

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

## Summary of Financial Results for the Fiscal Year Ended March 31, 2011

Head Office: Sumitomo Fudosan Ueno Building No.8  
9-3, Higashi-Ueno 6-chome, Taito-Ku, Tokyo 110-0015, Japan

Founded: July 15, 2002

Capital: 4 billion yen

Website: <http://www.hsc-crane.com>

President and Representative Director: Toshimi Sakai

Contact: Hirofumi Mori, Corporate Planning Department

Telephone: +81-3-3845-1386

### 1. Consolidated Operating Results

	Millions of yen	
	FY Ended March 31, 2011	FY Ended March 31, 2010
Net Sales .....	23,150 (-3.6)%	24,012
Operating Income.....	(2,238) (-)%	(1,258)
Ordinary Income.....	(2,311) (-)%	(1,251)
Net Income .....	(2,316) (-)%	(726)

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

### 2. Overview of Business Performance

The world demand for crawler cranes during the period under review expanded throughout the world compared with the previous period. In the advanced country regions, demand continued to falter and decline due to the slow rate of economic recovery in each country, but the general recovery trend seen in newly developing country regions especially in Asia boosted global demand as a whole. Nevertheless, an extremely severe operating climate continued during the period under review, driven by such factors as the rapid strengthening of the yen and the surge in the cost of materials.

In the Japanese market, demand for new crawler cranes dropped 17% compared to the previous year as wariness over the purchase of new crawler cranes persisted in the face of a continued sluggishness in public and private construction works and the prevailing uncertainty over future economy.

In the overseas market, demand for new crawler cranes dropped sharply from the previous year due to slow economic recovery in the advanced country regions of North America and Western Europe. Among the newly developing country regions, demand in China recovered dramatically as a result of the Chinese government's stimulus measures to boost Chinese domestic demand, and demand in other Asian regions shifted to a recovery trend, so that global demand as a whole increased from the previous year. However, with economic recovery still lagging in some countries and regions, every region had different demand levels.

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 disappointing operating results.

In Japan, we directed our efforts to introducing new models and expanding service parts sales, but sales totaled only 11,728 million yen during the period under review (-5% 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 11,422 million yen (-3% Y/Y).

We expect to encounter significant difficulty hereafter in our operating environment, not only because the future of the world economy remains uncertain, but also because the full impact of the Great East Japan Earthquake and nuclear crisis has yet to emerge. However, given the gradual recovery of global demand in the crawler crane market, we will pursue the following priority policies towards achieving our ongoing goal of establishing a competitive, streamlined business.

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