

**Financial Results (Consolidated)**  
**for the First Quarter of the Fiscal Year Ending March 31, 2010**

July 27, 2009

**Hitachi Koki Co., Ltd.**

Stock Code: 6581

Stock Exchange Listings: Tokyo (First Section), Osaka (First Section)

(URL: <http://www.hitachi-koki.co.jp>)

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Scheduled Submission Date for Quarterly Report: August 10, 2009

Scheduled Commencement Date for Dividend Payments: August 28, 2009

(Figures less than ¥1 million have been omitted.)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2010**  
**(April 1, 2009 to June 30, 2009)**

**(1) Consolidated Business Results (Cumulative Total)**

(Percentages represent change compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
First quarter of fiscal 2009	28,287	(30.7)	851	(84.1)	879	(83.7)
First quarter of fiscal 2008	40,834	—	5,345	—	5,409	—

	Quarterly net income		Quarterly net income per share	Quarterly net income per share on fully diluted basis
	(Million yen)	(%)	(Yen)	(Yen)
First quarter of fiscal 2009	253	(93.0)	2.50	2.50
First quarter of fiscal 2008	3,602	—	35.54	35.53

**(2) Consolidated Financial Position**

	Total assets	Net assets	Company's equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
First quarter of fiscal 2009	152,665	113,356	73.6	1,108.36
Fiscal 2008	152,553	112,275	73.0	1,097.81

(Reference) Owners' equity as of June 30, 2009: ¥112,376 million

Owners' equity as of March 31, 2009: ¥111,303 million

**2. Cash Dividends**

Reference date	Dividends per share				
	First quarter (June 30)	Second quarter (September 30)	Third quarter (December 31)	Fiscal year-end (March 31)	Full fiscal year
Fiscal 2008	(Yen) 11.00	(Yen) 13.00	(Yen) 11.00	(Yen) 6.00	(Yen) 41.00
Fiscal 2009	6.00				
Fiscal 2009 (forecast)		6.00	6.00	6.00	24.00

Note: Adjustment to dividend forecast for the quarter: No

Breakdown of fiscal 2009 second-quarter dividend: ¥11.00 regular dividend, ¥2.00 commemorative dividend

**3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2010  
(April 1, 2009 to March 31, 2010)**

(Percentages represent change compared with the previous cumulative second quarter or fiscal year, as applicable.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Yen)
Cumulative second quarter	68,300	(18.9)	3,500	(67.9)	3,200	(68.0)	2,100	(69.3)	20.71
Full fiscal year	143,000	0.7	8,000	(34.5)	7,500	(25.1)	5,000	(0.7)	49.32

Note: Adjustment to consolidated forecasts during the quarter: No

**4. Others**

- (1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): No
- (2) Use of simplified accounting methods or special accounting methods for preparation of quarterly financial statements: Yes  
(Please see "4. Other Items" of the "Commentary on Financial Statements" section on pages 6-7 for more details.)
- (3) Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements (changes in material items that form the basis for the preparation and presentation of the preparation of quarterly consolidated financial statements)
  - (1) Changes related to revisions in accounting principles: No
  - (2) Other changes aside from those in (1) above: No
- (4) Number of shares issued (common stock)
  - (1) Number of shares at the end of the period (including treasury stock)
    - First quarter of fiscal 2009: 123,072,776
    - Fiscal 2008: 123,072,776
  - (2) Number of treasury shares at the end of the period:
    - First quarter of fiscal 2009: 21,682,144
    - Fiscal 2008: 21,685,825
  - (3) Average number of shares outstanding (cumulative with earlier quarters):
    - First quarter of fiscal 2009: 101,389,355
    - First quarter of the fiscal 2008: 101,368,076

**Explanation of the Appropriate Use of Performance Forecasts and Other Related Items**

The forecasts shown above and other forward-looking statements are based on information available at the time they were prepared and certain assumptions we consider reasonable. Actual consolidated performance may differ sharply from our forecasts owing to a wide range of factors, including shifts in economic conditions in major markets, changes in foreign currency exchange rates, and changes in raw material prices.

## **Commentary on Financial Statements**

### **1. Commentary on Our Consolidated Business Results**

Although Hitachi Koki worked to develop new sales channels and to expand sales in developing countries and elsewhere, net sales for the first quarter of the fiscal year ending March 31, 2010 decreased 31% from the first quarter of the previous fiscal year to ¥28,287 million due to the ongoing challenging operating environment that resulted from the global economic downturn. Looked at on a quarterly basis, this was an increase compared with the previous quarter (the fourth quarter of the fiscal year ended March 31, 2009), ending two consecutive quarters of decreases.

For profits, due to the substantial decrease in net sales compared with the first quarter of the previous fiscal year and the yen remaining at a high foreign exchange rate level despite decreasing since the beginning of the year, operating income decreased 84% from the first quarter of the previous fiscal year to ¥851 million, ordinary income decreased 84% to ¥879 million and net income decreased 93% to ¥253 million. On a quarterly basis, operating income, ordinary income and net income all were on an improving trend compared with the fourth quarter of the previous fiscal year.

### **Performance by Business Segment**

#### **1) Power Tools**

In Japan, although the Hitachi Koki Group attempted to strengthen its sales structure and worked to expand sales, including of the strategic products engine-operated tools and high-pressure air compressors, sales decreased 17% compared with the first quarter of the previous fiscal year due to the impact of substantial decreases in housing investment and capital investment.

In North America, the Group worked to strengthen the home center channel and expand sales of cordless power tools, but sales decreased 30% compared with the first quarter of the previous fiscal year with the impact of the protracted economic recession and continuing sluggish housing investment.

In Europe, the Group made progress in dealings with major home centers and major regional stores. However, due to the impact of marked deterioration of economic conditions in Russia and Eastern Europe and a substantially stronger yen compared with the first quarter of the previous fiscal year, sales decreased 41% compared with the first quarter of the previous fiscal year.

In Asia and other regions, although the Group worked to develop new sales channels and expand sales of products with prices in line with market demand, sales decreased 31% compared with the first quarter of the previous fiscal year due to the impact of factors including the economic recession and slowing growth in developing countries.

As a result of these factors, segment sales decreased 31% from the first quarter of the previous fiscal year, to ¥27,065 million, and operating income decreased 89%, to ¥523 million.

## **2) Life-Science Instruments**

In Japan, amid intensifying competition for limited commercial opportunities in the economic recession, the Group focused on capturing demand by promoting replacement purchases and other activities. Overseas, although the Group aggressively carried out business activities in developing countries in Asia, markets in Europe and North America cooled considerably, creating a challenging business environment.

As a result of these factors, segment sales decreased 11% from the first quarter of the previous fiscal year, to ¥1,222 million, and operating income decreased 13%, to ¥328 million. However, the segment's operating margin remained at a high level.

## **2. Commentary on Our Consolidated Financial Position**

### **1) Total Assets, Total Liabilities and Total Net Assets**

Total assets at the end of the first quarter were ¥152,665 million, an increase of ¥111 million from the end of the previous fiscal year. Current assets were ¥117,000 million of the total, an increase of ¥574 million. This was mainly due to an increase in deposits resulting from improved cash flows from operating activities.

Total liabilities at the end of the first quarter were ¥39,308 million, a decrease of ¥968 million. This was mainly due to a decrease in trade payables resulting from a decrease in production.

Total net assets at the end of the first quarter were ¥113,356 million, an increase of ¥108 million. This was mainly due to an increase in foreign currency translation adjustments resulting from fluctuation in exchange rates.

### **2) Cash Flow**

Net cash provided by operating activities in the first quarter was ¥1,770 million,

despite decrease in trade accounts payable of ¥2,996 million, due to factors including decrease in trade receivables of ¥1,473 million and decrease in inventories of ¥1,351 million.

Net cash used in investing activities was ¥272 million due to factors including capital expenditures.

Net cash used in financing activities was ¥38 million, despite factors including cash dividends paid totaling ¥612 million, due to factors including increase in bank loans of ¥683 million.

As a result of the above, cash and cash equivalents as of June 30, 2009 increased ¥1,977 million from the end of the previous fiscal year to ¥18,666 million.

### **3. Commentary on Our Consolidated Performance Forecasts**

Looking at immediate economic conditions, as a result of the effects of national governments' economic measures amid the simultaneous global recession, signs of recovery are at last starting to appear in some regions. However, because the length of time needed for this recovery trend to take firm and geographically widespread hold remains unclear, and exchange rates are displaying unstable movement, conditions are impossible to predict.

#### **Measures of the Hitachi Koki Group**

Hitachi Koki's major markets of Japan, North America and Europe appear to have bottomed out, and are thought to have passed through their worst period in the first quarter. In addition, sales are growing in developing nations in Asia such as China and India, where internal demand is expanding, Central and South America, where the Group is developing new markets, and elsewhere. As a result, the Group forecasts growth in sales and profits from the second quarter.

Specific measures are as follows. In the power tools business, the Group plans to substantially expand sales by introducing several types of new engine-operated and gardening tool products that comply with exhaust gas regulations from the second quarter. We have transferred production of these products to China. The Group will also promote initiatives including expanding sales of strategic lithium-ion battery-operated products, strengthen relationships with major home centers and major regional stores that have sales potential and enhancing sales bases in undeveloped regions. In the life-science instruments business, we will continue to stimulate demand while strengthening our sales of ultracentrifuges for vaccine production and

focusing on obtaining more orders.

By progressing in such measures as transferring production to China and thoroughly reducing costs, the Group is working to establish an earnings structure that is resistant to exchange rate fluctuations and other factors.

We will work to further strengthen results by continuing to carefully monitor and continuously respond to the status of economic recovery in each region.

#### **Consolidated Performance Forecasts**

There are no revisions to the previous consolidated performance forecasts published on April 27, 2009.

#### **4. Other Items**

(1) Changes in the classification of material subsidiaries during the period (changes regarding specific subsidiaries which result in a change in the scope of consolidation):  
No

(2) Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements

##### **A) Method for Evaluating Inventories**

Calculation of inventory as of June 30, 2009 does not tally actual inventories.

Inventories are calculated using a rational method based on inventory at the end of the previous fiscal year.

##### **B) Method for Calculating Depreciation of Fixed Assets**

Assets for which the declining-balance method is used are calculated by dividing them in proportion to the depreciation at the end of the fiscal year.

##### **C) Calculating Tax Expenses**

Tax expenses are calculated by multiplying income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the three months ended June 30, 2009, after the application of tax effect accounting. However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking in reason, tax expenses are calculated using the legally designated effective tax rate.

Moreover, adjustments to income taxes are shown in "Income taxes, etc."

(3) Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements: No