Hitachi Construction Machinery Co., Ltd.

Financial Results for the Year Ended March 31, 2012

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

Consolidated Financial Results for the Year Ended March 31, 2012
(Japan GAAP)

April 25, 2012

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: Yuichi Tsujimoto, President and Chief Executive Officer
Scheduled date of regular General Meeting of Shareholders: June 25, 2012
Scheduled date of commencement of payment of dividends: May 31, 2012
Scheduled date for submission of Securities Report: June 26, 2012
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 2012 (April 1, 2011 to March 31, 2012)

(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, 2012	817,143	5.6	54,837	32.1	51,711	23.4	23,036	107.8
March 31, 2011	773,769	27.7	41,511	111.0	41,912	118.7	11,088	175.9

Note: Comprehensive income March 2012: ¥29,160 million (138.8%) March 2011: ¥12,211 million (-14.4%)

	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, 2012	108.88	108.86	7.3	5.1	6.7
March 31, 2011	52.44	52.41	3.6	4.6	5.4

References:
1) Gain (loss) on equity earnings of affiliated companies March 2012: ¥526 million March 2011: ¥1,083 million
2) Percentages indicated for net sales, operating income, ordinary income and net income are increases (decreases) compared with 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, 2012	1,086,116	368,777	29.7	1,522.86
March 31, 2011	944,370	348,986	32.4	1,447.52

Reference: Total equity at fiscal year-end March 2012: ¥322,570 million March 2011: ¥306,106 million

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2012	11,088	(39,044)	34,857	81,059
March 31, 2011	27,395	(20,768)	14,646	74,710

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 yen	%	%
March 31, 2011	—	10.00	—	10.00	20.00	4,229	38.1	1.4
March 31, 2012	—	15.00	—	15.00	30.00	6,350	27.6	2.0
March 31, 2013 (Projection)	—	20.00	—	20.00	40.00		24.2	

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3. Projected consolidated results for the fiscal year ending March 2013 (April 1, 2012 to March 31, 2013)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2012 (Interim)	424,000	16.2	23,000	12.5	16,500	(7.5)	10,000	82.4
March 31, 2013	880,000	7.7	78,000	42.2	68,000	31.5	35,000	51.9

	Net income (loss) per share
	Yen
September 30, 2012 (Interim)	47.21
March 31, 2013	165.24

Reference:
Percentages indicated show changes from the same period of the previous fiscal year for September 30, 2012(Interim) and changes from the previous fiscal year for March 31, 2013.

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 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

(3) Number of outstanding shares (common shares)
[1] Number of outstanding shares at fiscal year-end (including treasury shares)
March 2012: 215,115,038 March 2011: 215,115,038
[2] Number of treasury shares at fiscal year-end
March 2012: 3,296,336 March 2011: 3,645,459
[3] Average number of common shares outstanding during the fiscal year (shares)
March 2012: 211,576,798 March 2011: 211,435,743

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.

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1. Business Performance

(1) Analysis of Management Results

[1] Business Performance for the Fiscal Year Ended March 31, 2012

During the consolidated fiscal year under review (April 1, 2011 to March 31, 2012), although the outlook for the global economy showed a steady growth in emerging countries in Asia and other areas and the United States showed signs of an economic upturn, the overall global economy continued to be uncertain due to the financial crisis in Europe and the financial restraints in China and India. In Japan, due to the influence of the prolonged appreciation of the yen and other factors, the economy is in a severe situation though it has been slowly recovering in recent months.

With respect to the market for construction machinery particularly hydraulic excavators, despite a drastic decrease in demand in China compared with the previous year, the overall demand for construction machinery remained the same as the previous year thanks to an increase in demand for economic growth in other emerging nations in Asia and other areas.

Under these circumstances, the HCM Group made efforts to swiftly restore production facilities affected by the Great East Japan Earthquake in order to secure production capacity by the end of May, and also endeavored to capture large demands in emerging nations by further strengthening the global manufacturing structure. In addition, the Group entered into an agreement with Deere & Company to establish a new joint venture company and commenced constructing a factory in order to enter the Brazil market, which is expected to grow in future.

With respect to mining machinery, with the aim of improving performance, we continued focusing on winning large contracts to capture strong demand for resources and also endeavored to enhance the service structure including parts supply in order to expand our manufacturing factories in and outside of Japan to accommodate large demands and also to improve our post-purchase services to keep operating the facilities for long hours.

Consequently, consolidated net sales increased by 6% year-on-year to ¥817,143 million. Despite the drastic appreciation of the yen against the US dollar, euro and Chinese yuan, earnings largely exceeded those of the previous fiscal year, as operating income became ¥54,837 million, 32% increase year-on-year, ordinary income ¥51,711 million, 23% increase year-on-year and net income ¥23,036 million, 108% increase year-on-year thanks to improvements in sales prices and cost reduction.

The following table summarizes the consolidated results for the year ended March 2012.

(100 million yen; %)

	Mar. 2012 (A)	Mar. 2011 (B)	Year-on-year change (A) - (B)	Increase (%)
Net sales	8,171	7,738	434	6
Operating income	548	415	133	32
Ordinary income	517	419	98	23
Net income	230	111	119	108

Note: Figures under ¥100 million are rounded off.

[2] Overview of Consolidated Sales by Regional Segment

[Japan]

Although still severe, the Japanese economy is slowly recovering due to an increase in restoration demands and capital investments, and the demand for construction machinery also increased thanks to increased sales, etc.

To quickly respond to an increase in machinery operations along with the earthquake restoration, the HCM Group endeavored to expand the sales of the hybrid machinery, the sales to rental companies, and the sales of industry-specific machinery used in non-civil engineering areas by enhancing the rental service and sales structure.

Consequently, consolidated net sales increased by 22% year-on-year to ¥210,979 million.

In addition, to swiftly respond to various customers' needs such as their desire to "buy, rent, and repair" etc., we established a new company called Hitachi Construction Machinery Japan Co., Ltd. in April, 2012 by integrating rental and sales departments.

[The Americas]

The U.S. economy is still showing a moderate recovery with consumer spending showing recovery and capital investments of companies increasing.

Demands for construction machinery continued to increase due to a steady demand in the energy-related industry. Under such circumstances, we expanded sales thanks to healthy sales of new machines which have responded to emissions regulations.

Consequently, consolidated net sales increased by 48% year-on-year to ¥92,324 million.

[Europe]

European economies still cannot eliminate downside risks due to the expanding financial crisis although economies in some areas are recovering. The regional disparity in the demand for construction machinery is widening because the demand remained solid in the United Kingdom, Germany, France and northern Europe while it drastically decreased year-on-year in countries including Italy and Spain.

Under these circumstances, we focused on expanding the sales of machines including hydraulic and wheeled hydraulic excavators, mini excavators, and wheel loader lineups, providing dealers with meticulous support services.

Consequently, consolidated net sales decreased by 3% year-on-year to ¥64,415 million.

[Russia-CIS, Africa and the Middle East]

In Russia and the CIS, the economy is steadily growing thanks to stably high oil prices, etc. In terms of the demand for construction machinery, especially infrastructure projects in accordance with the development of resources such as oil and gas and mining-related business showed steady growth.

Under such circumstances, we strove to further reinforce our services for supporting dealers through Hitachi Construction Machinery Eurasia Sales LLC. In addition, the construction of a new factory in Russia was started in preparation for the local production.

In northern Africa, in cooperation with wide-area dealers, we endeavored to capture needs and understand market situations to develop sales expansion strategies more effectively. In western Africa, we will further increase our share in the mining market and expand sales of parts by selling large machines to our mining clients. In southern Africa, a parts remanufacturing factory for the mining machinery of Hitachi Construction Machinery Zambia Co., Ltd. started operation. With this factory as a large base for the remanufacturing business for mining machinery, we aim to increase sales.

In the Middle East, demand remained solid, thanks to the strong demand for resources and increasing overseas construction work for major contractors in Turkey. We are focusing on expanding sales by receiving large orders from public offices in Iraq.

Consequently, the total consolidated net sales in Russia-CIS, Africa, and the Middle East increased by 10% to ¥71,715 million.

[Asia and Oceania]

In Asia and Oceania, sales of hydraulic excavators for emerging countries largely increased due to strong demand.

Infrastructure-related sales increased in Singapore and Malaysia while sales in agriculture related to mining and palm oil increased in Indonesia.

P.T. Hitachi Construction Machinery Indonesia will locally manufacture a new type of hydraulic excavator for emerging countries with the aim of further increasing sales in Asia and Oceania markets.

In India, the market for construction machinery is slowing down due to its economic policy aiming to reduce inflation. We have more severe market competition although we maintained a high market share through Telco Construction Equipment Co., Ltd.

In Australia, we improved sales of resources such as mining and LNG projects and we also captured the demand for small- to medium-sized resources-related construction machinery.

In New Zealand, we achieved expansion of sales mainly in forestry.

Consequently, consolidated net sales increased by 20% year-on-year to ¥242,750 million.

[China]

In China, due to the government's continued tight financial policy resulting in delays in the commencement of new construction work, the demand for hydraulic excavators decreased considerably from the previous year.

Under such circumstances, we released key strategic machines onto the market and, at the same time, introduced a parts and sales management system and continued to enhance collaborative relationships with dealers utilizing the Global e-Service system, etc., in order to increase our market presence.

Consequently, consolidated net sales decreased by 34% year-on-year to ¥134,960 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- March 31, 2012)		Previous fiscal year (April 1,2010- March 31, 2011)		Increase (Decrease)	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	% change
The Americas	92,324	11.3	62,351	8.1	29,973	48.1
Europe	64,415	7.9	66,367	8.6	△1,952	△2.9
Russia-CIS, Africa and the Middle East	71、715	8.8	65,149	8.4	6,566	10.1
Asia and Oceania	242,750	29.7	202,444	26.2	40,306	19.9
China	134,960	16.5	204,757	26.4	△69,797	△34.1
Sub-total	606,164	74.2	601,068	77.7	5,096	0.8
Japan	210,979	25.8	172,701	22.3	38,278	22.2
Total	817,143	100.0	773,769	100.0	43,374	5.6

[3] Overview of Consolidated Net Sales by Business Segment

(a) Construction Machinery Business

Regarding construction-related machinery, we endeavored to expand product lineups by releasing to the market our core product, the ZAXIS-5 series of hydraulic excavators which has responded to the emission regulations of each market and also we made efforts to actively promote sales of the 'ZW' Series of wheel loaders.

In addition, we developed and endeavored to expand sales of a new-generation hybrid excavator, the ZH200, which has combined a newly developed hybrid system with the new hydraulic system TRIAS-HX.

With respect to the machinery for resource development, we received more orders and increased sales of new products such as the EX-6 series of ultra-large hydraulic excavators as well as the Electric-Drive series of ultra-large hydraulic excavators, which use external power supplies in consideration of the reduction of fuel costs and the environment. As for mining dump trucks that have realized high driving performance using advanced AC electric-drive systems, we are successfully acquiring orders and increasing sales. In fiscal year 2012, we are scheduled to release EH5000AC-3 (300-ton payload class) to expand the lineup of mining dump trucks. In addition, the parts and services business for the mining industry continued to grow, contributing to sales increase.

Consequently, consolidated net sales increased by 5% year-on-year to ¥749,777 million.

(b) Industrial Vehicles Business

As for our core product forklifts, although the demand increased steadily in Japan, the number of orders dramatically decreased overseas in the second half due to the influence of exchange rates. In China, we endeavored actively to expand sales by releasing the FB-W series of battery-powered forklifts as a regional strategic model. TCM Asia Distribution Co., Ltd., which controls Southeastern Asia and Oceania, established a representative office in Australia to gather user needs.

In addition, the sales of large-sized special vehicles especially port-related products remained strong.

Consequently, consolidated net sales increased by 11% year-on-year to ¥67,366 million.

[4] Outlook for the Fiscal Year Ending March 31, 2013

The overall global demand for construction machinery mainly hydraulic excavators in the fiscal year ending March 31, 2013 is expected to exceed the global demand of the previous year due to an increasing demand from rental companies in Japan and an increase in energy-related construction work in North America in addition to increasing demands in emerging countries mainly China and other Asian countries, although the demand in Europe is uncertain.

Under such circumstances, the HCM group plans to strengthen its sales structure and enhance soft businesses (including parts sales and services and sales of used vehicles and remanufactured parts) while also expanding the system to increase production in order to accommodate healthy orders for mining machinery.

In terms of the restructuring of the forklift business, we concluded a formal contract concerning operational integration as already announced. As for the consolidated earnings forecast for fiscal 2012, from July (the second quarter), TCM Co., Ltd. is included as an affiliated company accounted for using the equity method although we are currently adjusting the integration schedule. The amounts for which the transfer of shares may affect consolidated results are not included in the earnings forecast below since they are uncertain at present.

The exchange rates used for the forecast are ¥78 to the US dollar, ¥105 to the euro, and ¥12.5 to the Chinese yuan.

Consolidated Earnings Forecast for the Full Year Ending March 31, 2013 (100 millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Revised Forecast	8,800	780	680	350	165.24
Difference	629	232	163	120	—
Change (%)	7.7	42.2	31.5	51.9	—
Previous Year Ended Mar 31, 2012	8,171	548	517	230	108.88

Note) 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 may cause actual results to differ materially.

(2) Analysis of Financial Conditions
[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the fiscal year amounted to ¥752,304 million, an increase of 20.2%, or ¥126,609 million from the previous fiscal year-end. This was due mainly to an increase of ¥76,112 million in inventories, and an increase of ¥44,240 million in the total of notes and accounts receivable, lease receivables and investment assets.

Fixed assets increased 4.7%, or ¥15,137 million from the end of the previous fiscal year to ¥333,812 million.

This was due mainly to our investments in property, plant and equipment in order to reinforce the production capabilities of consolidated subsidiaries in and outside of Japan.

As a result, total assets increased 15.0% or ¥141,746 million from the previous fiscal year-end to ¥1,086,116 million.

(b) Liabilities

Current liabilities at the end of the fiscal year amounted to ¥520,052 million, an increase of 38.0%, or ¥143,227 million from the previous fiscal year-end. This was due mainly to increases of ¥42,562 million in notes and accounts payable and ¥61,799 million in short-term debt.

Non-current liabilities decreased 9.7%, or ¥21,272 million from the previous fiscal year-end to ¥197,287 million.

As a result, total liabilities increased 20.5% or ¥121,955 million from the previous fiscal year-end to ¥717,339 million.

(c) Net Assets

Net assets increased 5.7%, or ¥19,791 million from the previous fiscal year-end to ¥368,777 million. This was mainly due to net income in this fiscal amounting to ¥23,036 million, and a decrease of ¥5,287 million in dividends.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of year totaled ¥81,059 million, an increase of ¥6,349 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 ¥11,088 million, a decrease of ¥16,307 million compared with the previous fiscal year.

Factors that increased cash included ¥50,129 million in income before income taxes and minority interests, ¥39,571 million in depreciation and amortization, and ¥43,961 million in increase in notes and accounts payable. Factors that reduced cash included that ¥53,463 million in increase in notes and accounts receivable, and ¥76,174 million in increase in inventories, etc.

[Cash Flows from Investing Activities]

Net cash used in investing activities was ¥39,044 million, an increase of ¥18,276 million compared with the previous fiscal year. This was due mainly to spending of ¥33,519 million in acquisitions of property, plant and equipment to enhance production facilities.

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 ¥27,956 million.

[Cash Flows from Financing Activities]

Net cash provided by financing activities totaled ¥34,857 million, an increase of ¥20,211 million compared with the previous fiscal year. This was due mainly to an inflow of ¥58,450 million in increase in interest-bearing debt, and to the contrary, outflows of ¥11,647 million in interests paid and ¥9,110 million in dividends.

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

	March 2009	March 2010	March 2011	March 2012
Equity ratio (%)	34.9	34.5	32.4	29.7
Equity ratio on market price basis (%)	31.1	52.9	49.5	35.7
Interest-bearing debt to operating cash flows ratio (%)	-	4.3	12.0	35.1
Interest coverage ratio (times)	-	10.5	3.2	1.0

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 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, 2013

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 21, 2012, a resolution for cash dividends per share of ¥15.00 for the fiscal year ended March 31, 2012 will be proposed. As a result, cash dividends for the entire fiscal year ended March 31, 2012 will amount to ¥30.00 per share.

As for dividends for the fiscal year ending March 2013, we aim to pay ¥20.00 per share for interim dividends and ¥20.00 per share for year-end dividends -a total of ¥40.00 per share annually.

(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 74.2% this fiscal year, largely exceeding those derived in Japan. 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, enlarging the portion of local production, promotion of parts import via international purchasing, and hedging activities. 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 388,900 million JPY as of March 31, 2012. 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.

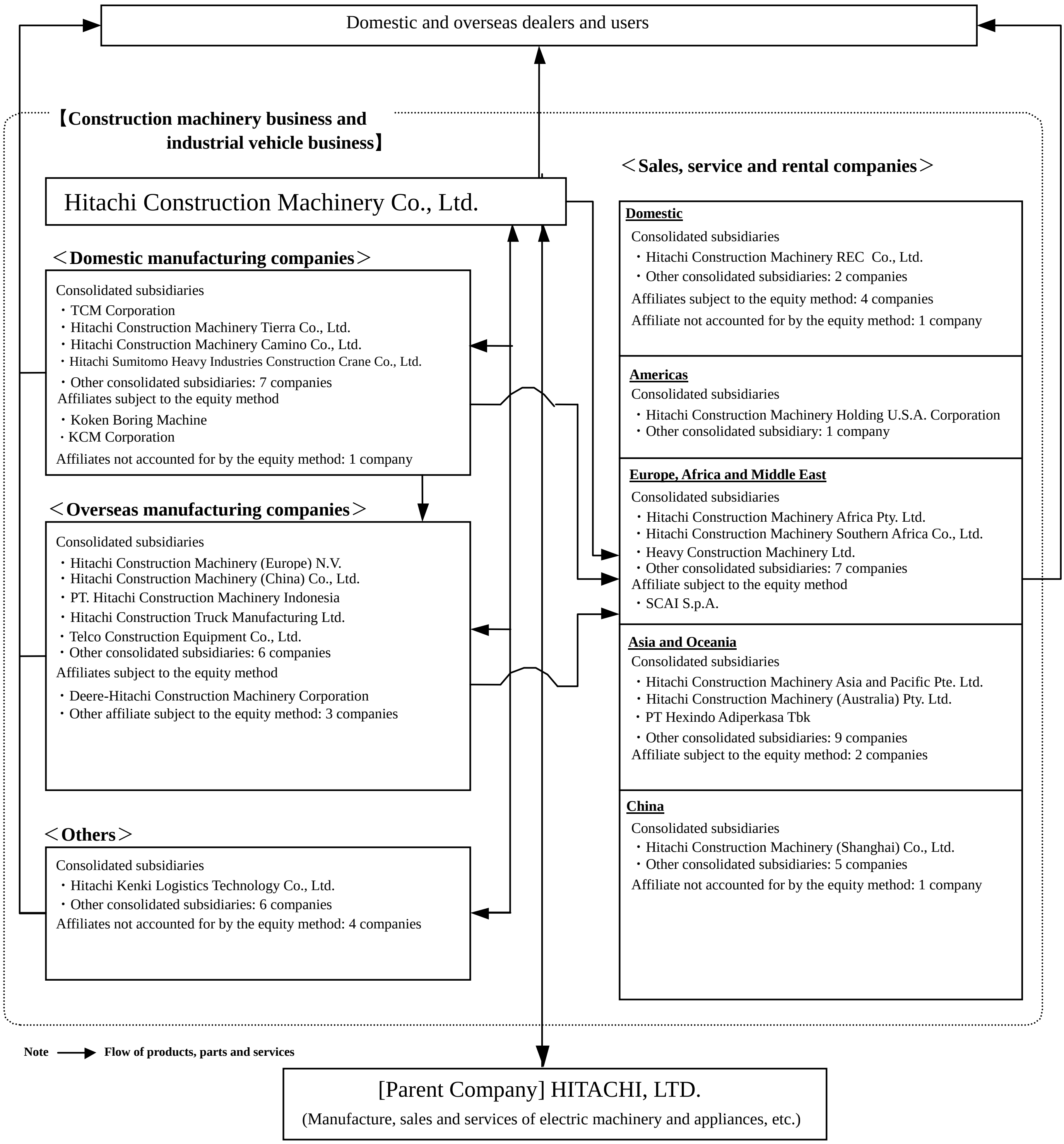
9. Information Security, Intellectual Property and Other Matters
The HCM group may obtain confidential information concerning its customers and individuals in the normal course of its business. The HCM group also holds confidential business and technological information. The HCM group maintains such 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 19 affiliates. Its business mainly involves the manufacture, sale, service and leasing of construction machinery and industrial vehicles.



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 and 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) Hard (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) Soft Strategies

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, through further enrichment of the sales and service system, enhancement of the support for sales dealers, and 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, 2012 (A)	Previous year-end As of Mar. 31, 2011 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	72,803	67,650	5,153
Notes and accounts receivable	238,478	184,450	54,028
Lease receivables and investment assets	120,321	130,109	(9,788)
Merchandise and manufactured goods	186,625	130,151	56,474
Work in process	58,485	40,235	18,250
Material and supplies	23,802	22,414	1,388
Deferred tax assets	14,562	14,679	(117)
Other	42,510	41,036	1,474
Less: Allowance for doubtful accounts	(5,282)	(5,029)	(253)
Total current assets	752,304	625,695	126,609
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	43,602	40,412	3,190
Buildings and structures (net)	67,098	66,296	802
Machinery, equipment and vehicles (net)	51,063	46,559	4,504
Tools, furniture and fixtures (net)	4,895	5,093	(198)
Land	64,170	58,966	5,204
Construction in progress	14,032	7,058	6,974
Net property, plant and equipment	244,860	224,384	20,476
Intangible assets			
Software	19,965	19,737	228
Goodwill	18,144	25,011	(6,867)
Other	2,678	1,540	1,138
Total intangible assets	40,787	46,288	(5,501)
Investments and other assets			
Investments in securities	20,736	19,646	1,090
Deferred tax assets	5,023	5,064	(41)
Other	23,129	24,453	(1,324)
Less: Allowance for doubtful accounts	(723)	(1,160)	437
Total investments and other assets	48,165	48,003	162
Total non-current assets	333,812	318,675	15,137
Total assets	1,086,116	944,370	141,746

(Rounded off to the nearest million)

(Millions of yen)

	Year-end As of Mar. 31, 2012 (A)	Previous year-end As of Mar. 31, 2011 (B)	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	192,880	150,318	42,562
Short-term loans	208,312	146,513	61,799
Current portion of bonds	20,060	210	19,850
Income taxes payable	18,367	15,774	2,593
Provision for loss on disaster	0	1,204	(1,204)
Other	80,433	62,806	17,627
Total current liabilities	520,052	376,825	143,227
Non-current liabilities			
Bonds	30,010	50,070	(20,060)
Long-term loans	130,522	130,975	(453)
Lease obligations	8,564	8,757	(193)
Deferred tax liabilities	10,567	9,836	731
Retirement and severance benefits	12,021	11,483	538
Other	5,603	7,438	(1,835)
Total non-current liabilities	197,287	218,559	(21,272)
Total liabilities	717,339	595,384	121,955
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	84,477	84,466	11
Retained earnings	183,728	165,980	17,748
Treasury stock	(4,093)	(4,526)	433
Total shareholders' equity	345,689	327,496	18,193
Accumulated other comprehensive income			
Net unrealized gain on securities	3,621	3,772	(151)
Deferred gains (losses) on hedges	(1,713)	(595)	(1,118)
Foreign currency translation adjustment	(25,027)	(24,567)	(460)
Total accumulated other comprehensive income	(23,119)	(21,390)	(1,729)
Subscription rights to shares	766	766	0
Minority interests	45,441	42,114	3,327
Total net assets	368,777	348,986	19,791
Total liabilities and net assets	1,086,116	944,370	141,746

(Rounded off to the nearest million)

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2012 (A))	Previous fiscal year (For the year ended Mar. 31, 2011 (B))	(A)/(B)×100 (%)
			%
Net sales	817,143	773,769	106
Cost of sales	606,643	587,953	103
Gross profit	210,500	185,816	113
Selling, general and administrative expenses			
Packing and shipping expenses	24,884	21,335	117
Employees' salaries	41,793	40,827	102
R&D expenditure	15,785	14,943	106
Other	73,201	67,200	109
Total selling, general and administrative expenses	155,663	144,305	108
Operating income	54,837	41,511	132
Non-operating income			
Interest income	3,147	3,208	98
Interest income from installment sales	356	630	57
Dividends income	379	399	95
Gain on equity in earnings of affiliated companies	526	1,083	49
Foreign exchange gains, net	917	3,152	29
Other	4,923	3,467	142
Total non-operating income	10,248	11,939	86
Non-operating expenses			
Interest expenses	11,587	8,867	131
Other	1,787	2,671	67
Total non-operating expenses	13,374	11,538	116
Ordinary income	51,711	41,912	123
Extraordinary Income			
Surrender value of insurance	0	1,582	-
Insurance income	1,003	0	-
Total Extraordinary Income	1,003	1,582	-
Extraordinary losses			
Losses on adjustment for changes of accounting standard for asset retirement obligations	0	203	-
Business structure improvement expenses	374	315	119
Loss on valuation of investment securities	363	0	-
Loss on disaster	0	6,779	-
Retirement benefit expenses	219	0	-
Amortization of goodwill	1,629	0	-
Other	0	452	-
Total extraordinary losses	2,585	7,749	33
Income before income taxes and minority interests	50,129	35,745	140
Income taxes			
Current	17,818	17,754	100
Deferred	1,749	(2,259)	-
Total income tax	19,567	15,495	126
Income before minority interests	30,562	20,250	151
Minority interests	7,526	9,162	82
Net income	23,036	11,088	208

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Current fiscal year For the year ended Mar. 31, 2012 (A)	Previous fiscal year For the year ended Mar. 31, 2011 (B)	(A)/(B)×100 (%)
			%
Income before minority interests	30,562	20,250	151
Other comprehensive income			
Net unrealized gain (loss) on securities	(163)	2,131	-
Deferred gains (losses) on hedges	(1,127)	(90)	-
Foreign currency translation adjustment	155	(9,262)	-
Share of other comprehensive loss of companies accounted for by the equity-method	(267)	(818)	-
Total other comprehensive income	(1,402)	(8,039)	-
Comprehensive income	29,160	12,211	239
Comprehensive income attributable to shareholders of the Company	21,307	4,410	483
Comprehensive income attributable to minority interests	7,853	7,801	101

(Rounded off to the nearest million)

(3) Consolidated Statements of Net Assets

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2012)	Previous fiscal year (For the year ended Mar. 31, 2011)
Shareholders' Equity		
Common stock		
Balance at beginning of year	81,577	81,577
Changes during the period		
Total changes during the period	0	0
Balance at end of year	81,577	81,577
Capital surplus		
Balance at beginning of year	84,466	84,468
Changes during the period		
Disposal of treasury stock	11	(2)
Total changes during the period	11	(2)
Balance at end of year	84,477	84,466
Retained earnings		
Balance at beginning of year	165,980	158,063
Changes during the period		
Cash dividends	(5,287)	(3,171)
Net income	23,036	11,088
Total changes during the period	17,748	7,917
Balance at end of year	183,728	165,980
Treasury stock		
Balance at beginning of year	(4,526)	(4,588)
Changes during the period		
Purchase of treasury stock	(2)	(5)
Disposal of treasury stock	435	67
Total changes during the period	433	62
Balance at end of year	(4,093)	(4,526)
Total Shareholders' equity		
Balance at beginning of year	327,496	319,520
Changes during the period		
Cash dividends	(5,287)	(3,171)
Net income	23,036	11,088
Purchase of treasury stock	(2)	(5)
Disposal of treasury stock	446	64
Total changes during the period	18,193	7,976
Balance at end of year	345,689	327,496
Accumulated other comprehensive income		
Net unrealized gain on securities		
Balance at beginning of year	3,772	1,625
Changes during the period		
Net changes in items other than those in shareholder's equity	(151)	2,147
Total changes during the period	(151)	2,147
Balance at end of year	3,621	3,772
Deferred gains (losses) on hedges		
Balance at beginning of year	(595)	(501)
Changes during the period		
Net changes in items other than those in shareholder's equity	(1,118)	(94)
Total changes during the period	(1,118)	(94)
Balance at end of year	(1,713)	(595)
Foreign currency translation adjustments		
Balance at beginning of year	(24,567)	(15,836)
Changes during the period		
Net changes in items other than those in shareholder's equity	(460)	(8,731)
Total changes during the period	(460)	(8,731)
Balance at end of year	(25,027)	(24,567)
Total accumulated other comprehensive income		
Balance at beginning of year	(21,390)	(14,712)
Changes during the period		
Net changes in items other than those in shareholder's equity	(1,729)	(6,678)
Total changes during the period	(1,729)	(6,678)
Balance at end of year	(23,119)	(21,390)
Subscription rights to shares		
Balance at beginning of year	766	766
Changes during the period		
Net changes in items other than those in shareholder's equity	0	0
Total changes during the period	0	0
Balance at end of year	766	766
Minority interests		
Balance at beginning of year	42,114	38,657
Changes during the period		
Net changes in items other than those in shareholder's equity	3,327	3,457
Total changes during the period	3,327	3,457
Balance at end of year	45,441	42,114
Total Net Assets		
Balance at beginning of year	348,986	344,231
Changes during the period		
Cash dividends	(5,287)	(3,171)
Net income	23,036	11,088
Purchase of treasury stock	(2)	(5)
Disposal of treasury stock	446	64
Net changes in items other than those in shareholder's equity	1,598	(3,221)
Total changes during the period	19,791	4,755
Balance at end of year	368,777	348,986

(Rounded off to the nearest million)

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2012)	Previous fiscal year (For the year ended Mar. 31, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	50,129	35,745
Depreciation and amortization	39,571	38,112
Decrease in allowance for doubtful accounts	(193)	(1,381)
Interest and dividends income	(3,526)	(3,607)
Interest expenses	11,587	8,867
Amortization of goodwill and negative goodwill	7,561	6,513
Gains on equity earnings of affiliated companies	(526)	(1,083)
Increase in notes and accounts receivable	(53,463)	(30,861)
Decrease (Increase) in lease receivables and investment assets	12,826	(42,714)
Decrease (Increase) in inventories	(76,174)	5,314
Purchase of property held for lease	(14,476)	(13,478)
Sales of property held for lease	2,385	2,332
Increase in notes and accounts payable	43,961	37,901
Gains on sales of property, plant and equipment	(1,031)	(1,888)
Other, net	9,485	1,498
Sub-total	28,116	41,270
Income taxes paid	(17,028)	(13,875)
Net cash provided by operating activities	11,088	27,395
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(33,519)	(17,663)
Proceeds from sale of property, plant and equipment	348	174
Purchase of intangible assets	(6,318)	(4,133)
Purchase of investments in securities	(3,246)	(1,596)
Proceeds from sale of investments in securities	80	87
Interest and dividends received	3,558	3,599
Dividends received from affiliated companies	58	41
Other, net	(5)	(1,277)
Net cash used in investing activities	(39,044)	(20,768)
Cash flows from financing activities		
Net increase in short-term loans	38,978	6,239
Proceeds from long-term loans	52,325	49,662
Repayments of long-term loans	(32,643)	(21,343)
Repayments of lease obligations	(2,914)	(3,160)
Repayment of bonds	(210)	(1,510)
Interest paid	(11,647)	(8,617)
Dividends paid to shareholders	(5,287)	(3,173)
Dividends paid to minority shareholders by subsidiaries	(3,823)	(3,507)
Proceeds from stock issuance to minority shareholders	31	0
Proceeds from disposal of treasury stock	43	64
Purchase of treasury stock	(2)	(6)
Other, net	6	(3)
Net cash provided by financing activities	34,857	14,646
Effect of exchange rate changes on cash and cash equivalents	(552)	(3,877)
Net increase in cash and cash equivalents	6,349	17,396
Cash and cash equivalents at beginning of year	74,710	57,314
Cash and cash equivalents at end of period	81,059	74,710

(Rounded off to the nearest million)

(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: 3

1) Hitachi Construction Machinery Eurasia Manufacturing LLC
2) Suzhuou Chengya Construction Machinery Co., Ltd.
3) TCM Forklift (M) SDN. BHD.

(3) Number of excluded consolidated subsidiaries: 3

1) Exclusion of Hitachi Construction Machinery Comec Co., Ltd. by merger
2) Exclusion of Tacom Manufacturing Co., Ltd. by merger
3) Exclusion of Baryval Assistencial Technicia S.L. by merger

2. Application of the equity method

Number of affiliates subject to the equity method: 13

(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 new affiliates subject to 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.

Others: 10

To create 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 21, 2011).

<u>Additional Information</u>

From the current fiscal year, the Company has been applying the "Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009)" and the "Guidance on Accounting Changes and Error Corrections (ASBJ Guidance No.24, December 4, 2009)" to accounting changes and error corrections made to prior period financial statements after April 1, 2011.

(7) Notes on consolidated financial statements

<u>Segment Information</u>

A. Reportable segment information

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 its 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.

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

Accounting procedures of the business segment are 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.

Fiscal Year ended March 31, 2012 (From April 1, 2011 to March 31, 2012) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Total (Note)
Net sales			
Net sales to outside customers	749,777	67,366	817,143
Inter-segment sales/transfers	0	0	0
Total	749,777	67,366	817,143
Segment income	53,720	1,117	54,837
Segment assets	1,039,501	46,615	1,086,116

Fiscal Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Total (Note)
Net sales			
Net sales to outside customers	712,926	60,843	773,769
Inter-segment sales/transfers	0	0	0
Total	712,926	60,843	773,769
Segment income	40,316	1,195	41,511
Segment assets	897,681	46,689	944,370

Note: Segment income agrees with the operating income stated on the Consolidated Statements of Income.

*The Company has signed a definitive contract with UniCarriers Corporation to transfer all issued shares of TCM Corporation, which operates industrial vehicle business.
For detailed information, please refer to '4.Consolidated Financial Statements (7) Notes on consolidated financial statements (Important Subsequent Events)' on page 26.

Per share information

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
	Yen	Yen
Net assets per share	1,522.86	1,447.52
Net income per share	108.88	52.44
Net income per share after adjustments for dilution	108.86	52.41

Note: Basic data for calculations

1. Net assets per share

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Total amount of net assets on consolidated balance sheets (millions of yen)	368,777	348,986
Amount of net assets associated with common shares (millions of yen)	322,570	306,106
Primary breakdown of amount differentials (millions of yen)		
New share acquisition rights	766	766
Held by minority shareholders	45,441	42,114
Number of common shares issued (shares)	215,115,038	215,115,038
Number of common shares that are treasury shares (shares)	3,296,336	3,645,459
Number of common shares used in the calculation of net assets per share (shares)	211,818,702	211,469,579

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

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Net income (millions of yen)	23,036	11,088
Amount not returned to common shareholders (millions of yen)	0	0
Net income associated with common shares (millions of yen)	23,036	11,088
Average number of common shares outstanding during the fiscal year (shares)	211,576,798	211,435,743
Increase in common shares used for calculating net income per share after dilution (shares)		
Stock purchase warrant	34,076	115,742
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

The Board of Directors of the Company resolved that all issued shares of TCM Corporation, a subsidiary of HCM, are transferred to the new company on November 29, 2011. On April 20, 2012, the Company signed a definitive contract because it reached a final agreement with the transferee company.

1. Purpose of transfer

To consolidate business resources resulting from the integration of subsidiaries of HCM and Nissan Motor Co., Ltd. under a new company which is established and operated mainly by the Innovation Network Corporation of Japan (INCJ), and to purse a growth strategy that would not have been possible if attempted by each individual company by providing funds from INCJ.

2. Overview of the transferee company

(1) Name of the transferee company

UniCarriers Corporation

(Shareholders and ownership ratio of voting shares: INCJ: 53.3%, Hitachi Construction Machinery Co., Ltd.: 26.7%, Nissan Motor Co., Ltd.: 20.0%)

(2) Business description which is transferred

Development, design, production and marketing of industrial vehicles such as folk lifts, special machinery and construction machinery

(3) Schedule of transfer

Summer, 2012

(4) Name of company which is transferred

TCM Corporation

(5) Summary of transfer

Number of shares to be transferred: 105,298,000 shares (Number of voting rights: 105,298,000)

（Percentage of total issued shares: 100%）

Amount of transfer: 30,000 million yen

There is a possibility of change because the amount is estimated at this time.

5. Other

(1) Changes in Officer Structure

As the candidates for Director were finalized following a resolution by the Nominating Committee on April 25, 2012, a list of candidates for Director is provided below.

In addition, the Directors are expected to be appointed at the 48th regular General Meeting of Shareholders scheduled for June 25, 2012.

[1]Candidates for Director

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

*Expected to become Chairman of the Board and Director after selection of Director at the regular General Meeting of Shareholders scheduled for June 25, 2012

[2]Retiring Director (as of June 25, 2012)

Mitsuji Yamada	Expected to become Senior Adviser after the regular General Meeting of Shareholders scheduled for June 25, 2012
Taiji Hasegawa	Expected to become Senior Adviser after the regular General Meeting of Shareholders scheduled for June 25, 2012