

# Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.

## Summary of Financial Results for the Fiscal Year Ended March 31, 2010

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Founded: July 1, 2002

Capital: 4 billion yen

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### 1. Consolidated Operating Results

Millions of Yen

	FY Ended March 31, 2010		FY Ended March 31, 2009
Net Sales .....	24,012	(-48.9)%	47,000
Operating Income.....	(1,258)	( - )%	3,909
Ordinary Income.....	(1,251)	( - )%	3,798
Net Income .....	(726)	( - )%	2,317

Note: Percentages indicate increases/ (decreases) compared to the previous fiscal year.

### 2-1. Non-consolidated Operating Results

Millions of Yen

	FY Ended March 31, 2010		FY Ended March 31, 2009
Net Sales .....	23,139	(-51.1)%	47,313
Operating Income.....	(1,279)	( - )%	3,793
Ordinary Income.....	(1,278)	( - )%	3,681
Net Income .....	(741)	( - )%	2,201
Net Income per Share (Yen).....	(9,262.80)		27,512.64

Note: Percentages indicate increases/ (decreases) compared to the previous fiscal year.

### 2-2. Non-consolidated Financial Position

Millions of Yen

	FY Ended March 31, 2010	FY Ended March 31, 2009
Total Assets .....	20,025	22,878
Shareholders' Equity.....	8,724	10,065
Shareholders' Equity Ratio.....	43.6%	44.0%
Shareholders' Equity per Share (Yen) .....	109,054.84	125,817.65

## 2-3. Non-consolidated Cash Flow

Millions of Yen

	FY Ended March 31, 2010	FY Ended March 31, 2009
Operating Cash Flow.....	(2,647)	2,377
Cash Flow from Investments.....	(102)	(694)
Cash Flow from Financial Activities.....	1,467	(522)
Balance of Cash and Cash Equivalents at Year End.....	11	1,292

## 3. Overview of Business Performance

The world demand for crawler cranes during the fiscal year under review contracted sharply compared with the previous fiscal year because of the global economic slowdown. In the advanced country regions of Japan, the United States and Europe, demand fell substantially throughout the fiscal year. In newly developing country regions, a sense that the bottom of the demand cycle had been reached was evident in some countries and regions during the second half of the fiscal year. Nevertheless, the extremely severe operating climate continued, driven by factors such as purchasing restraint that was fostered by the yen's strengthening trend.

In the domestic market, demand for crawler cranes dropped 40% compared to the previous year, as public works construction projects nationwide were halted temporarily, cancelled or postponed one after another because of the change in administration, and private sector capital investment activity also remained slow.

Overseas, economic stimulus measures by the U.S. government failed to produce strong, conspicuous results and the North American market, our major market, remained at a low, moribund level. In the European market as well, economic recovery in the leading countries was delayed, and demand declined significantly from the previous fiscal year. In each market in Asia and China, on the other hand, signs that demand was no longer falling could be noted during the second half of the fiscal year as a result of each central government's economic stimulus measures, but conditions generally were such that indications of a recovery were not evident.

Under such market conditions, we worked to lower our cost of sales, reduce fixed costs and shrink inventories, and for the fiscal year achieved the following operating results.

In Japan, we continued our efforts to improve customer satisfaction under our direct sales and service system, but the number of units sold declined steeply and as a result, domestic sales were 12,273 million yen (-36% Y/Y).

To promote overseas sales, we collaborated with our distribution networks such as Link-Belt Construction Equipment Company in North America, Hitachi Construction Machinery (Europe) N.V. in Europe, and our subsidiary Hitachi Sumitomo Heavy Industries Construction Crane (Shanghai) Co., Ltd. in China, and strove to support distributors' sales and develop new markets, but overseas sales declined to 11,739 million yen (-57% Y/Y).

Because the uncertainty in the world economy is expected to continue without change, we cannot anticipate a quick recovery in the crawler crane market during the next fiscal year. Depending on the country and region, however, results from the domestic demand stimulus measures enacted by each country's government are expected to appear, and the world economy is expected to recover gradually. Given such circumstances, we will promote the following important policies and focus on establishing a highly competitive, streamlined business organization, in order to achieve a rapid recovery in our operating performance.

- 1) Promote thorough cost reductions;
- 2) Enhance collaboration with affiliated companies and distributors for further improvement in customer satisfaction;
- 3) Continuously develop new machines that meet market needs;
- 4) Strengthen the parts service business;
- 5) Improve cash flow and enhance our corporate culture based on our internal control system.

## 4. Non-Consolidated Balance Sheets

Millions of Yen

	As of March 31, 2010		As of March 31, 2009		Change
	Amount	%	Amount	%	
<b>&lt;Assets&gt;</b>					
<b>Current Assets</b>					
Cash.....	11		1,292		(1,281)
Notes and accounts receivable.....	4,402		7,747		(3,345)
Inventories.....	11,317		9,119		2,198
Other current assets.....	1,064		1,383		(324)
<b>Total Current Assets .....</b>	<b>16,799</b>	<b>83.9</b>	<b>19,550</b>	<b>85.5</b>	<b>(2,751)</b>
<b>Fixed Assets</b>					
Tangible fixed assets.....	1,780		2,178		(398)
Intangible fixed assets.....	522		679		(157)
Investments and other assets.....	922		469		453
<b>Total Fixed Assets.....</b>	<b>3,225</b>	<b>16.1</b>	<b>3,327</b>	<b>14.5</b>	<b>(102)</b>
<b>Total Assets.....</b>	<b>20,025</b>	<b>100.0</b>	<b>22,878</b>	<b>100.0</b>	<b>(2,853)</b>
<b>&lt;Liabilities&gt;</b>					
<b>Current Liabilities</b>					
Notes and accounts payable.....	6,852		10,765		(3,913)
Short-term loan payable	3,418		-		3,418
Other current liabilities.....	1,001		1,989		(988)
<b>Total Current Liabilities.....</b>	<b>11,276</b>	<b>56.3</b>	<b>12,757</b>	<b>55.8</b>	<b>(1,481)</b>
<b>Long-term Liabilities</b>					
Other liabilities.....	23		54		(31)
<b>Total Long-term Liabilities.....</b>	<b>24</b>	<b>0.1</b>	<b>55</b>	<b>0.2</b>	<b>(31)</b>
<b>Total Liabilities.....</b>	<b>11,300</b>	<b>56.4</b>	<b>12,812</b>	<b>56.0</b>	<b>(1,512)</b>
<b>&lt;Net Assets&gt;</b>					
<b>Shareholders' Equity</b>					
Common stock.....	4,000		4,000		0
Earned Surplus.....	4,724		6,065		(1,341)
<b>Total Shareholders' Equity.....</b>	<b>8,724</b>	<b>43.6</b>	<b>10,065</b>	<b>44.0</b>	<b>(1,341)</b>
<b>Total Liabilities and Shareholders' Equity.....</b>	<b>20,025</b>	<b>100.0</b>	<b>22,878</b>	<b>100.0</b>	<b>(2,853)</b>

Note: All numbers are rounded down to the nearest million yen.

## 5. Non-Consolidated Statements of Income

	Millions of Yen				
	Fiscal Year ended March 31				
	2010	%	2009	%	Change
<b>Net Sales</b> .....	<b>23,319</b>	<b>100.0</b>	<b>47,313</b>	<b>100.0</b>	<b>(24,174)</b>
<b>Cost of sales</b> .....	20,538	88.8	39,217	82.9	(18,679)
Gross profit on sales.....	2,601	11.2	8,096	17.1	(5,495)
Selling, general, & administrative expenses .....	3,880	16.8	4,301	9.1	(421)
<b>Operating Income</b> .....	<b>(1,279)</b>	<b>(5.5)</b>	<b>3,793</b>	<b>8.0</b>	<b>(5,072)</b>
<b>Non-operating Income and Expenses</b>					
<b>Non-operating Income</b>					
Interest and dividend income.....	59		20		39
Miscellaneous income.....	47		18		29
<b>Non-operating Income</b> .....	106		38		68
<b>Non-operating Expenses</b>					
Miscellaneous loss .....	106		151		(45)
<b>Non-operating Expenses</b> .....	106		151		(45)
<b>Ordinary Income</b> .....	<b>(1,278)</b>	<b>(5.5)</b>	<b>3,681</b>	<b>7.8</b>	<b>(4,959)</b>
<b>Extraordinary Profit and Loss</b>					
<b>Extraordinary Profit</b> .....	-		-		-
<b>Extraordinary Loss</b> .....	-		-		-
<b>Income Before Income Taxes</b> .....	<b>(1,278)</b>	<b>(5.5)</b>	<b>3,681</b>	<b>7.8</b>	<b>(4,959)</b>
<b>Income Taxes</b> .....	(62)		1,662		(1,724)
<b>Adjustments for Income Taxes</b> .....	(475)		(182)		(293)
<b>Net Income</b> .....	<b>(741)</b>	<b>(3.2)</b>	<b>2,201</b>	<b>4.7</b>	<b>(2,942)</b>

Note: All numbers are rounded down to the nearest million yen.