Hitachi Construction Machinery Co., Ltd.

Financial Results for the Year Ended

March 31, 2014

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

Consolidated Financial Results for the Year Ended March 31, 2014 (Japan GAAP)

April 24, 2014

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)
Stock exchange: Tokyo (first section) Code number: 6305
URL http://www.hitachi-c-m.com/
Representative: Yuichi Tsujimoto, President and Chief Executive Officer
Scheduled date of ordinary General Meeting of Shareholders: June 23, 2014
Scheduled date of commencement of payment of dividends: May 30, 2014
Scheduled date for submission of Securities Report: June 24, 2014
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 2014 (April 1, 2013 to March 31, 2014)

(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, 2014	802,988	4.0	69,163	34.3	53,671	47.5	28,939	23.3
March 31, 2013	772,355	(5.5)	51,496	(6.1)	36,391	(29.6)	23,464	1.9

Note: Comprehensive income March 2014: ¥57,607million (-0.6%) March 2013: ¥57,944 million (98.7%)

	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, 2014	136.24	136.20	7.7	4.9	8.6
March 31, 2013	110.77	110.75	6.9	3.3	6.7

References:
1. Gain (loss) on equity earnings of affiliated companies March 2014: ¥(253) million March 2013: ¥(646) 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, 2014	1,087,191	447,640	35.7	1,827.59
March 31, 2013	1,099,901	416,671	32.8	1,704.34

Reference: Total equity at fiscal year-end March 2014: ¥388,381 million March 2013: ¥361,163 million

(3) Consolidated cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2014	92,324	(36,724)	(72,174)	53,676
March 31, 2013	59,965	(37,080)	(42,700)	66,622

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, 2013	—	20.00	—	20.00	40.00	8,475	36.1	2.5
March 31, 2014	—	25.00	—	25.00	50.00	10,624	36.7	2.8
March 31, 2015 (Projection)	—	30.00	—	30.00	60.00		28.3	

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3. Projected consolidated results for the fiscal year ending March 2015 (April 1, 2014 to March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2014 (Interim)	390,000	4.3	31,000	23.8	28,000	67.1	19,000	77.6
March 31, 2015	800,000	(0.4)	80,000	15.7	75,000	39.7	45,000	55.5

	Net income (loss) per share
	Yen
September 30, 2014 (Interim)	89.41
March 31, 2015	211.75

Reference:
Percentages indicated show changes from the same period of the previous fiscal year for September 30, 2014 (Interim) and changes from the previous fiscal year for March 31, 2015.

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] Yes
[3] Changes in accounting estimates None
[4] Restatements None

Note: See "Important matters that form the basis for compiling consolidated financial statements" on page 21 of the attached material for details.

(3) Number of outstanding shares (common shares)

[1] Number of outstanding shares at fiscal year-end (including treasury shares)
March 2014: 215,115,038 March 2013: 215,115,038
[2] Number of treasury shares at fiscal year-end
March 2014: 2,605,021 March 2013: 3,206,607
[3] Average number of common shares outstanding during the fiscal year (shares)
March 2014: 212,406,699 March 2013: 211,835,384

(Reference) Non-consolidated Financial Results for the Year Ended March 31, 2014

1. Non-consolidated results for the year ended March 2014 (April 1, 2013 to March 31, 2014)

(1) Non-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, 2014	391,154	(3.7)	(4,118)	-	16,548	-	(556)	-
March 31, 2013	406,001	(10.6)	(12,945)	-	942	(94.0)	6,230	(45.3)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
March 31, 2014	-	-
March 31, 2013	29.41	29.41

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2014	543,167	224,425	41.2	1,052.46
March 31, 2013	568,928	230,966	40.5	1,086.32

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Reference: Total equity at fiscal year-end   March 2014: ¥223,659 million March 2013: ¥230,200 million

Notes)

Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

Explanation on the appropriate use of results forecasts and other important items

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially. Please refer to ‘‘1.Business Performance (1) Analysis of Management Results’ on page 5 for the relevant reasons.

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Index of the Attachment

1. Business Performance

(1) Analysis of Management Results

[1] Business Performance for the Fiscal Year Ended March 31, 2014

During the consolidated fiscal year under review (April 1, 2013 to March 31, 2014), the Japanese economy has gradually recovered, underpinned by a revival of capital investment and increased production. In China, the economy has gradually expanded because of the recovery trend in exports and the domestic demand expansion policy implemented by the government. The US has shown a gradual trend toward recovery, and Europe has also recovered, driven by the economies of the UK and Germany. On the other hand, the economies of Southeast Asia and India continued to be sluggish because of currency depreciation and political instability, among other factors.

With respect to the construction machinery market, particularly for hydraulic excavators, the demand continued to be brisk in Japan. This was supported by increased housing starts and public investments including the demand for reconstruction. In China, despite recovering demand backed by the urbanization of rural areas and increased investment in roads and railways, demand for construction machinery has increasingly shown signs of a slowdown since the beginning of 2014. This has been due to the government's policy of placing more emphasis on “reform than growth.” On the other hand, demand has significantly declined in Thailand, India, and Indonesia.

With respect to the mining machinery market, the demand for machinery for mines in the US, Indonesia, and Australia has severely decreased because of a fall in the price of coal, among other minerals.

Under these circumstances, the HCM Group strove to establish a global management support scheme, increase its share, lower its costs, and improve its business efficiency to secure profits.

Regarding construction machinery, in Japan, we introduced a new line-up of machinery including new generation hybrid hydraulic excavators, which achieved considerably better fuel efficiency. Furthermore, we began offering the new service menu “ConSite” to provide comprehensive customer support. Overseas, we strove to expand our global production/supply structure and strengthen cooperation with dealers.

We have continued to focus on proactive marketing for new customers and large clients with respect to mining machinery.

Consequently, consolidated net sales increased by 4% year-on-year to ¥802,988 million. Operating income and ordinary income also increased by 34% and 47% year-on-year, to ¥69,163 million and ¥53,671 million, respectively.

The following table summarizes the consolidated results for the year ended March 2014.

(Millions of yen; %)

	March 2014 (A)	March 2013 (B)	Year-on-year change	
			(A)-(B)	Increase (%)
Net sales	802,988	772,355	30,633	4.0
Operating income	69,163	51,496	17,667	34.3
Ordinary income	53,671	36,391	17,280	47.5
Net income	28,939	23,464	5,475	23.3

(Rounded off to the nearest million)

[2] Overview of Consolidated Sales by Regional Segment

[Japan]

The construction machinery demand, particularly around rental demand, remained brisk, owning to the increase of public investment mainly for reconstructions and infrastructure development and the high standard of housing start.

Under such circumstances, the Hitachi Construction Machinery Japan Co., Ltd. promoted the expansion of customer base and sales for multiple divisions of "RSS" (Rental, Sales and Service) by consistently conducting RSS operations to respond to various customers' needs.

In addition, we sequentially released new models that are responsive to emission regulations as well as fuel efficient, and also launched ZH200-5B hybrid hydraulic excavator in December 2013, since then we exerted our efforts to expand such sales.

Consequently, consolidated net sales increased by 21% year-on-year to ¥231,846 million.

TCM Co., Ltd. was unconsolidated from the second quarter of the previous fiscal year after the HCM Group sold its TCM shares.

[The Americas]

The U.S. economy showed bright signs with an increase in housing starts and a lower unemployment rate. While demand for construction machinery has remained strong, demand for mining machinery has decreased.

Under such circumstances, we strove to expand the sales of new machines that meet emissions regulations. Additionally, we strove to satisfy the demand for replacement machinery in the rental industry. In Brazil, we started manufacturing in a joint-venture factory with Deere & Company.

Deere-Hitachi Construction Machinery Corporation, a manufacturing base in North America, completed its production capacity increase last year, and because it enables us to supply production parts instead of finished machinery and also because mining-related sales dropped in the US, consolidated net sales decreased by 29% year-on-year to ¥80,418 million.

[Europe]

In addition to the strong recovery in the UK, the Germany and France economies have shown a trend towards recovery, and overall, the European economy is steadily recovering. Western Europe has also witnessed an increasing demand for construction machinery, and growth rate is particularly high in the UK.

Under these circumstances, we focused on expanding our sales by proactively marketing our fuel-efficient hydraulic excavators and wheel loaders, as well as by providing dealers with exemplary support services. Consequently, consolidated net sales increased by 25% year-on-year to ¥71,549 million.

[Russia-CIS, Africa and the Middle East]

The Russian economy has remained stagnant since late 2012 because of declining exports of natural resources including petroleum.

Under such circumstances, we strove to further expand our construction and mining machinery sales by reinforcing our services to support dealers through Hitachi Construction Machinery Eurasia Sales LLC. Furthermore, in January, we held a completion ceremony of the new manufacturing plant in Russia and established local manufacturing structure.

In Africa, we expanded sales in South Africa and the neighboring countries, and we reinforced our capacity for sales and services for construction-related machinery in Northwest Africa, in conjunction with our dealers.

In the Middle East, we continued to focus on expanding our sales, particularly for infrastructure-related projects such as airports and roads. We also succeeded in receiving bulk orders for reconstruction projects.

Consequently, consolidated net sales increased by 8% year-on-year to ¥87,382 million.

[Asia and Oceania]

In resource-rich countries such as Indonesia and Australia, the demand for mining machinery has decreased in accordance with price drops in natural resources. Demand for construction machinery has further continuously decreased in Indonesia, Australia, and Thailand.

Under such circumstances, we strove to enhance the marketing capabilities of our dealers by developing a more comprehensive sales support system.

In India, where the economy is suffering from slow growth, infrastructural investment and construction remains stagnant; consequently, demand for construction machinery has also been stagnant.

Under such circumstances, Tata Hitachi Construction Machinery Co., Ltd. has introduced a new type of machine and is working to expand sales.

Consolidated net sales decreased by 8% year-on-year to ¥217,313 million.

[China]

China's economy witnessed increased domestic demand because of disparity adjustment led by the urbanization of rural areas.

Demand for construction machinery exceeded that of the previous year because of the increased construction for public housing, roads, railways, ports, and other projects. However, demand for construction machinery has been showing a sign of a slowdown since the beginning of 2014, as the government has placed more emphasis on "reform than growth".

Under these circumstances, HCM Group has introduced key strategic machines to the market and strove to increase the market presence by full-scale utilization of service and parts sales management system and the continuous improvement of our collaborative relationships with dealers under the "Global e-Service" system.

Consequently, consolidated net sales increased by 26% year-on-year to ¥114,480 million.

The following table summarizes consolidated net sales by geographic area:

(Millions of yen)

	March 2014		March 2013		Increase (Decrease)	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)	Amount of change	% change
The Americas	80,418	10.0	113,923	14.8	(33,505)	(29.4)
Europe	71,549	8.9	57,342	7.4	14,207	24.8
Russia-CIS, Africa and the Middle East	87,382	10.9	80,915	10.5	6,467	8.0
Asia and Oceania	217,313	27.1	237,487	30.7	(20,174)	(8.5)
China	114,480	14.2	90,773	11.8	23,707	26.1
Sub-total	571,142	71.1	580,440	75.2	(9,298)	(1.6)
Japan	231,846	28.9	191,915	24.8	39,931	20.8
Total	802,988	100.0	772,355	100.0	30,633	4.0

(Rounded off to the nearest million)

[3] Outlook for the Fiscal Year Ending March 31, 2015

The overall demand for construction machinery, particularly for hydraulic excavators, in the fiscal year ending March 31, 2015 is expected to recover in Europe and the US. On the other hand, demand in China is expected to remain at the same level as the previous fiscal year because of the new government's policy of placing more emphasis on reform than growth. In Japan, demand is expected to fall short of that of the previous year, since the rental demand seems to have completed a round. We assume that the overall global demand will slightly decrease. The demand of mining machinery is expected to remain at the same level as the previous fiscal year, because of the stagnant natural resource price.

Under such circumstances, the HCM Group aims to achieve the new medium-term management plan “GROW TOGETHER 2016” for further improvement in profitability, and to expand its capability for generating cash flow. The HCM Group will achieve this through the enhancement of its technology development capabilities, sales and marketing, mining operations, and the entire value chain that includes parts and services, as well as through the promotion of SCM reform and total cost reductions, among others.

The assumed foreign exchange rates for the results are 98 yen for one US dollar, 130 yen for one euro, and 16.5 yen for one Chinese yuan.

Consolidated Earnings Forecast for the Full Year Ending March 31, 2015 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Forecast	800,000	80,000	75,000	45,000	211.75
Difference	(2,988)	10,837	21,329	16,061	-
Change (%)	(0.4)	15.7	39.7	55.5	-
Previous Year Ended Mar 31, 2014	802,988	69,163	53,671	28,939	136.24

(Rounded off to the nearest million)

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 ¥718,937 million, a decrease of 2.0%, or ¥14,882 million from the previous fiscal year-end. This was due mainly to a decrease of ¥9,287 million in cash and deposit and ¥5,588 million yen in the total of accounts receivable (notes and accounts receivable, lease receivable and investment asset).

Fixed assets increased 0.6%, or ¥2,172 million from the end of the previous fiscal year to ¥368,254 million.

As a result, total assets decreased 1.2% or ¥12,710 million from the previous fiscal year-end to ¥1,087,191 million.

(b) Liabilities
Current liabilities at the end of the fiscal year amounted to ¥ 446,960 million, a decrease of 0.1%, or ¥295 million from the previous fiscal year-end.

Non-current liabilities decreased 18.4%, or ¥43,384 million from the previous fiscal year-end to ¥192,591 million. This was mainly due to a decrease of ¥ 30,000 million in bonds caused by transferring bonds to bonds redeemable within one year, and a decrease of ¥18,671 million in long-term debt.

As a result, total liabilities decreased 6.4% or ¥43,679 million from the previous fiscal year-end to ¥639,551 million.

(c) Net Assets
Net assets increased 7.4%, or ¥30,969 million from the previous fiscal year-end to ¥447,640 million. This was mainly due to net income in this fiscal year amounting to ¥5,475 million, and an increase of ¥15,502 million in foreign currency translation adjustments.

[2] Analysis on Status of Consolidated Cash Flows
Cash and cash equivalents at the end of the year totaled ¥53,676 million, a decrease of ¥12,946 million from the end of the previous fiscal year. Factors relating to each cash flow category were as follows:

[Cash Flows from Operating Activities]
Factors that increased cash included ¥52,775 million in income before income taxes and minority interests, ¥37,405 million in depreciation and amortization, and ¥26,006 million in decrease in notes and accounts receivable (including lease receivable). Factors that reduced cash included the ¥12,851 million in decrease in notes and accounts payable, ¥16,142 million in increase in purchase of property held for lease, and ¥19,385 million of income taxes payment.

As a result, cash flows from operating activities amounted to ¥92,324 million, by ¥32,359 million increase from the previous fiscal year.

[Cash Flows from Investing Activities]
Net cash used in investing activities for this fiscal year was ¥36,724 million, a decrease of ¥356 million from the previous fiscal year, mainly due to an outlay of ¥38,705 for acquisition of property, plant and equipment.

As a result, free cash flows, the sum of cash flows from operating activities and cash flows from investing activities, amounted to an inflow of ¥55,600 million.

[Cash Flows from Financing Activities]
Net cash used in financing activities totaled ¥72,174 million. This was due mainly to outflows of ¥37,504 million in net decreased/increased short-term debt, ¥9,118 million in interests paid and ¥12,832 million in dividends paid.

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

	March 2011	March 2012	March 2013	March 2014
Equity ratio (%)	32.4	29.7	32.8	35.7
Equity ratio on market price basis (%)	49.5	35.7	39.1	38.9
Interest-bearing debt to operating cash flows ratio (%)	12.0	35.1	6.6	3.9
Interest coverage ratio (times)	3.2	1.0	5.1	10.1

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.

(3) Principles Regarding Appropriation of Earnings and Dividends for the Year under Review and the Fiscal Year Ending March 31, 2015

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 a target payout ratio of at least 20%.

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 23, 2014, a resolution for cash dividends per share of ¥25 for the fiscal year ended March 31, 2014 will be proposed. As a result, cash dividends for the entire fiscal year ended March 31, 2014 will amount to ¥50 per share.

As for dividends for the fiscal year ending March 2015, we aim to pay ¥30 per share for interim dividends and ¥30 per share for year-end dividends -a total of ¥60 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 71.1% 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 363,400 million JPY as of March 31, 2014. 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.

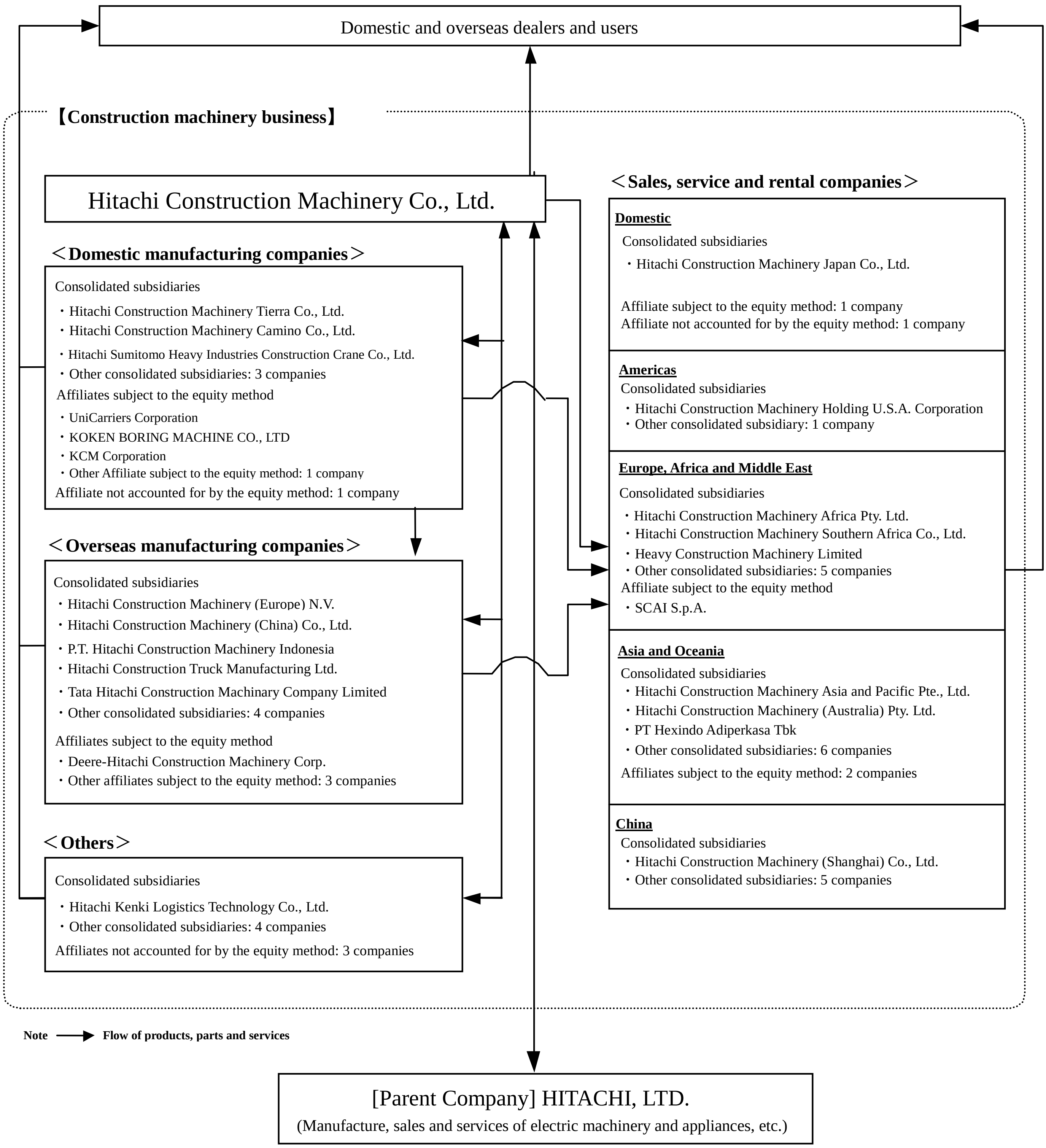
If a leak of confidential information occurred, the reputation of the HCM Group may become damaged and customers may lose confidence in the HCM Group. In addition, the HCM Group’s intellectual property may be infringed upon by a third party, or a third party may claim that the HCM Group is liable for 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 46 subsidiaries and its 17 affiliates. Its business mainly involves the manufacture, sale, service and leasing of construction machinery.



3. Management Policy

(1) Basic Management Policy

The HCM Group pursues business competitiveness and group management capabilities by advocating “trust and differentiation.” We aim to enhance our capabilities for generating cash flow and thereby maximize our profitability. In so doing, we strive to increase corporate and shareholder value.

To ensure our ability to achieve these objectives, we would put strong emphasis on and share the Kenkijin Sprit** as the group-wide value standards and code of conduct. We aim to achieve 2020 VISION—“Close and Reliable Partner anywhere on the Earth with Best Solutions through Kenkijin Spirit”—by implementing various measures along the three axes of hardware, solutions and regions, as well as by continuously providing reliable solutions. Accordingly, we contribute to the sustainable development of our customer and each region.

**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

While the market for construction and mining machinery is growing in the mid-to-long term, there are significant short-term market fluctuations. In order to anticipate these market fluctuations, the HCM Group promotes enhancement of our marketing capabilities and the SCM reform. Furthermore, the Group strengthens the mining operation and the entire value chain focusing on parts and service operation, and strives to overcome the various management challenges for establishing strong corporate culture to prevail in the highly competitive market.

1) Hard (Product) Strategies

We will enhance our developmental marketing capabilities to respond to diverse regional needs, while building a structure of global research and development structure. We would attain environmental responsiveness including emission reduction as well as differentiated products with the high standard of fuel efficiency, safety and economic efficiency, in light of growing customer needs, by utilizing technology and ICT of the Hitachi Group. Moreover, we will improve the development efficiency by module development and conducting preliminary quality analysis.

2) Soft Strategies

For further enhancement of support service covering the whole life cycle of the product, we aim at maximizing the profit in conjunction with providing fine service through global development of "ConSite" making the full use of ICT and "Global e-Service", enhanced retail business, distribution of used machineries, and expansion of finance program.

3) Regional Strategy

We intend to expand our presence in each region with regional business operations to meet the diversifying markets, through community-based operation with speed and efficiency. In addition, we enhance development of specification for each region, organically utilize local manufacturing base, and further enhance the support for sales dealers.

4) Global Management Operation

We will pursue human resource development and promote workplace diversity. We will also focus on effective delegation of tasks, strengthening corporate governance, respecting quality with MonoZukuri (craftsmanship), cost competitiveness, our SCM Reforms, and our strategic CSR activities—all in accordance with the further globalization of the HCM Group.. By devoting ourselves to these goals, we increase the efficiency of our management and establish a foundation to prevail in the market.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Current fiscal year-end (As of Mar. 31, 2014 (A))	Previous fiscal year-end (As of Mar. 31, 2013 (B))	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	53,353	62,640	(9,287)
Notes and accounts receivable	212,585	204,918	7,667
Lease receivables and investment assets	90,033	103,288	(13,255)
Merchandise and manufactured goods	248,586	239,643	8,943
Work in process	51,059	54,125	(3,066)
Materials and supplies	21,627	21,143	484
Deferred tax assets	11,186	13,903	(2,717)
Other	40,208	42,108	(1,900)
Less: Allowance for doubtful accounts	(9,700)	(7,949)	(1,751)
Total current assets	718,937	733,819	(14,882)
Non-current assets			
Property, plant and equipment			
Property held for lease (net)	49,320	42,791	6,529
Buildings and structures (net)	95,699	86,531	9,168
Machinery, equipment and vehicles (net)	68,358	62,770	5,588
Tools, furniture and fixtures (net)	6,265	6,449	(184)
Land	57,760	55,544	2,216
Construction in progress	11,545	17,110	(5,565)
Net property, plant and equipment	288,947	271,195	17,752
Intangible assets			
Software	12,793	17,802	(5,009)
Goodwill	5,224	10,457	(5,233)
Other	4,710	4,402	308
Total intangible assets	22,727	32,661	(9,934)
Investments and other assets			
Investments in securities	33,345	27,086	6,259
Other	23,570	35,658	(12,088)
Less: Allowance for doubtful accounts	(335)	(518)	183
Total investments and other assets	56,580	62,226	(5,646)
Total non-current assets	368,254	366,082	2,172
Total assets	1,087,191	1,099,901	(12,710)

(Rounded off to the nearest million)

(Millions of yen)

	Current fiscal year-end (As of Mar. 31, 2014 (A))	Previous fiscal year-end (As of Mar. 31, 2013 (B))	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	143,134	149,128	(5,994)
Short-term loans	181,801	192,821	(11,020)
Current portion of bonds	30,000	-	30,000
Income taxes payable	8,699	14,563	(5,864)
Other	83,326	90,743	(7,417)
Total current liabilities	446,960	447,255	(295)
Non-current liabilities			
Bonds	20,000	50,000	(30,000)
Long-term loans	131,610	150,281	(18,671)
Lease obligations	15,942	9,984	5,958
Provision for retirement benefits	-	8,913	(8,913)
Net defined benefit liability	12,563	-	12,563
Other	12,476	16,797	(4,321)
Total non-current liabilities	192,591	235,975	(43,384)
Total liabilities	639,551	683,230	(43,679)
NET ASSETS			
Shareholders' equity			
Common stock	81,577	81,577	-
Capital surplus	84,893	84,500	393
Retained earnings	220,122	199,779	20,343
Treasury stock	(3,237)	(3,982)	745
Total shareholders' equity	383,355	361,874	21,481
Accumulated other comprehensive income			
Net unrealized gains on securities	3,746	3,056	690
Deferred losses on hedges	(282)	(2,323)	2,041
Foreign currency translation adjustments	14,058	(1,444)	15,502
Remeasurements of defined benefit plans	(12,496)	-	(12,496)
Total accumulated other comprehensive income	5,026	(711)	5,737
Subscription rights to shares	766	766	-
Minority interests	58,493	54,742	3,751
Total net assets	447,640	416,671	30,969
Total liabilities and net assets	1,087,191	1,099,901	(12,710)

(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, 2014 (A))	Previous fiscal year (For the year ended Mar. 31, 2013 (B))	(A)/(B)×100 (%)
			%
Net sales	802,988	772,355	104
Cost of sales	573,501	566,180	101
Gross profit	229,487	206,175	111
Selling, general and administrative expenses			
Packing and shipping expenses	20,951	19,870	105
Employees' salaries	38,695	40,664	95
R&D expenses	16,734	16,681	100
Other	83,944	77,464	108
Total selling, general and administrative expenses	160,324	154,679	104
Operating income	69,163	51,496	134
Non-operating income			
Interest income	3,772	2,894	130
Interest income from installment sales	289	275	105
Dividends income	357	328	109
Subsidy income	1,003	1,135	88
Other	3,391	3,950	86
Total non-operating income	8,812	8,582	103
Non-operating expenses			
Interest expenses	9,122	11,672	78
Foreign exchange losses, net	9,318	6,844	136
Losses on equity in earnings of affiliated companies	253	646	39
Other	5,611	4,525	124
Total non-operating expenses	24,304	23,687	103
Ordinary income	53,671	36,391	147
Extraordinary Income			
Gains on sales of property, plant and equipment	2,101	-	-
Gains on sales of securities	-	972	-
Gains on sales of subsidiaries and affiliates' stocks	43	-	-
Gains on changes in equity interest	-	9,904	-
Total Extraordinary Income	2,144	10,876	20
Extraordinary losses			
Business structure improvement expenses	156	565	28
Losses on sales of securities	-	8	-
Impairment losses	2,884	931	310
Total extraordinary losses	3,040	1,504	202
Income before income taxes and minority interests	52,775	45,763	115
Income taxes			
Current	18,157	17,285	105
Deferred	(563)	(811)	69
Total income tax	17,594	16,474	107
Income before minority interests	35,181	29,289	120
Minority interests	6,242	5,825	107
Net income	28,939	23,464	123

(Rounded off to the nearest million)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2014 (A))	Previous fiscal year (For the year ended Mar. 31, 2013 (B))	(A)/(B)×100 (%)
			%
Income before minority interests	35,181	29,289	120
Other comprehensive income (loss)			
Net unrealized gains (losses) on securities	687	(570)	-
Deferred gains (losses) on hedges	1,939	(605)	-
Foreign currency translation adjustments	14,547	28,969	50
Remeasurements of defined benefit plans	1,775	-	-
Share of other comprehensive income of companies accounted for by the equity method	3,478	861	404
Total other comprehensive income	22,426	28,655	78
Comprehensive income	57,607	57,944	99
Comprehensive income attributable to shareholders of the Company	48,942	45,872	107
Comprehensive income attributable to minority interests	8,665	12,072	72

(Rounded off to the nearest million)

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2014)	Previous fiscal year (For the year ended Mar. 31, 2013)
Shareholders' Equity		
Common stock		
Balance at the beginning of the year	81,577	81,577
Changes during the period		
Total changes during the period	-	-
Balance at the end of the year	81,577	81,577
Capital surplus		
Balance at the beginning of the year	84,500	84,477
Changes during the period		
Disposal of treasury stock	393	23
Total changes during the period	393	23
Balance at the end of the year	84,893	84,500
Retained earnings		
Balance at the beginning of the year	199,779	183,728
Cumulative effect of changes in accounting policies	953	-
Restated balance	200,732	183,728
Changes during the period		
Cash dividends	(9,549)	(7,414)
Net income	28,939	23,464
Total changes during the period	19,390	16,051
Balance at the end of the year	220,122	199,779
Treasury stock		
Balance at the beginning of the year	(3,982)	(4,093)
Changes during the period		
Purchase of treasury stock	(6)	(2)
Disposal of treasury stock	170	113
Share exchange	581	-
Total changes during the period	745	111
Balance at the end of the year	(3,237)	(3,982)
Total Shareholders' equity		
Balance at the beginning of the year	361,874	345,689
Cumulative effect of changes in accounting policies	953	-
Restated balance	362,827	345,689
Changes during the period		
Cash dividends	(9,549)	(7,414)
Net income	28,939	23,464
Purchase of treasury stock	(6)	(2)
Disposal of treasury stock	563	136
Share exchange	581	-
Total changes during the period	20,528	16,185
Balance at the end of the year	383,355	361,874

(Rounded off to the nearest million)

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2014)	Previous fiscal year (For the year ended Mar. 31, 2013)
Accumulated other comprehensive income		
Net unrealized gain on securities		
Balance at the beginning of the year	3,056	3,621
Changes during the period		
Net changes in items other than those in shareholder's equity	690	(565)
Total changes during the period	690	(565)
Balance at the end of the year	3,746	3,056
Deferred gains (losses) on hedges		
Balance at the beginning of the year	(2,323)	(1,713)
Changes during the period		
Net changes in items other than those in shareholder's equity	2,041	(610)
Total changes during the period	2,041	(610)
Balance at the end of the year	(282)	(2,323)
Foreign currency translation adjustments		
Balance at the beginning of the year	(1,444)	(25,027)
Changes during the period		
Net changes in items other than those in shareholder's equity	15,502	23,583
Total changes during the period	15,502	23,583
Balance at the end of the year	14,058	(1,444)
Remeasurements of defined benefit plans		
Balance at the beginning of the year	-	-
Cumulative effect of changes in accounting policies	(14,266)	-
Restated balance	(14,266)	-
Changes during the period		
Net changes in items other than those in shareholder's equity	1,770	-
Total changes during the period	1,770	-
Balance at the end of the year	(12,496)	-
Total accumulated other comprehensive income		
Balance at the beginning of the year	(711)	(23,119)
Cumulative effect of changes in accounting policies	(14,266)	-
Restated balance	(14,977)	(23,119)
Changes during the period		
Net changes in items other than those in shareholder's equity	20,003	22,408
Total changes during the period	20,003	22,408
Balance at the end of the year	5,026	(711)
Subscription rights to shares		
Balance at the beginning of the year	766	766
Changes during the period		
Net changes in items other than those in shareholder's equity	-	-
Total changes during the period	-	-
Balance at the end of the year	766	766
Minority interests		
Balance at the beginning of the year	54,742	45,441
Cumulative effect of changes in accounting policies	(30)	-
Restated balance	54,712	45,441
Changes during the period		
Net changes in items other than those in shareholder's equity	3,781	9,301
Total changes during the period	3,781	9,301
Balance at the end of the year	58,493	54,742
Total Net Assets		
Balance at the beginning of the year	416,671	368,777
Cumulative effect of changes in accounting policies	(13,343)	-
Restated balance	403,328	368,777
Changes during the period		
Cash dividends	(9,549)	(7,414)
Net income	28,939	23,464
Purchase of treasury stock	(6)	(2)
Disposal of treasury stock	563	136
Share exchange	581	
Net changes in items other than those in shareholder's equity	23,784	31,709
Total changes during the period	44,312	47,894
Balance at the end of the year	447,640	416,671

(Rounded off to the nearest million)

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2014)	Previous fiscal year (For the year ended Mar. 31, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	52,775	45,763
Depreciation and amortization	37,405	36,232
Impairment losses	2,884	931
Changes in allowance for doubtful accounts	1,078	1,462
Interest and dividends income	(4,418)	(3,273)
Interest expenses	9,122	11,672
Amortization of goodwill and negative goodwill	5,270	5,742
Losses on equity in earnings of affiliated companies	253	646
Decrease in notes and accounts receivable	3,142	38,989
Decrease in lease receivables and investment assets	22,864	29,497
Decrease (increase) in inventories	4,218	(32,793)
Purchase of property held for lease	(16,142)	(13,305)
Sales of property held for lease	3,465	2,432
Decrease in notes and accounts payable	(12,851)	(38,644)
Gains on sales of property, plant and equipment	(4,900)	(1,348)
Other, net	7,544	(909)
Sub-total	111,709	83,094
Income taxes paid	(19,385)	(23,129)
Net cash provided by (used in) operating activities	92,324	59,965
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(38,705)	(52,134)
Proceeds from sales of property, plant and equipment	3,875	1,692
Purchase of intangible assets	(3,022)	(2,599)
Purchase of investment securities	(3,716)	(11,640)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(853)	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	29,297
Proceeds from sales of investment securities	6	2,263
Payments for investments in capital	(24)	-
Interest and dividends received	4,403	3,339
Dividends received from affiliated companies	28	39
Other, net	1,284	(7,337)
Net cash provided by (used in) investing activities	(36,724)	(37,080)
Cash flows from financing activities		
Net decrease in short-term loans	(37,504)	(11,854)
Proceeds from long-term loans	39,412	62,439
Repayments of long-term loans	(47,852)	(67,010)
Repayments of lease obligations	(4,475)	(3,301)
Proceeds from issuance of bonds	-	19,906
Redemption of bonds	-	(20,070)
Interest paid	(9,118)	(11,780)
Dividends paid to shareholders	(9,556)	(7,405)
Dividends paid to minority shareholders by subsidiaries	(3,276)	(5,250)
Proceeds from stock issuance to minority shareholders	-	1,491
Proceeds from disposal of treasury stock	199	136
Purchase of treasury stock	(4)	(2)
Other, net	-	0
Net cash provided by (used in) financing activities	(72,174)	(42,700)
Effect of exchange rate changes on cash and cash equivalents	3,628	5,378
Net decrease in cash and cash equivalents	(12,946)	(14,437)
Cash and cash equivalents at beginning of year	66,622	81,059
Cash and cash equivalents at end of period	53,676	66,622

(Rounded off to the nearest million)

(5) Notes on consolidated financial statements

<u>Notes on the preconditions for a going concern: None</u>

<u>Important matters that form the basis for compiling consolidated financial statements</u>

1. Scope of consolidation

Number of consolidated subsidiaries: 46

(1) Main consolidated subsidiaries

1) Hitachi Construction Machinery Japan Co., Ltd.
2) Hitachi Construction Machinery Tierra Co., Ltd.
3) Hitachi Construction Machinery Camino Co., Ltd.
4) Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.
5) Hitachi Construction Machinery (China) Co., Ltd.
6) Hitachi Construction Machinery (Shanghai) Co., Ltd.
7) Tata Hitachi Construction Machinery Company Limited
8) Hitachi Construction Machinery Asia and Pacific Pte., Ltd.
9) P.T. Hitachi Construction Machinery Indonesia
10) Hitachi Construction Machinery (Europe) N.V.
11) Hitachi Construction Machinery Holding U.S.A. Corporation.
12) Hitachi Construction Truck Manufacturing Ltd.

(2) Number of companies excluded from consolidation during the fiscal year ended March 31, 2014: 2

1) Exclusion of Yamanashi Hitachi Construction Machinery Co., Ltd. by sale of shares.
2) Exclusion of Telcon Ecoroad Resurfaces Private Limited by exchange of shares.

2. Application of the equity method

Number of affiliates accounted for by the equity method: 12

(1) Main affiliates subject to the equity method

1) Deere-Hitachi Construction Machinery Corp.
2) KOKEN BORING MACHINE CO., LTD.
3) KCM Corporation
4) UniCarriers Corporation

(2) Number of affiliates not accounted for by the equity method: 5

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 that of 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: 9

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 25, 2013).

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4. Topics related to Accounting Standard

“Accounting Standard for Retirement Benefits” (ASBJ Statement No.26) and “Guidance on

Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25) were issued by the Accounting Standards Board of Japan, the ASBJ on May 17, 2012. Application of this new standard is permitted from the beginning of the fiscal year ending March 31, 2014. Accordingly, the Company applied the new accounting standard from the beginning of the current fiscal year. Under the revised accounting standard, the Company recognizes the amount of projected benefit obligation less plan assets as net defined benefit liability. In addition, the Company reviewed its calculation method of projected benefit obligation and service cost and changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis.

Following ASBJ Statement No.37, which stipulates transitional treatment of the new standard, at the beginning of the current fiscal year, the effect of recognizing net defined benefit liability is adjusted in remeasurements of defined benefit plans within accumulated other comprehensive income. Also the effect of the change in the calculation method of projected benefit obligation and service cost is adjusted in retained earnings at the beginning of the current fiscal year.

As a result, at the beginning of the current fiscal year, total accumulated other comprehensive income decreased 14,266 million yen and retained earnings increased 953 million yen. The application of the new accounting standard did not have a material effect on operating income, ordinary income, and income before income taxes and minority interests of the Company.

Segment Information

1. Overview of reportable segment

The Company's reportable segments are its structural units, for which separate financial information is available, and whose operating results are regularly reviewed by the Board of Directors to make decisions about managerial resources to be allocated to the segment and assess the business performance.

The Company has established operations groups organized by products and services in the headquarters, and each operations group formulates comprehensive strategies and promotes business activities both domestically and overseas.

The Company is organized according to product and service segments, and the following two were the reporting segments: the construction machinery business and the industrial vehicle business until the first quarter of the previous fiscal year. The construction machinery business produces hydraulic excavators, ultra-large excavators, wheel loaders, and crawler cranes, while the industrial vehicle business produced forklifts and skid steer loaders.

In the second quarter of the previous fiscal year ended March 31, 2013, the Company sold all issued shares of its subsidiary, TCM Corporation, which constituted the industrial vehicle business. Therefore, the Company has only a single segment that constitutes the construction machinery business.

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, 2014 (From April 1, 2013 to March 31, 2014)

Since the Company has only a single segment that constitutes the construction machinery business, the segment information is out of the description from the first quarter ended June 30, 2013.

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Construction machinery business	Industrial vehicle business (Note 2)	Total (Note 1)
Net sales			
Net sales to outside customers	757,525	14,830	772,355
Inter-segment sales/transfers	-	-	-
Total	757,525	14,830	772,355
Segment income	51,422	74	51,496
Segment assets	1,099,901	-	1,099,901

(Note 1): Segment income is in accordance with the operating income stated on the Consolidated Statements of Income.
(Note 2): In the second quarter of the previous fiscal year ended March 31, 2013, the Company sold all issued shares of its subsidiary, TCM Corporation, which constituted the industrial vehicle business. As a result, the segment income of the industrial vehicle business only in the first quarter is included in the cumulative financial results of the fiscal year ending March 31, 2013.

Per share information

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Net assets per share (yen)	1,827.59	1,704.34
Net income per share (yen)	136.24	110.77
Net income per share after adjustments for dilution (yen)	136.20	110.75

Note: Basic data for calculations

1. Net assets per share

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Total amount of net assets on consolidated balance sheets (millions of yen)	447,640	416,671
Amount of net assets associated with common shares (millions of yen)	388,381	361,163
Primary breakdown of amount differentials (millions of yen)		
Subscription rights to shares	766	766
Held by minority shareholders	58,493	54,742
Number of common shares issued (shares)	215,115,038	215,115,038
Number of common shares that are treasury shares (shares)	2,605,021	3,206,607
Number of common shares used in the calculation of net assets per share (shares)	212,510,017	211,908,431

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

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2013
Net income (millions of yen)	28,939	23,464
Amount not returned to common shareholders (millions of yen)	-	-
Net income associated with common shares (millions of yen)	28,939	23,464
Average number of common shares outstanding during the fiscal year (shares)	212,406,699	211,835,384
Increase in common shares used for calculating net income per share after dilution (shares)		
Stock purchase warrant	68,839	25,403
Summary of latent shares not included in the calculation of fully diluted net profit per share due to lack of dilution effect.	–	–

Important Subsequent Events: None

5. Other

(1) Changes in Officer Structure

As the candidates for Director were finalized following a resolution by the Nominating Committee on April 24, 2014, a list of candidates for Director is provided below.
In addition, the Directors are expected to be appointed at the 50th ordinary General Meeting of Shareholders scheduled for June 23, 2014.

[1]Candidates for Director

Proposed Appointment(s)		Current Appointment(s)
Outside Director	Takashi Kawamura	Director of Hitachi, Ltd.
Outside Director	Shigeru Azuhata	Fellow of Hitachi, Ltd.
Outside Director	Hideto Mitamura	Outside Director
Director	Yukio Arima	Senior Vice President, Executive Officer and Director
Director	Osamu Okada	Director
Director	Mitsuhiro Tabei	Senior Vice President, Chief Executive Officer and Director
Director	Yuichi Tsujimoto	President, Chief Executive Officer and Director
Director	Hiroshi Tokushige	Director
Director	Tsutomu Mizutani	Senior Vice President, Executive Officer and Director

*1: Takashi Kawamura is expected to become Chairman of the Board and Director after being appointed as Director at the ordinary General Meeting of Shareholders scheduled for June 23, 2014.
*2: The three “Outside Director” (pursuant to Article 2 Item 15 of the Companies Act), Takashi Kawamura, Shigeru Azuhata, and Hideto Mitamura, fall under the “Outside Officer (Shagai-yakuin)” (pursuant to Article 2, Section 3, Item 5 of the Ordinance for Enforcement of the Companies Act).

[2]Retiring Director (as of June 23, 2014)

Michijiro Kikawa	Expected to become Senior Adviser after the ordinary General Meeting of Shareholders scheduled for June 23, 2014.
Masahide Tanigaki	
Takashi Miyoshi	