income of companies accounted for by the equity-method	187	27	693
Total other comprehensive income	(2,291)	(9,990)	-
Comprhensive income	1,853	(6,534)	-
Comprehensive income attributable to shareholders of the Company	801	(6,516)	-
Comprehensive income attributable to minority interests	1,052	(18)	-

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First-Quarter (Three months ended Jun. 30, 2011)	First-Quarter (Three months ended Jun. 30, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	7,682	3,657
Depreciation and amortization	9,509	9,015
Increase (decrease) in allowance for doubtful accounts	185	(388)
Interest and dividends income	(1,028)	(705)
Interest expenses	2,710	1,873
Gains on equity earnings of affiliated companies	(40)	(153)
Decrease in notes and accounts receivable	19,116	2,576
Increase in lease receivables and investment assets	(1,784)	(20,942)
Increase in inventories	(34,614)	(6,061)
Purchase of property held for lease	(2,171)	(2,279)
Sales of property held for lease	420	1,492
Increase in notes and accounts payable	1,127	11,854
Gains on sales of property, plant and equipment	(188)	(1,186)
Other, net	(4,545)	2,121
Sub-total	(3,621)	874
Income taxes paid	(6,384)	(4,506)
Net cash used in operating activities	(10,005)	(3,632)
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(4,406)	(3,780)
Purchase of intangible assets	(591)	(398)
Purchase of investments in securities	(700)	(1,264)
Interest and dividends received	1,027	848
Dividends received from affiliated companies	0	3
Other, net	(3,700)	(162)
Net cash used in investing activities	(8,370)	(4,753)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	22,401	(1,112)
Proceeds from long-term loans	2,440	14,015
Repayments of long-term loans	(6,484)	(5,288)
Repayments of lease obligations	(707)	(692)
Interest paid	(2,588)	(1,897)
Dividends paid to shareholders	(2,116)	(1,057)
Dividends paid to minority shareholders by subsidiaries	(818)	(460)
Proceeds from issuance of common stocks to minority shareholders by subsidiaries	31	0
Proceeds from disposal of treasury stock	11	5
Purchase of treasury stock	(1)	(1)
Other, net	1	0
Net cash provided by financing activities	12,170	3,513
Effect of exchange rate changes on cash and cash equivalents	(908)	(3,984)
Net decrease in cash and cash equivalents	(7,113)	(8,856)
Cash and cash equivalents at beginning of year	74,710	57,314
Cash and cash equivalents at end of period	67,597	48,458

(Rounded off to the nearest million)

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

(5) Segment Information

A. Reportable segment information

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 according to product and service segments, and the following two are the reporting segments: the construction machinery business and the industrial vehicle business. The construction machinery business produces hydraulic excavators, ultra-large excavators, wheel loaders, and crawler cranes, while the industrial vehicle business produces forklifts and skid steer loaders.

B. Information about amounts of sales and income (loss) by each reportable segment

First quarter ended June 30, 2011 (From April 1, 2011 to June 30, 2011) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Total (Note)
Net sales			
Net sales to outside customers	161,615	14,423	176,038
Inter-segment sales/transfers	0	0	0
Total	161,615	14,423	176,038
Segment income	7,913	302	8,215

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

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

Note: Segment income is in accordance with the operating income stated on the Consolidated Statements of Income.

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