

Financial Results (Consolidated)
for the Fiscal Year Ended March 31, 2010

April 26, 2010

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 25, 2010

Scheduled Commencement Date for Dividend Payments: May 28, 2010

Scheduled Submission Date for Marketable Securities Report (*Yuka Shoken Hokokusho*): June 25, 2010

1. Consolidated Financial Results for Fiscal 2009 (April 1, 2009 to March 31, 2010)

(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 2009	119,166	(16.1)	5,184	(57.6)	5,169	(48.4)
Fiscal 2008	142,013	(18.7)	12,220	(45.3)	10,012	(55.5)

	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 2009	3,333	(33.8)	32.88	32.88	3.0	3.4	4.4
Fiscal 2008	5,034	(67.6)	49.66	49.66	4.3	6.3	8.6

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

Fiscal 2009: ¥(24 million)

Fiscal 2008: ¥(21 million)

(2) Consolidated Financial Position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
Fiscal 2009	148,982	112,141	74.6	1,096.75
Fiscal 2008	152,553	112,275	73.0	1,097.81

(Reference) Owners' equity in fiscal 2009: ¥111,210 million

Owners' equity in fiscal 2008: ¥111,303 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 2009	10,986	(1,327)	(1,239)	25,120
Fiscal 2008	(10,098)	(1,916)	599	16,688

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 2008	11.00	13.00	11.00	6.00	41.00
Fiscal 2009	6.00	6.00	6.00	6.00	24.00
Fiscal 2010 (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 2008	4,156	82.6	3.6
Fiscal 2009	2,433	73.0	2.2
Fiscal 2010 (forecast)		40.6	

Note: Breakdown of fiscal 2008 second-quarter dividend: ¥11.00 regular dividend, ¥2.00 commemorative dividend

3. Consolidated Forecasts for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(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	67,000	14.9	4,200	53.4	4,000	42.2	2,500	52.6	24.65
Full fiscal year	140,000	17.5	10,000	92.9	9,500	83.8	6,000	80.0	59.17

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
 New: — Companies, Eliminated: — Companies
- (2) Changes in principles, procedures, and methods of presentation, etc., related to the preparation of consolidated financial statements (changes in material items that form the basis for the preparation and presentation of consolidated financial statements)
- (1) Changes related to revisions in accounting principles Yes
 (2) Other changes aside from those in (1) above No
- (3) Number of shares issued (common stock)
- (1) Number of shares at the end of the period (including treasury stock)
 Fiscal 2009: 123,072,776
 Fiscal 2008: 123,072,776
- (2) Number of treasury shares at the end of the period:
 Fiscal 2009: 21,672,513
 Fiscal 2008: 21,685,825

(Additional Information) Non-Consolidated Results

1. Non-Consolidated Operating Results for Fiscal 2009 (April 1, 2009 to March 31, 2010)

(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 2009	49,306	(28.6)	484	(94.4)	3,774	(67.6)
Fiscal 2008	69,048	(17.4)	8,716	(45.4)	11,655	(34.8)

	Net income		Net income per share	Net income per share (after full dilution)
	(Million yen)	(%)	(Yen)	(Yen)
Fiscal 2009	3,464	(57.4)	34.17	34.17
Fiscal 2008	8,136	(33.8)	80.26	80.25

(2) Non-Consolidated Financial Data

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
Fiscal 2009	122,991	112,964	91.8	1,114.04
Fiscal 2008	123,010	111,974	91.0	1,104.42

(Reference) Owners' equity in fiscal 2009: ¥112,964 million

Owners' equity in fiscal 2008: ¥111,974 million

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.

For information regarding the scenarios underlying the assumptions we used for our forecasts, please refer to “1. Analysis of Operating Results” in the “Operating Results and Financial Position” section below.

Operating Results and Financial Position

1. Analysis of Operating Results

Operating Results for the Fiscal Year

During fiscal 2009, ended March 31, 2010, national governments worked out and implemented economic stimulus packages to recover from the rapid and widespread economic downturn in the second half of fiscal 2008. As a result, the economic decline was generally halted and signs of recovery appeared, mainly in emerging nations, though results differed by country. However, the operating environment was challenging, with stagnation due to persistently high unemployment and sluggish income growth in the Hitachi Koki Group’s main markets of Japan and the United States, the weak economy in Eastern Europe and the impact of a strong yen on foreign currency translation.

In these conditions, the Hitachi Koki Group expanded transactions with home centers and major retail outlets capable of attracting large numbers of customers and endeavored to secure new customers in emerging nations. Business results generally recovered in Western Europe, Australia and other areas that bottomed out in the fourth quarter of fiscal 2008, while Russia showed signs of recovery. However, due to the major impact of the protracted slowdown in housing investment in the United States and Japan, and the low levels of results in Eastern Europe and the Middle East, net sales decreased compared with the previous fiscal year.

As for income, in addition to thorough reductions of the cost of goods, the Hitachi Koki Group worked to cut costs and strengthen profitability by shifting production to factories in China and other methods, but the decrease in sales led to a substantial decline in income.

In view of the aforementioned factors, on a consolidated basis for fiscal 2009, net sales decreased 16% from the previous fiscal year, to ¥119,166 million, operating income decreased 58%, to ¥5,184 million, ordinary income decreased 48%, to ¥5,169 million, and net income decreased 34%, to ¥3,333

million.

Performance by Business Segment

1) Power Tools

In Japan, the Hitachi Koki Group worked to expand sales of lithium-ion battery-operated cordless tools and to open new sales channels. However, sales decreased 12% from the previous fiscal year with the impact of cooling housing investment and weak capital investment.

In North America, although the Group worked aggressively to strengthen alliances in the home center channel and develop major retail outlets, sales decreased 15% from the previous fiscal year with the impact of stagnation in housing investment in the United States.

In Europe, although the Group worked to expand transactions at major home centers in Germany, France and elsewhere, and to expand sales of outdoor power equipment in Russia and Germany, sales decreased 21% from the previous fiscal year with ongoing challenging conditions in Eastern Europe and the impact of foreign currency translation.

In Asia and other regions, sales on a local-currency basis were comparatively steady in regions including India and Australia, but sales decreased 19% from the previous fiscal year as a result of the sudden worsening of the Middle Eastern economy and the impact of foreign currency translation.

As a result of these factors, segment sales decreased 17% from the previous fiscal year, to ¥113,388 million, and operating income decreased 67%, to ¥3,546 million.

2) Life-Science Instruments

In Japan, challenging market conditions including weak capital investment continued, but demand from universities and government research facilities picked up toward the end of the fiscal year. Overseas, with the effect of new product launches and active expansion of sales of large-scale ultracentrifuges for vaccine production, sales were firm and business results improved.

As a result of these factors, segment sales increased 3% from the previous fiscal year, to ¥5,778 million, and operating income increased 9%, to ¥1,638 million.

Outlook for Fiscal 2010

Looking at economic conditions in fiscal 2010, national governments are forecast to continue implementing economic stimulus packages for the foreseeable future, and a moderate recovery can be anticipated. However, China, which has been the driving force behind global economic recovery, is forecast to revalue the renminbi. In addition, with concerns about volatility in the yen/dollar exchange rate, and rising raw material prices, the outlook remains unclear, making predictions impossible.

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

First, outdoor power equipment and gardening tools, which have large markets and are comparatively unaffected by economic volatility, will undergo a major expansion so they can become the driving force behind future strategic growth. The framework for bolstering production capacity in China is finally in place and the product lineup is being assembled. In the future, the Group will further strengthen its product series so they are price competitive and conform with secondary exhaust emission regulations in Europe and the U.S., and aggressively expand its sales channels globally.

Next, using the strengths of Hitachi Koki's development abilities, we will regularly launch new products not being produced by other companies, including new cordless tools, mainly lithium-ion battery-operated products, and gas nailers. We aim for these measures to broaden our customer base and increase market share.

By region, in our three main markets of Japan, the United States and Europe, we will focus our attention on new business and growth in transactions with major home centers and major retail outlets with sales capabilities in the hope of increasing sales. In the emerging nations of Russia, India and China, the Group will aggressively strengthen sales power, develop new business partners and promote products in order to further raise its presence. In Central and South America, we will establish a new base in Brazil, the largest market in the region, and we will commence full-fledged marketing.

In the Life-Science Instruments segment, we will continue to secure stable results by steadily working on equipment investment projects in the vaccine market, working to meet replacement demand by strengthening service activities and uncovering new demand from latent users through widespread product promotions.

The Group will work to improve profits, taking into consideration the risks in China, by promoting numerous objectives aimed at continuing to find ideal production sites, enhancing production efficiency, and further improving the ratio of locally procured materials and parts.

As a result of implementing these wide-ranging policies, the Group forecasts the following consolidated business results for fiscal 2010. The exchange rate assumptions are ¥90 per U.S. dollar and ¥126 per Euro.

(Million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal year ending March 31, 2011	140,000	10,000	9,500	6,000

2. Analysis of Financial Position

1) Total Assets, Total Liabilities and Total Net Assets

Total assets at the end of fiscal 2009 were ¥148,982 million, a decrease of ¥3,570 million from the end of the previous fiscal year. Current assets were ¥114,924 million of the total, a decrease of ¥1,501 million from a year earlier, mainly due to a decrease of ¥8,309 million in inventories resulting from aggressive inventory reduction policies, despite an increase in cash and time deposits.

Total liabilities at the fiscal year end were ¥36,841 million, a decrease of ¥3,436 million from a year earlier. This decrease was mainly due to decreases in notes payable and accounts payable resulting from production adjustments. Total net assets at the fiscal year end were ¥112,141 million, a decrease of ¥134 million from a year earlier. This decrease was mainly due to a decrease in foreign currency translation adjustments resulting from the impact of the strong yen, despite an increase in retained earnings.

2) Cash Flow

Net cash provided by operating activities was ¥10,986 million, due to factors including income before income taxes and minority interests of ¥6,040 million and a decrease in inventories.

Net cash used in investing activities was ¥1,327 million due to factors including capital expenditures.

Net cash used in financing activities was ¥1,239 million due to factors including cash dividends paid totaling ¥2,436 million.

As a result of the above, cash and cash equivalents as of March 31, 2010 increased ¥8,431 million from the previous fiscal year end to ¥25,120 million.

3. Basic Policy concerning Profit Distribution and Dividends in Fiscal 2009 and Fiscal 2010

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 2009

Based on its Basic Policy concerning Dividends, Hitachi Koki has been returning profits to shareholders for fiscal 2009. We have already paid dividends of ¥6 per share for the first quarter, ¥6 per share for the second quarter, ¥6 per share for the 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 2010

For fiscal 2010, 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.