

Financial Results (Consolidated)
for the Fiscal Year Ended March 31, 2011

April 26, 2011

Hitachi Koki Co., Ltd.

Stock Code: 6581

Stock Exchange Listings: Tokyo, Osaka

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

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Scheduled Date of Ordinary General Shareholders' Meeting: June 28, 2011

Scheduled Commencement Date for Dividend Payments: May 31, 2011

Scheduled Submission Date for Marketable Securities Report (*Yuka Shoken Hokokusho*): June 28, 2011

Preparation of Supplementary Explanatory Materials for Results: Yes

Holding of Results Presentation Meeting: Yes (for analysts)

1. Consolidated Financial Results for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(1) Consolidated Operating Results

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

(% changes are increases/decreases from the prior fiscal year-end.)

	Net sales		Operating income		Ordinary income	
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
Fiscal 2010	118,558	3.1	3,630	(0.2)	3,705	1.8
Fiscal 2009	115,000	(17.4)	3,637	(67.2)	3,638	(59.0)

	Net income		Net income per share	Net income per share (after full dilution)	Net income / Owners' equity	Ordinary income / Total assets	Operating income / Net sales
	(Million yen)	(%)	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2010	528	(45.4)	5.21	5.21	0.5	2.6	3.1
Fiscal 2009	967	(72.6)	9.54	9.54	0.9	2.5	3.2

(Reference) Investment income and losses resulting from the application of the equity method:

Fiscal 2010: ¥1 million

Fiscal 2009: ¥(24 million)

(2) Consolidated Financial Position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
Fiscal 2010	138,622	102,241	73.1	998.94
Fiscal 2009	144,347	106,732	73.3	1,043.41

(Reference) Owners' equity in fiscal 2010: ¥101,296 million

Owners' equity in fiscal 2009: ¥105,802 million

(3) Consolidated Cash Flows (Figures in parentheses indicate a negative number.)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Million yen)	(Million yen)	(Million yen)	(Million yen)
Fiscal 2010	6,406	(646)	(2,917)	27,424
Fiscal 2009	10,934	(1,327)	(1,188)	25,120

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
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal 2009	6.00	6.00	6.00	6.00	24.00
Fiscal 2010	6.00	6.00	6.00	6.00	24.00
Fiscal 2011 (forecast)	6.00	6.00	6.00	6.00	24.00

Reference date	Aggregate dividend payments (full fiscal year)	Dividend payout ratio (consolidated)	Dividends / Net assets (consolidated)
	(Million yen)	(%)	(%)
Fiscal 2009	2,433	251.5	2.3
Fiscal 2010	2,433	460.9	2.4
Fiscal 2011 (forecast)		65.8	

3. Consolidated Forecasts for Fiscal 2011 (April 1, 2011 to March 31, 2012)

(For full fiscal year, % changes are increases/decreases from the prior fiscal year; for second quarter cumulative, % changes are increases/decreases from the prior cumulative second quarter.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Yen)
Second quarter cumulative	60,500	1.7	2,600	162.3	2,500	147.4	1,300	807.0	12.82
Full fiscal year	127,000	7.1	7,000	92.8	6,800	83.5	3,700	600.8	36.49

4. Others

(1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with changes in scope of consolidation) No

New: — Companies, Eliminated: — Companies

(2) Changes in accounting principles, procedures, and methods of presentation, etc.

(a) Changes related to revisions in accounting principles Yes

(b) Other changes aside from those in (a) above Yes

(3) Number of shares issued (common stock)

Number of shares at the end of the period (including treasury stock)	March 31, 2011	123,072,776	March 31, 2010	123,072,776
Number of treasury shares at the end of the period	March 31, 2011	21,669,283	March 31, 2010	21,672,513
Average number of shares outstanding	Year ended March 31, 2011	101,402,964	Year ended March 31, 2010	101,398,203

(Additional Information) Non-Consolidated Results

1. Non-Consolidated Operating Results for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(1) Non-Consolidated Operating Results

(% changes are increases/decreases from the prior fiscal year-end.)

	Net sales		Operating income		Ordinary income	
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
Fiscal 2010	48,313	(2.0)	1,535	217.1	3,024	(19.9)
Fiscal 2009	49,306	(28.6)	484	(94.4)	3,774	(68.0)

	Net income		Net income per share	Net income per share (after full dilution)
	(Million yen)	(%)	(Yen)	(Yen)
Fiscal 2010	1,121	(4.0)	11.06	11.06
Fiscal 2009	1,168	(83.5)	11.52	11.52

(2) Non-Consolidated Financial Data

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
Fiscal 2010	116,328	106,363	91.4	1,048.91
Fiscal 2009	119,927	107,755	89.9	1,062.68

(Reference) Owners' equity in fiscal 2010: ¥106,363 million

Owners' equity in fiscal 2009: ¥107,755 million

Information Regarding the Implementation of Audit Procedures

Audit procedures for the financial statements based on the Financial Instruments and Exchange Law were in progress at the time of disclosure of these financial results.

Explanation of the Appropriate Use of Performance Forecasts and Other Related Instructions

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 due to a wide range of factors. For information regarding the scenarios underlying the assumptions we used for our forecasts, please refer to the "Outlook for Fiscal 2011" section in "Analysis of Operating Results" below.

Operating Results and Financial Position

1. Analysis of Operating Results

Operating Results for the Fiscal Year

The economic environment of the Hitachi Koki Group improved in Japan, as a recovery in housing investment finally became apparent in the second half of the fiscal year, but the overall economy was severely hit by the Great East Japan Earthquake near the end of the period. Overseas, an overall trend toward a gradual recovery became apparent, with indications of an upturn mainly in emerging nations, although some countries in Europe experienced a slowdown. On the other hand, although personal consumption in North America showed signs of picking up, housing investment there remained at a low level. In addition, difficulties persisted in the Group's management environment, with substantial appreciation of the yen against the Euro and U.S. dollar.

In these conditions, due to the impact of the Great East Japan Earthquake, the Hitachi Koki Group was forced to suspend operations at domestic production bases and also experienced difficulties in distribution, and consequently was unable to count on a year-end rise in sales in Japan. However, as a result of efforts including strengthening global sales channels, cultivating new customers and actively expanding sales of new products, the Group secured year-on-year increases in sales in every region, with substantial growth in emerging nations including Russia, India and China.

As for income, the Hitachi Koki Group worked aggressively to strengthen profitability, thoroughly cutting costs and reducing inventories globally while promoting a shift in production to factories in China. However, the sharp appreciation of the yen and shortfalls in product supply in Japan due to the impact of the Great East Japan Earthquake were among the factors exerting downward pressure on operating income.

In addition, the Group recorded an extraordinary loss on disaster recovery costs of ¥1,588 million for repairs to buildings damaged by the Great East Japan Earthquake, costs relating to the restoration of machinery and equipment, and fixed expenses for idle factories.

On the other hand, the Group recorded ¥1,353 million in gain on adjustment of value-added tax (VAT) as extraordinary income. This adjustment was in connection with improper business dealings and accounting practices by a consolidated subsidiary, details of which were announced on November 8, 2010. Previously, revisions to the financial results of past fiscal years were recorded as expenses based on the accounting treatment of VAT paid on fictitious sales. With the determination of the amount of refund, it has been recorded as profit.

As a result of these factors, on a consolidated basis for fiscal 2010, net sales increased 3% compared with the previous fiscal year, to ¥118,508 million, operating income decreased 0.2%, to ¥3,630 million, ordinary income increased 2%, to ¥3,705 million, and net income decreased 45%, to ¥528 million.

Performance by Business Segment

1) Power Tools

In Japan, conditions were on an upturn, with an increase in housing investment and renewed strength in demand from the second half of the fiscal year. Under these circumstances, the Hitachi Koki Group conducted aggressive sales activities and made efforts including deepening transactions in the growing home center channel and expanding sales of accessories. However, with the impact of the Great East Japan Earthquake near the end of the fiscal year, sales growth was limited to an increase of 2% compared with the previous fiscal year.

In North America, housing investment remained weak in the United States. With the modest upturn in personal consumption, the Hitachi Koki Group actively worked to expand sales through home centers, which have the ability to attract customers, and to open new retail channels. As a result, the Group secured a 10% year-on-year increase in sales on a local currency basis, which translated to a 2% increase on a yen basis compared with the previous fiscal year due to the appreciation of the yen.

In Europe, although economic conditions were severe in Southern Europe, a recovery trend became clear in Russia and Eastern Europe, and performance in Western European countries was solid, with the successful expansion of sales through a major home center in Britain with strong sales capabilities. Sales showed a high year-on-year growth rate of 17% on a local currency basis. However, due to the substantial appreciation of the yen against the Euro, sales on a yen basis increased only 1% compared with the previous fiscal year.

In Asia and other regions, sales were generally firm, with particularly significant growth in India, China, and Thailand. As a result, sales increased 14% compared with the previous fiscal year.

As a result of these factors, segment sales increased 3% from the previous fiscal year, to ¥112,856 million, and operating income decreased 1%, to ¥1,985 million.

2) Life-Science Instruments

In Japan, despite the impact of cutbacks in capital investment by universities and government research facilities, the Great East Japan Earthquake and other factors, the Hitachi Koki Group secured sales on par with the previous fiscal year by working aggressively to expand sales of continuous ultracentrifuges for influenza vaccine production and to cultivate user renewal demand.

Overseas, while the Hitachi Koki Group strove to boost sales of ultracentrifuges, refrigerated centrifuges and other products in North America, markets in China and Asia slowed and competition intensified, resulting in severe sales conditions.

As a result of these factors, segment sales decreased 1% compared with the previous fiscal year, to ¥5,702 million, and operating income increased 0.4%, to ¥1,645 million.

Outlook for Fiscal 2011

Looking at economic conditions in fiscal 2011, growth rates are forecast to remain high in emerging nations, which have been driving the global economy. Among developed countries, in the United States and Europe an overall trend toward recovery, albeit gradual, is expected, despite some differences among individual countries. However, with concerns about the impact on the global economy of factors including political instability in the Middle East and other countries, financial issues in Europe, and a sharp rise in crude oil and raw material prices, together with uncertainty about the impact of the Great East Japan Earthquake on the Japanese economy, making predictions is impossible.

Under these conditions, the Hitachi Koki Group will carry out the following measures to bring about a recovery in business results.

In the power tools business, a suspension of production in Japan due to the Great East Japan Earthquake was unavoidable. However, operations at Hitachi Koki's main factory in Ibaraki Prefecture had resumed partial production by the end of March, and all production lines were fully operational by early April. Full recovery to output at a pre-earthquake level is expected from May. The Hitachi Koki Group plans to continue to maintain a stable production system, and will work to ensure that there are no impediments to the stable supply of products for the restoration of the affected areas.

On the other hand, in emerging nations, where growth is notable, the Hitachi Koki Group aims for a substantial increase in sales by introducing numerous products tailored to the Asian market, and will aggressively promote measures such as further expansion of sales in Russia and rapid construction of a sales network in Brazil, which the Group entered in fiscal 2010. In the markets of the United States and Europe, the Group plans to increase sales with a focus on expanding business through the retail channel, the Group's core vendors, and home centers with the ability to attract customers in order to steadily link growth in orders to economic recovery.

In addition, in the outdoor power equipment* business, where the market is large and the Group can leverage Hitachi Koki's strengths in electric, cordless, and engine power, the Group will enhance its diverse product lineup to accelerate business development.

Next, the Hitachi Koki Group will make further efforts to make the name Hitachi synonymous with lithium-ion battery-operated products. The Group will increase its brand power while promoting broader market penetration of the features of its lithium-ion battery-operated products, including highly efficient and economical brushless motors, pioneering electronic control technologies for products such as the industry's first electronic pulse driver and hybrid power supplies, and proprietary multiple protector circuits with extended battery operating life.

Furthermore, in the large market for accessories, the Hitachi Koki Group will strengthen its structure with a focus on its newly established organization. At the same time, the Group will enhance its product lineup to substantially increase sales.

In the life-science instruments business, the Hitachi Koki Group will introduce new products to the global market, steadfastly capture capital investment projects in the vaccine market, augment its service activities to uncover replacement demand, bolster overseas agency support, and develop new material-related fields with the aim of further growth as a highly profitable business.

As for income, the Hitachi Koki Group will work to boost production through measures including the launch of a new factory in Nansha, Guangzhou, China, and aims to further increase profitability by energetically promoting measures including ongoing efforts to position production in optimal locations with an eye to risk diversification, improvement of production efficiency, stringent cost reductions and streamlining of inventory.

As a result of implementing these wide-ranging policies, the Hitachi Koki Group forecasts the following consolidated business results for fiscal 2011. The exchange rate assumptions are ¥82 per U.S. dollar and ¥108 per Euro.

	(Million yen)			
	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal year ending March 31, 2012	127,000	7,000	6,800	3,700

* Outdoor equipment used for agriculture, gardening, etc.

2. Analysis of Financial Position

1) Total Assets, Total Liabilities and Total Net Assets

Total assets as of March 31, 2011 were ¥138,622 million, a decrease of ¥5,725 million compared with the end of the previous fiscal year. Current assets were ¥108,295 million of the total, a decrease of ¥2,046 million from a year earlier, mainly due to decreases in inventories and trade

notes and accounts receivable, reflecting the impact of foreign currency exchange.

Total liabilities as of March 31, 2011 were ¥36,381 million, a decrease of ¥1,233 million from a year earlier. This also mainly reflected the impact of foreign currency exchange on bank loans.

Total net assets were ¥102,241 million, a decrease of ¥4,491 million from a year earlier. This was mainly attributable to movements in foreign currency translation adjustments due to the strong yen.

2) Cash Flow

Net cash provided by operating activities was ¥6,406 million, due to factors including increases in income before income taxes and minority interests, and in trade notes and accounts payable.

Net cash used in investing activities was ¥646 million, due to factors including purchase of property, plant and equipment.

Net cash used in financing activities was ¥2,917 million, due to factors including cash dividends paid totaling ¥2,431 million.

As a result of the above, cash and cash equivalents as of March 31, 2011 totaled ¥27,424 million, an increase of ¥2,303 million from the end of the previous fiscal year.

3. Basic Policy Concerning Profit Distribution and Dividends in Fiscal 2010 and Fiscal 2011

Basic Policy Concerning Profit Distribution and Dividends

Decisions to distribute profits to shareholders and retain earnings are made after taking full account of future business plans, performance, financial conditions, and other factors. In addition, Hitachi Koki strives for the efficient allocation of retained earnings, concentrating investments on core products and technologies and on rationalizing facilities as well as on M&A transactions expected to produce synergistic benefits and promote growth in the scale of business operations.

Regarding cash dividends, Hitachi Koki pays quarterly dividends in an effort to be swift and proactive in returning profits to shareholders. Hitachi Koki takes a comprehensive view of factors including changes in the operating environment, future business plans, business results and financial condition in considering dividend payments as it works to continue paying annual dividends that are as stable as possible.

Dividends for Fiscal 2010

Based on its Basic Policy Concerning Dividends, Hitachi Koki has been returning profits to shareholders for fiscal 2010. We have already paid dividends of ¥6 per share for each of the first quarter, second quarter and third quarter, and we plan to pay a regular dividend of ¥6 per share for the year end. As a result, dividends for the full fiscal year will be ¥24 per share.

Dividends for Fiscal 2011

For fiscal 2011, Hitachi Koki aims to continue proactively returning profits to shareholders and plans to implement more stable quarterly dividends, with dividends of ¥6 per share for each of the first quarter, second quarter, third quarter and year end. Consequently, dividends for the full fiscal year are forecast to total ¥24 per share.