Hitachi Construction Machinery Co., Ltd.

Financial Results for the
Second Quarter Ended September 30, 2009

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

Consolidated Financial Results for the Second Quarter Ended September 30, 2009

October 27, 2009

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)
Stock exchange: Tokyo, Osaka (first section); Code number: 6305
URL http://www.hitachi-c-m.com/
Representative: Michijiro Kikawa, President and Chief Executive Officer
Scheduled date for submission of the Quarterly Securities Report: November 12, 2009
Scheduled date of commencement of payment of dividends: November 30, 2009
U.S. Accounting Standards are not applied.

1. Consolidated results for the second quarter ended September 2009 (April 1, 2009 to September 30, 2009)

(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	%
Sep. 30, 2009	272,317	(40.0)	945	(98.0)	(2,633)	—	(7,298)	—
Sep. 30, 2008	454,052	—	47,129	—	45,452	—	22,225	—

	Net income per share	Net income per share (Diluted)
	Yen	Yen
Sep. 30, 2009	(35.38)	—
Sep. 30, 2008	103.91	103.75

Note: The percentages indicated are increases (decreases) compared with the same period of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Sep. 30, 2009	771,551	321,843	36.7	1,370.71
Mar. 31, 2009	841,353	331,015	34.9	1,422.54

Note: Total equity at the fiscal period end
September 2009: ¥282,784 million March 2009: ¥293,446 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year end	Total cash dividends per share for the fiscal year
		Yen	Yen	Yen	Yen
March 31, 2009	—	22.00	—	22.00	44.00
March 31, 2010 (Result)	—	5.00			10.00
(Projection)			—	5.00	

Note: Changes involving the dividend states for the fiscal year ending March 2010: None

3. Projected consolidated results for the fiscal year ending March 2010 (April 1, 2009 to March 31, 2010)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2010	590,000	(20.7)	24,000	(50.9)	15,600	(67.4)

	Net income		Net income per share
	Millions of yen	%	Yen
March 31, 2010	5,000	(72.6)	24.24

Notes:
1) The percentages indicated show changes from the same period of the previous fiscal year.
2) Changes in the projected consolidated results for the fiscal year ending March 2010: None

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

4. Others

(1) Significant changes involving subsidiaries during the period (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Simple accounting procedures and the application of special accounting procedures for the compilation of quarterly consolidated financial statements: Yes

Note: For detailed information, please refer to Qualitative Information and Financial Statements, 4.Others, on page 10.

(3) Changes in accounting principles, procedures, and presentation methods used in the preparation of quarterly consolidated financial statements.

A. Changes in response to accounting standard revisions: None

B. Changes other than those in (A): None

(4) Number of shares issued (common shares)

[1] Number of shares issued at the end of the period (including treasury shares)

September 2009:	215,115,038	March 2009:	215,115,038

[2] Number of treasury shares at the end of the period

September 2009:	8,810,346	March 2009:	8,831,203

[3] Average number of shares during the period

September 2009:	206,289,433	September 2008:	213,887,118

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

Any forward-looking statements in the report, including results and 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 the actual results to differ materially. For details such as assumptions for results forecasts and notes, etc., please refer to Qualitative Information and Financial Statements, 3. Qualitative Information concerning Consolidated Results Forecasts, on page 9.

Qualitative Information and Financial Statements

1. Qualitative Information concerning Consolidated Business Performance

[1] Overview of the Market Conditions during the Second Quarter Ended September 30, 2009

During the consolidated second quarter under review (April 2009 to September 2009), although the global economy is still experiencing severe conditions, the business conditions surrounding the HCM group are partly bottoming out because of the stimulus package in individual countries.

With respect to the market for construction machinery, demand fell continuously, especially in advanced nations such as Japan, the United States, and Europe. On the other hand, in emerging countries, demand in China, Indonesia and India, etc. began trending upward.

Under these circumstances, the HCM Group continued to focus on reducing stocks, and as for the core product; hydraulic excavators, we successfully decreased stocks by half to just about the appropriate level. Also, in accordance with the dramatic decrease in demand, we managed to strengthen our so-called 'software' business, which includes sales of parts and services, finance business, etc. to compensate for decrease in sales of new machinery. In addition, we worked on curbing and reducing additional fixed costs and material costs, to establish a more solid profit structure.

Also, the HCM Group and TCM Corporation signed a contract with regard to the share exchange agreement on August 31, 2009. We are supposed to make TCM a wholly owned subsidiary as of December 22, 2009. Thus, we set up a framework of quick decision-making to cultivate the next core products such as wheel loaders and forklifts.

The following table summarizes the consolidated results for the period:

(100 million yen; %)

	Sep. 2009 (A)	Sep. 2008 (B)	Year-on-year change (A) - (B)	 (A)/(B)
Net sales	2,723	4,541	(1,818)	60.0%
Operating income	9	471	(462)	2.0%
Ordinary income	(26)	455	(481)	-
Net income	(73)	222	(295)	-

Notes:
1) Figures under ¥100 million are rounded off.
2) The percentages indicated are the year-on-year changes compared with the same period of the previous fiscal year.

[2] Overview of Consolidated Sales by Regional Segment

Japan

Although the effect of public investments under the supplementary budget firmly support domestic demand, as the total demand for construction machinery in Japan decreased dramatically compared with the same period of the previous fiscal year. Demand for hydraulic excavators, our core product, remained declining due to curtailments in capital investment by rental companies, etc. in the second quarter under review as well as in the first quarter.

Owing to these factors, we implemented measures such as restructuring aimed at the profitable structure and improving the market share in the reducing market.

We are striving to promote the reorganization of the forces to strengthen our industry-specific sales and increased the number of staff substantially for non-civil engineering in such sectors as environment, resources, steel & scrap, and demolition, etc., where the ratio to the sales is expanding, while focusing on high-demand areas. In addition, followed by rationalization such as integration of the West and East Japan Division on April 2009, we are working on a drastic revision nationwide, and conducted elimination and consolidation of the sales bases on a broad scale.

As a result, net sales fell 27% from the same period of the previous fiscal year to ¥80,001 million.

The Americas

In the United States, capital investment decreased vastly and housing starts subsequently remained at low levels with prolonged economic stagnation. It does not seem as if the economic stimulus package by the government has yet progressed, and we can see no real signs of its effect so far. And, demand for construction machinery continued to decline further compared with the previous fiscal year.

Under these conditions, Deere-Hitachi Construction Machinery Corp. conducted the stock adjustments continuously and slashed fixed costs.

Consequently, net sales fell 57%, year on year, to ¥19,769 million.

Europe, Russia-CIS, Africa, and the Middle East

[Europe]

Owing to prolonged economic stagnation with an uncertain outlook for the economy, demand in Europe for construction machinery fell sharply compared with the previous fiscal year.

Under these circumstances, we tried to maintain stocks at an appropriate level and to expand sales for major customers while strengthening sales support for the dealers. Also, we conducted measures such as expansion of the product line-up of wheel loaders to increase the market share.

Net sales in Europe declined 54% year on year to ¥32,410 million.

[Russia-CIS, Africa, and the Middle East]

In Russia-CIS, owing to prolonged economic stagnation, demand for hydraulic excavators decreased dramatically year-on-year. We continued to focus on further support for the sales dealers as well as on gaining extra orders in Ukraine and Azerbaijan, etc. to reduce stocks to an appropriate level at the dealers.

In Africa, although mining-related demand declined temporarily, inquiries from mining companies are recovering, followed by the rebound in resource prices. We further tried to expand sales and services in unexplored regions by establishing a new dealer in Botswana, etc.

Turning to the Middle East, though demand continued to decline in each country due to the prolonged recession, we tried hard to gain government-affiliated orders in Iraq.

The total net sales of Russia-CIS, Africa, and the Middle East regions fell 82% year on year, to ¥12,052 million.

Asia and Oceania

Although demand as a total for construction machinery declined year-on-year, construction machinery demand related to palm oil and coal mining in Indonesia, forestry due to increasing demand for pulp in China has increased steady. Also, demand for rural development, public infrastructural investment and coal mining in India has been growing strongly.

Under these circumstances, we tried to expand sales of machinery for forestry and plantation, of which the demand is expanding, and of hydraulic excavators weighed 30t and 40t, to expand businesses with proposals that are successful in Japan, to global market to gain more orders.

As a result, net sales in Asia and Oceania declined 27% year on year to ¥ 65,817 million.

China

China is now the biggest market for construction machinery in the world, and is fast-growing and becoming more competitive than ever. Demand in China for construction machinery increased vastly due to the effect of 4-trillion-RMB economic stimulus packages beginning in the second quarter. Followed by the internal area, demand in the coastal area has been significantly recovering. We further enhanced sales and marketing for dealer support such as the setting up of a special department for large infrastructural projects, introduction of sales support software that was successful in Japan to the local dealers, and training the staffs at dealers for sales and service skills, etc., to meet the growing demand.

Our sales channels for our consolidated sales for China follow two routes; we sell locally produced products through Hitachi Construction Machinery (Shanghai) Co., Ltd, and sell products directly from HCM via a local affiliate company. In the period under review, sales units from the route via HCM (Shanghai) increased 4% year-on-year, though in terms of sales volume, it declined ¥2.2 billion owing to the strong yen affecting the total by ¥5.4 billion. On the other hand, a sales unit that we sold to the local affiliate company was down 36% year-on-year due to stock adjustments, and sales volume declined ¥5.7 billion, though the sales unit at the local affiliate company increased 34% from the same period of the previous fiscal year.

Consequently, net sales in China declined 11% year on year to ¥62,268 million.

The following table summarizes consolidated net sales by geographic area:

Consolidated Net Sales by Geographic Area (Millions of yen)

	Second Quarter ended September 30, 2009		Second Quarter ended September 30, 2008		Increase (Decrease)	
	Net sales	Proportion (%)	Net sales	Proportion (%)	Amount of change	Change %
The Americas	19,769	7.3	46,075	10.1	(26,306)	(57.1)
Europe	32,410	11.9	70,895	15.6	(38,485)	(54.3)
Russia-CIS, Africa, and the Middle East	12,052	4.4	66,862	14.7	(54,810)	(82.0)
Europe, Russia-CIS, Africa, and the Middle East	44,462	16.3	137,757	30.3	(93,295)	(67.7)
Asia and Oceania	65,817	24.2	90,788	20.0	(24,971)	(27.5)
China	62,268	22.9	70,250	15.5	(7,982)	(11.4)
Sub-total	192,316	70.6	344,870	76.0	(152,554)	(44.2)
Japan	80,001	29.4	109,182	24.0	(29,181)	(26.7)
Total	272,317	100.0	454,052	100.0	(181,735)	(40.0)

[3] Overview of Consolidated Net Sales by Business Segment

(a) Construction Machinery Business

Regarding construction-related machinery, we focused on reducing the inventories by remodeling the machinery, etc. to meet customers' demands flexibly in the sluggish market. Also, preparing for the recovery in production in the second half or later, we tried to improve the production efficiency by such measures as switching outsourced parts to self manufacturing or advancing the delivery date of parts, etc., and to reduce cost via joint procurement throughout the HCM Group.

In machinery for resource development, though total demand remained weak, starting mid-2009, accompanying the increasing demand for resources in China, etc., inquires are recovering in China and Indonesia. Under these circumstances, we made Wenco International Mining Systems, Ltd. a consolidated subsidiary in July 2009 to expand customer bases and to provide customers with a high level of product support and enhanced technical services. Wenco is a leading producer of fleet management systems for mining and does manufacturing, sales and maintenance of the systems in Canada. We are now able to provide our own fleet management system for mining to customers.

As a result, net sales in the construction machinery business fell 39% from the same period of the previous fiscal year to ¥246,587 million.

(b) Industrial Vehicles Business

In industrial vehicles, regarding the demand for small- to mid-sized forklifts, there are some signs of a recovery in Southeast Asia and China, beginning July 2009. Although, demand in the United States, Europe and Russia-CIS remained weak, therefore, demand as a total declined and we continued to reduce production volume and adjust stocks.

Under these circumstances, we worked hard especially in the development of such types of machines as battery forklifts and machines that meet Tier 3 Emission Control Regulations, etc.

Consolidated net sales in the industrial vehicles business decreased 44% from the same period of the previous year to ¥25,730 million.

2. Qualitative Information concerning Consolidated Financial Statements

[1] Status of Assets, Liabilities, and Net Assets

(a) Assets

Current assets at the end of the second quarter under review amounted to ¥471,803 million, a decrease of ¥66,970 million, or 12.4%, from the previous fiscal year end. This was due mainly to respective decreases of ¥44,471 million in notes and accounts receivable, and ¥48,732 million in inventories, and an increase of ¥29,268 million in lease receivables and investment assets.

Fixed assets decreased ¥2,832 million from the end of the previous fiscal year to ¥299,748 million. As a result, total assets decreased ¥69,802 million, or 8.3%, from the previous fiscal year end to ¥771,551 million.

(b) Liabilities

Current liabilities at the end of the second quarter amounted to ¥307,141 million, a decrease of ¥107,234 million, or 25.9%, from the previous fiscal year end. This was due mainly to a respective decrease of ¥32,908 million in notes and accounts payable and ¥59,184 million in short-term loans.

Long-term liabilities increased ¥46,604 million, or 48.6%, from the previous fiscal year end to ¥142,567 million. This was due mainly to the issue of domestic corporate bonds amounting to ¥30 billion in June 2009.

As a result, total liabilities decreased ¥60,630 million, or 11.9%, from the previous fiscal year end to ¥449,708 million.

(c) Net Assets

Net assets decreased ¥9,172 million, or 2.8%, from the previous fiscal year end to ¥321,843 million. This was due mainly to a loss of net income for the second quarter under review.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the period totaled ¥40,907 million, an increase of ¥803 million from the end of the previous fiscal year. Factors relating to each cash flow category were as follows.

(a) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥36,074 million, an increase of ¥30,905 million compared with the second quarter of the previous fiscal year. Factors that increased cash included a decrease of ¥50,820 million in inventories, which was an improvement of ¥114,134 million compared with an increase of ¥63,314 million in inventories in the same period of the previous fiscal year. Factors that increased cash also included a payment of ¥1,738 million in income taxes paid, a decrease of ¥20,383 million compared with that of ¥22,121 million in the previous second quarter due to income reduction. Conversely, factors that reduced cash included a deficit of ¥2,976 million in income before income taxes and minority interests, a difference of ¥47,688 million compared with a surplus of ¥44,712 million in the previous second quarter. Other factors included a decrease of ¥33,558 million in notes and accounts payable, which was an increase of ¥47,775 million compared with that of ¥14,217 million in the previous second quarter.

(b) Cash Flows from Investing Activities

Net cash used in investing activities was ¥12,397 million, a decrease of ¥23,577 million compared with ¥35,974 million in the previous second quarter. Key factors underlying this decrease included a decrease in acquisitions of property, plant and equipment to ¥11,906 million compared with ¥31,303 million in the previous second quarter. This was because we basically stopped capital investment that had been made in response to increased production at various manufacturing bases by September 2008, and shifted to investment for renewal and rationalization in the period under review.

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 ¥23,677 million.

(c) Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥22,195 million. This was due mainly to the issuance of domestic five-year corporate bonds amounting to ¥30 billion in June 2009 to adjust the ratio of long-term and short-term debt, and an appropriate amount including an inflow from free cash flows was mainly used to pay back the long-term and short-term debt.

3. Qualitative Information concerning Consolidated Results Forecasts

As of today, demand in China, Indonesia, Australia, etc. is anticipated to be more than we expected at the end of the first quarter, although we estimate the total demand for Fiscal 2009 to be 120,600 units for hydraulic excavators, the same as our previous forecast, due to sluggish demand in Japan, Western Europe, Russia-CIS and Middle East, etc.

However, the future of the foreign currency and material costs, etc. is still unclear. So, we are continuously trying to expand sales by increasing the market share in each region worldwide, as well as to reduce fixed costs further.

Under these conditions, we have left our earnings forecast unchanged for the fiscal year ending March 2010 that we announced on July 27, 2009 as indicated below.

(100 million; %)

	March 31, 2010		Reference	Change	
	As of Oct. 27, 2009 (A)	As of Jul. 27, 2009 (B)	Mar. 31, 2009	(A)－(B)	(A)／(B)(%)
Net sales	5,900	5,900	7,442	0	100.0
Operating income	240	240	488	0	100.0
Ordinary income	156	156	478	0	100.0
Net income	50	50	183	0	100.0

Notes:
1) Figures under ¥100 million are rounded off.
2) These projections assume an exchange rate of ¥90 to the U.S. dollar and ¥130 to the Euro for the second half.
3) Forecasts, plans, and expectations regarding future performance contained in the aforementioned statements are based on information currently available and deemed rational by the Company management. However, as various factors could change the actual results, forecasts, plans, and expectations may differ. These factors are considered to include the economic conditions in principal markets and fluctuations in demand, fluctuations in exchange rates, and revisions to Japanese or international laws and regulations, accounting standards, practices, or other policies.

4. Others

(1) Significant changes involving subsidiaries during the period (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Simple accounting procedures and the application of special accounting procedures for the compilation of quarterly consolidated financial statements

A. Method of evaluating inventory assets

The value of inventories at the end of the quarter under review is calculated using a rational method, based on physical inventories at the end of the previous fiscal year, rather than physical inventories at the end of the quarter under review.

B. Method of calculating depreciation of fixed assets

Projected annual depreciation incorporating estimates of expected acquisition, sale, and disposal of fixed assets throughout the year is allocated proportionally to the quarter.

Depreciation costs for assets using the declining-balance method are calculated by allocating depreciation costs for the consolidated fiscal proportionally to the quarter.

C. Method of calculating the estimated loan loss value for general loans

In calculating the estimated loan loss value for general loans at the end of the second quarter, except in the case where a noteworthy change in the loan loss rate is recognized, the loan loss rate at the end of the previous fiscal year is employed.

D. Method of calculating deferred tax assets and liabilities

The collectability of deferred tax assets is reviewed using available information as of closing. If there are no material changes in business or in temporary differences, we use the same business forecast or tax planning as at the previous year end.

If there are material changes in business or in temporary differences, we use the same business forecast or tax planning as at the previous year end adding the effect of the changes.

E. Standard used to calculate income taxes

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

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

(3) Changes in accounting principles, procedures, and presentation methods used in the preparation of quarterly consolidated financial statements.

A. Changes in response to accounting standard revisions: None

B. Changes other than those in (A): None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Second-Quarter As of Sep. 30, 2009 (A)	Previous year-end As of Mar. 31, 2009 (B)	(A)-(B)
ASSETS			
Current assets			
Cash and bank deposits	40,912	40,109	803
Notes and accounts receivable	131,383	175,854	(44,471)
Lease receivables and investment assets	52,054	22,786	29,268
Merchandise and Manufactured Goods	157,221	193,686	(36,465)
Work in process	42,071	50,512	(8,441)
Material and supplies	20,288	24,114	(3,826)
Others	33,994	38,833	(4,839)
Less: Allowance for doubtful accounts	(6,120)	(7,121)	1,001
Total current assets	471,803	538,773	(66,970)
Fixed assets			
Property, plant and equipment			
Property held for lease (net)	38,800	41,474	(2,674)
Buildings and structures (net)	65,813	66,198	(385)
Machinery, equipment and vehicles (net)	47,809	48,498	(689)
Tools, furniture and fixtures (net)	5,778	6,374	(596)
Land	58,607	56,212	2,395
Construction in progress	4,861	8,206	(3,345)
Net property, plant and equipment	221,668	226,962	(5,294)
Intangible assets			
Software	20,389	18,969	1,420
Goodwill	5,044	5,373	(329)
Others	1,566	1,886	(320)
Total intangible assets	26,999	26,228	771
Investments and other assets			
Investments in securities	23,352	21,504	1,848
Others	29,628	29,884	(256)
Less: Allowance for doubtful accounts	(1,899)	(1,998)	99
Total investments and other assets	51,081	49,390	1,691
Total fixed assets	299,748	302,580	(2,832)
Total assets	771,551	841,353	(69,802)

(Rounded off to the nearest million)

(Millions of yen)

	Second-Quarter (As of Sep. 30, 2009 (A))	Previous year-end (As of Mar. 31, 2009 (B))	(A)-(B)
LIABILITIES			
Current liabilities			
Notes and accounts payable	67,464	100,372	(32,908)
Short-term loans	170,701	229,885	(59,184)
Commercial paper	10,000	5,000	5,000
Current portion of bonds	22	500	(478)
Income taxes payable	3,503	5,970	(2,467)
Others	55,451	72,648	(17,197)
Total current liabilities	307,141	414,375	(107,234)
Long-term liabilities			
Bonds	31,785	1,820	29,965
Long-term loans	72,059	63,421	8,638
Retirement and severance benefits	11,279	11,698	(419)
Others	27,444	19,024	8,420
Total long-term liabilities	142,567	95,963	46,604
Total liabilities	449,708	510,338	(60,630)
Net assets			
Shareholder's equity			
Common stock	81,577	81,577	0
Capital surplus	81,084	81,084	0
Retained earnings	147,881	159,726	(11,845)
Treasury stock	(10,931)	(10,957)	26
Total shareholders' equity	299,611	311,430	(11,819)
Valuation and translation adjustments			
Net unrealized gain (loss) on securities	1,249	(124)	1,373
Deferred gain (loss) on hedging instruments	972	(129)	1,101
Foreign currency translation adjustments	(19,048)	(17,731)	(1,317)
Total valuation and translation adjustments	(16,827)	(17,984)	1,157
Stock purchase warrant	884	747	137
Minority interests	38,175	36,822	1,353
Total net assets	321,843	331,015	(9,172)
Total liabilities and net assets	771,551	841,353	(69,802)

(Rounded off to the nearest million)

(2) Consolidated Statements of Income

(Millions of yen)

	Second-Quarter Six months ended Sep. 30, 2009 (A)	Second-Quarter Six months ended Sep. 30, 2008 (B)	(A)/(B)×100 (%)
			%
Net sales	272,317	454,052	60
Cost of sales	215,416	328,554	66
Gross profit	56,901	125,498	45
Selling, general and administrative expenses			
Packing and shipping expenses	4,556	12,842	35
Employees' salaries	18,247	22,717	80
R&D expenditure	6,500	6,487	100
Others	26,653	36,323	73
Total selling, general and administrative expenses	55,956	78,369	71
Operating income	945	47,129	2
Non-operating income			
Interest income	960	2,890	33
Interest income from installment sales	75	400	19
Dividends income	157	142	111
Equity in earnings of affiliated companies	0	826	-
Others	2,396	3,105	77
Total non-operating income	3,588	7,363	49
Non-operating expenses			
Interest expenses	3,546	4,028	88
Equity in losses of affiliated companies	1,210	0	-
Foreign exchange losses, net	464	1,468	32
Others	1,946	3,544	55
Total non-operating expenses	7,166	9,040	79
Ordinary income (loss)	(2,633)	45,452	-
Extraordinary losses			
Restructuring costs (Note 1)	343	0	-
Losses on valuation of investments in securities	0	598	-
Losses on valuation of inventories	0	142	-
Total extraordinary losses	343	740	46
Income (loss) before income taxes and minority interests	(2,976)	44,712	-
Income taxes	2,646	16,274	16
Minority interests	1,676	6,213	27
Net income (loss)	(7,298)	22,225	-

(Rounded off to the nearest million)

(Millions of yen)

	Second-Quarter [Three months ended Sep. 30, 2009 (A)]	Second-Quarter [Three months ended Sep. 30, 2008 (B)]	(A)/(B)×100 (%)
			%
Net sales	140,015	220,171	64
Cost of sales	108,745	157,636	69
Gross profit	31,270	62,535	50
Selling, general and administrative expenses			
Packing and shipping expenses	2,528	6,858	37
Employees' salaries	8,755	11,989	73
R&D expenditure	3,505	3,449	102
Others	13,099	17,462	75
Total selling, general and administrative expenses	27,887	39,758	70
Operating income	3,383	22,777	15
Non-operating income			
Interest income	432	830	52
Interest income from installment sales	28	120	23
Dividends income	135	9	-
Equity in earnings of affiliated companies	0	361	-
Others	1,225	1,370	89
Total non-operating income	1,820	2,690	68
Non-operating expenses			
Interest expenses	1,765	2,249	78
Equity in losses of affiliated companies	641	0	-
Foreign exchange losses, net	587	2,517	23
Others	745	2,243	33
Total non-operating expenses	3,738	7,009	53
Ordinary income	1,465	18,458	8
Extraordinary losses			
Restructuring costs (Note 1)	343	0	-
Losses on valuation of investments in securities	0	598	-
Total extraordinary losses	343	598	57
Income before income taxes and minority interests	1,122	17,860	6
Income taxes	(701)	5,721	-
Minority interests	531	2,434	22
Net income	1,292	9,705	13

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Second-Quarter [Six months ended Sep. 30, 2009]	Second-Quarter [Six months ended Sep. 30, 2008]
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(2,976)	44,712
Depreciation and amortization	17,802	15,500
Increase (decrease) in allowance for doubtful accounts	(1,045)	233
Interest and dividends income	(1,117)	(3,032)
Interest expenses	3,560	4,028
Equity in (earnings) losses of affiliated companies	1,210	(823)
Decrease in notes and accounts receivable	39,990	18,399
Increase in lease receivables and investment assets	(33,259)	-
(Increase) decrease in inventories	50,820	(63,314)
Purchase of property held for lease	(6,054)	(2,801)
Sales of property held for lease	1,838	2,005
Increase (decrease) in notes and accounts payable	(33,558)	14,217
Gain on sales of property, plant and equipment	(1,393)	(1,720)
Losses on valuation of securities	44	598
Other, net	1,950	(712)
Sub-total	37,812	27,290
Income taxes paid	(1,738)	(22,121)
Net cash provided by operating activities	36,074	5,169
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(11,906)	(31,303)
Purchase of intangible assets	(2,210)	(4,360)
Purchase of investments in securities	(29)	(4,131)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(634)	0
Interest and dividends received	1,279	2,873
Dividends received from affiliated companies	438	846
Other, net	665	101
Net cash used in investing activities	(12,397)	(35,974)
Cash flows from financing activities		
Net (increase) decrease in short-term debt	(51,563)	26,222
Proceeds from long-term debt	19,256	13,381
Repayments of long-term debt	(8,362)	(9,122)
Repayments of lease obligation	(1,099)	(1,132)
Repayments of bonds	(513)	(10,500)
Proceeds from issuance of bonds	29,865	0
Interest paid	(3,304)	(4,429)
Dividends paid to shareholders	(4,538)	(4,705)
Dividends paid to minority shareholders by subsidiaries	(3,706)	(3,538)
Proceeds from issuance of common stocks to minority shareholders by subsidiaries	1,753	0
Proceeds from disposal of treasury stock	18	82
Purchase of treasury stock	(2)	(14)
Net cash provided by (used in) financing activities	(22,195)	6,245
Effect of exchange rate changes on cash and cash equivalents	(679)	(356)
Net increase (decrease) in cash and cash equivalents	803	(24,916)
Cash and cash equivalents at beginning of year	40,104	68,726
Cash and cash equivalents at end of period	40,907	43,810

(Rounded off to the nearest million)

(4) Notes on the preconditions for a going concern: None

(5) Notes to Consolidated Statements of Income

Note 1: Restructuring costs are included in TCM Corporation and its Consolidated Subsidiaries, and the details are as follows.

* Impairment losses of fixed assets for close of plant	¥112million
* Cost of transferring the equipments for the integration of the plant	¥ 82million
* Merger cost of 10 domestic subsidiaries	¥ 57million
* Expenses for share exchange with Hitachi Construction Machinery Co., Ltd.	¥ 55million
* Losses on valuation of inventories	¥ 37million

(6) Segment Information

A. Segment information by business category

Second Quarter ended September 30, 2009 (From April 1, 2009 to September 30, 2009) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Total	Elimination of sales or corporate bases	Consolidated
Net Sales					
(1) Net sales to outside customers	246,587	25,730	272,317		272,317
(2) Inter-segment sales/transfers	0	0	0	0	
Total	246,587	25,730	272,317	0	272,317
Operating income (loss)	2,049	(1,104)	945	0	945

Notes:

1) Business categories are based on internal segments used within HCM.
2) The products included in each category are as follows
   1. Construction machinery business: Hydraulic excavators, mini-excavators, wheel loaders, and crawler cranes
   2. Industrial vehicles business: Forklifts, transfer cranes, and container carriers
3) We divided our businesses into the following three segments: construction machinery business, industrial vehicles business and semiconductor production equipment business until the end of fiscal year 2008. However, we decided to reduce the semiconductor production equipment business and consolidate it in the construction machinery business because the market has reduced in size and the ultrasonic business, which is a core business of the semiconductor production equipment business, is expected to decrease in growth potential. The sales and the operating profit (loss) of the semiconductor production equipment business included in the construction machinery business at this second quarter are insignificant.

Second Quarter ended September 30, 2008 (From April 1, 2009 to September 30, 2009) (Millions of yen)

	Construction machinery business	Industrial vehicles business	Semiconductor production equipment business	Total	Elimination of sales or corporate bases	Consolidated
Net Sales						
(1) Net sales to outside customers	407,192	46,187	673	454,052		454,052
(2) Inter-segment sales/transfers	15	0	768	783	(783)	
Total	407,207	46,187	1,441	454,835	(783)	454,052
Operating income (loss)	45,817	1,341	(30)	47,128	1	47,129

Notes:

1) Business categories are based on internal segments used within HCM.
2) The products included in each category are as follows:
   1. Construction machinery business: Hydraulic excavators, mini-excavators, wheel loaders, and crawler cranes
   2. Industrial vehicles business: Forklifts, transfer cranes, and container carriers
   3. Semiconductor production equipment business: Ultrasonic inspection video equipment and atomic force microscope equipment

B. Segment information by area

Second Quarter ended September 30, 2009 (From April 1, 2009 to September 30, 2009) (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination of sales or corporate bases	Consolidated
Net sales								
(1) Net sales to outside customers	107,177	81,763	35,815	12,370	35,192	272,317		272,317
(2) Inter-segment sales/transfers	38,273	5,439	1,055	6,199	224	51,190	(51,190)	
Total	145,450	87,202	36,870	18,569	35,416	323,507	(51,190)	272,317
Operating income (Loss)	(23,597)	12,336	610	1,315	2,260	(7,076)	8,021	945

Note:
1) National and regional categories are based on geographic proximity.
2) Countries included in each segment are as follows:
   1. Asia: China, Indonesia, Singapore, Thailand, and Malaysia
   2. Europe: Holland, France, and the United Kingdom
   3. The Americas: The United States and Canada
   4. Other: Australia, New Zealand, and South Africa

Second Quarter ended September 30, 2008 (From April 1, 2008 to September 30, 2008) (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination of sales or corporate bases	Consolidated
Net sales								
(1) Net sales to outside customers	180,163	85,269	100,167	28,406	60,047	454,052		454,052
(2) Inter-segment sales/transfers	176,905	15,067	7,398	10,251	24	209,645	(209,645)	
Total	357,068	100,336	107,565	38,657	60,071	663,697	(209,645)	454,052
Operating income	21,555	13,640	6,592	2,838	5,560	50,185	(3,056)	47,129

Note:
1) National and regional categories are based on geographic proximity.
2) Countries included in each segment are as follows:
   1. Asia: China, Indonesia, Singapore, Thailand, and Malaysia
   2. Europe: Holland, France, and the United Kingdom
   3. The Americas: The United States and Canada
   4. Other: Australia, New Zealand, and South Africa

C. Overseas sales

(Millions of yen)

	Second quarter ended September 30, 2009		Second quarter ended September 30, 2008	
	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales
The Americas	19,769	7.3%	46,075	10.1%
Europe, Africa, & the Middle East	44,462	16.3	137,757	30.3
Asia & Oceania	65,817	24.2	90,788	20.0
China	62,268	22.9	70,250	15.5
Total overseas sales	192,316	70.6	344,870	76.0
Consolidated sales	272,317	100.0	454,052	100.0

Notes:

1) National and regional categories are based on geographic proximity.

2) Countries included in each segment are as follows:

1. The Americas: The United States and Canada
2. Europe, Africa, & the Middle East: Holland, the United Kingdom, Italy, South Africa, and the United Arab Emirates
3. Asia & Oceania: Indonesia, Australia, and New Zealand
4. China: China

3) Overseas sales are sales in countries and areas other than Japan of the Company and its consolidated subsidiaries.

(7) Notes on Significant Fluctuations in Shareholder’s Equity: None

6. Other information: None