

# Consolidated Financial Statements-Summary

October 25,2010

(For the six months ended September 30,2010)

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

## Hitachi Tool Engineering, Ltd.

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Listed Stock Exchanges: Tokyo and Osaka(First Section, Code 5963)

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### 1.Results for the six Months Ended September 30,2010 (April 1,2010 through September 30,2010)

#### (1)Consolidated financial results(cumulative)

(Amounts less than one million yen are omitted)

(The percentage figures represent the change from the same period last year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>Six months ended September 30,2010</b>	<b>7,712</b>	<b>23.6</b>	<b>1,160</b>	<b>772.2</b>	<b>1,084</b>	—	<b>745</b>	—
Six months ended September 30,2009	6,238	△50.5	133	△95.7	78	△97.5	53	△97.2

	Net income per share	Diluted net income per share
	yen	yen
<b>Six months ended September 30,2010</b>	<b>27.17</b>	—
Six months ended September 30,2009	1.96	—

#### (2)Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	yen
<b>As of September 30,2010</b>	<b>27,800</b>	<b>22,219</b>	<b>79.9</b>	<b>809.23</b>
As of March 31,2010	26,937	21,850	81.1	795.78

(Note) Shareholders' Equity: As of September 30,2010 22,219 million yen As of March 31,2010 21,850 million yen

### 2.Dividend Status

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual
	yen	yen	yen	yen	yen
FY ended March 31,2010	—	7.00	—	7.00	14.00
FY ended March 31,2011	—	7.00			
FY ended March 31,2011 (Forecast)			—	7.00	14.00

(Note) Revision of dividend forecast in this quarter(Y/N):None

### 3.Estimation of Business Results of Fiscal Year Ending March 31,2011(April 1,2010 through March 31,2011)

	Net sales		Operating income		Ordinary income		Net income		Equity per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
<b>FY ending March 31,2011</b>	<b>15,600</b>	<b>16.7</b>	<b>2,700</b>	<b>221.4</b>	<b>2,300</b>	<b>327.5</b>	<b>1,400</b>	<b>503.4</b>	<b>50.99</b>

(Note) Revision of consolidated business results forecasts in the quarter(Y/N):None

#### 4. Other

(1) Changes in major subsidiaries during the term: None

Note: Changes in significant subsidiaries for the second quarter which resulted in changes in scope of consolidation.

(2) Changes in simple accounting procedures and the application of special accounting procedures for the compilation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, procedures or reporting methods used in preparation of these quarterly financial statements.

[1] Changes accompanying revision of accounting standards: Yes

[2] Changes other than those in [1]: Yes

Note: Items to be disclosed in "Significant Changes in the Basis of presenting Quarterly Consolidated Financial Statements"

(4) Number of shares issued (common shares)

[1] Number of shares issued (including treasury shares)

September 2010: 27,514,802      March 2010: 27,514,802

[2] Number of treasury shares at the end of the period

September 2010: 57,533      March 2010: 57,379

[3] Average number of shares during the period (cumulative for all quarters)

September 2010: 27,457,330      September 2009: 27,457,523

\*Quarterly review procedure implementation progress status

This consolidated financial summary is exempt from the quarterly review procedure that is required under the Financial Instruments and Exchange Act. At the time of the disclosure of the Consolidated Financial Summary, we have not finished the review procedure process.

\*Note to proper use of forecast of operating results and special remarks

This statement was prepared based on information available at the time of disclosure. Actual results may vary significantly as a result of a variety of factors.

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# 1. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Million yen; amounts less than one million yen are omitted)

	Second Quarter [ As of September 30,2010 ]	Previous year-end [ As of March 31,2010 ]	Increase(Decrease) compared with March 31,2010
<b>&lt;Assets&gt;</b>			
<b>Current assets</b>			
Cash and deposits	2,588	2,350	238
Notes and accounts receivable-trade	1,786	1,768	18
Merchandise and finished goods	1,329	1,284	45
Work in process	417	450	(33)
Raw materials and supplies	288	275	13
Cash pooling deposit	8,498	7,394	1,104
Deferred tax assets	437	359	78
Other	243	126	117
Allowance for doubtful accounts	(33)	(34)	1
<b>Total current assets</b>	<b>15,554</b>	<b>13,975</b>	<b>1,579</b>
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures(net)	2,827	2,938	(111)
Machinery, equipment and vehicles(net)	4,578	5,215	(637)
Land	3,293	3,293	0
Other(net)	294	219	75
<b>Total Property, plant and equipment</b>	<b>10,993</b>	<b>11,667</b>	<b>(674)</b>
Intangible assets	91	99	(8)
<b>Investment and other assets</b>			
Investment securities	316	347	(31)
Deferred tax assets	684	671	13
Other	160	177	(17)
Allowance for doubtful accounts	(0)	(0)	0
<b>Total investments and other assets</b>	<b>1,160</b>	<b>1,196</b>	<b>(36)</b>
<b>Total non-current assets</b>	<b>12,246</b>	<b>12,962</b>	<b>(716)</b>
<b>Total assets</b>	<b>27,800</b>	<b>26,937</b>	<b>863</b>

(Million yen; amounts less than one million yen are omitted)

	Second Quarter [ As of September 30,2010 ]	Previous year-end [ As of March 31,2010 ]	Increase(Decrease) compared with March 31,2010
<b>&lt;Liabilities&gt;</b>			
<b>Current liabilities</b>			
Accounts payable-trade	523	503	20
Accrued expenses	823	785	38
Income taxes payable	437	79	358
Provision for directors' bonuses	14	16	(2)
Other	1,965	1,953	12
Total current liabilities	3,763	3,339	(424)
<b>Non-current liabilities</b>			
Provision for retirement benefits	1,728	1,644	84
Provision for directors' retirement benefits	56	70	(14)
Other	32	33	(1)
Total non-current liabilities	1,817	1,748	69
<b>Total liabilities</b>	<b>5,580</b>	<b>5,087</b>	<b>493</b>
<b>&lt;Net assets&gt;</b>			
<b>Shareholders' equity</b>			
Capital stock	1,455	1,455	0
Capital surplus	807	807	0
Retained earnings	20,306	19,753	553
Treasury stock	(68)	(68)	0
Total shareholders' equity	22,500	21,946	554
<b>Valuation and translation adjustments</b>			
Valuation difference on available-for-sale-securities	66	85	(19)
Foreign currency translation adjustment	(348)	(182)	(166)
Total valuation and translation adjustments	(281)	(96)	(185)
<b>Total net assets</b>	<b>22,219</b>	<b>21,850</b>	<b>369</b>
<b>Total liabilities and net assets</b>	<b>27,800</b>	<b>26,937</b>	<b>863</b>

## **(2) Consolidated Statements of Income**

(Million yen; amounts less than one million yen are omitted)

	Second Quarter 〔 Six months ended 〕 September 30,2009	Second Quarter 〔 Six months ended 〕 September 30,2010	Increase(Decrease) compared with six months ended September 30,2009
<b>Net sales</b>	6,238	7,712	1,474
<b>Cost of sales</b>	4,248	4,476	228
Gross profit	1,989	3,235	1,246
<b>Selling, general and administrative expenses</b>	1,855	2,075	220
<b>Operating income</b>	133	1,160	1,027
<b>Non-operating income</b>			
Interest income	23	21	(2)
Dividends income	7	0	(7)
Subsidy income	15	-	(15)
Royalty revenue	14	16	2
Interest on refund of income taxes and other	30	-	(30)
Gain on sales of noncurrent assets	-	36	36
Other	39	44	5
Total non-operating income	129	120	(9)
<b>Non-operating expenses</b>			
Sales discounts	62	99	37
Foreign exchange losses	-	46	46
Plant transfer expenses	42	-	(42)
Other	80	49	(31)
Total non-operating expenses	184	195	11
<b>Ordinary income</b>	78	1,084	1,006
<b>Extraordinary income</b>			
Gain on sales of noncurrent assets	-	14	14
Total extraordinary income	-	14	14
<b>Extraordinary loss</b>			
Total extraordinary loss	-	-	-
Income before income taxes and minority interests	78	1,099	1,021
Income taxes-current	(9)	434	443
Income taxes-deferred	33	(80)	(113)
Total income taxes	24	353	329
Income before minority interests	-	745	-
Minority interests in income	-	-	-
<b>Net income</b>	53	745	692

### **(3) Consolidated Statements of Cash Flows**

(Million yen; amounts less than one million yen are omitted)

	Second Quarter 〔 Six months ended 〕 September 30,2009	Second Quarter 〔 Six months ended 〕 September 30,2010
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	78	1,099
Depreciation and amortization	1,047	872
Increase(Decrease) in provision for retirement benefits	(194)	83
Increase(Decrease) in allowance for doubtful accounts	5	(0)
Interest and dividends income	(30)	(22)
Loss on retirement of noncurrent assets	12	0
Loss(gain) on sales of noncurrent assets	-	(51)
Decrease(increase) in notes and accounts receivable-trade	(636)	(58)
Decrease(increase) in inventories	(73)	(75)
Increase(decrease) in notes and accounts payable-trade	(243)	48
Other, net	(23)	108
Subtotal	(57)	2,004
Interest and dividends income received	30	22
Income taxes paid	(119)	(86)
Income taxes refund	1,075	8
Payment for extra retirement payments	(427)	-
<b>Net cash provided by(used in) operating activities</b>	<b>501</b>	<b>1,948</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(339)	(328)
Purchase of intangible assets	(2)	(9)
Purchase of investment securities	(1)	(1)
Other, net	51	32
<b>Net cash provided by(used in) investing activities</b>	<b>(291)</b>	<b>(306)</b>
<b>Cash flows from financing activities</b>		
Cash dividends paid	(356)	(192)
Purchase of treasury stock	(0)	(0)
<b>Net cash provided by(used in) financing activities</b>	<b>(356)</b>	<b>(192)</b>
<b>Effect of exchange rate change on cash equivalents</b>	<b>14</b>	<b>(107)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>(133)</b>	<b>1,341</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,742</b>	<b>9,745</b>
<b>Cash and cash equivalents at end of period</b>	<b>8,608</b>	<b>11,086</b>

#### **(4) Notes on the preconditions for a going concern**

None

#### **(5) Segment Information**

##### **(5)-1 【Segment information by area】**

Second Quarter ended September 30,2009(From April 1,2009 to September 30,2009)

(Million yen; amounts less than one million yen are omitted)

	Japan	Europe	Others	Total	Elimination of sales or corporate bases	Consolidated
Net Sales						
(1)Net sales to outside customers	4,362	1,184	691	6,238	-	6,238
(2)Inter-segment sales/transfers	962	6	-	968	(968)	-
Total	5,324	1,190	691	7,206	(968)	6,238
Operating income(loss)	(150)	216	29	94	39	133

##### **(5)-2 【Overseas sales】**

Second Quarter ended September 30,2009(From April 1,2009 to September 30,2009)

(Million yen; amounts less than one million yen are omitted)

	Europe	Asia	Others	Total
Overseas sales	1,184	1,394	62	2,641
Consolidated sales	-	-	-	6,238
Percentage of sales in consolidated sales(%)	19.0	22.3	1.0	42.3

### (5)-3 【Segment Information】

#### (Additional information)

Starting from the first quarter of the current fiscal year, the Company is applying the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No.20, March 21, 2008).

#### Overview of reportable segment

The Company’s reportable segments are the structural units of the company for which separate financial information is available, and those units are subject to be reviewed periodically by the Board of Directors in order to assist decision-making on the allocation of managerial resources and assessment of business performance.

#### Segment sales and Income(Loss)

Second Quarter ended September 30,2010(From April 1,2010 to September 30,2010)

(Million yen; amounts less than one million yen are omitted)

	Reportable segment			Others (Note)	Total	Intercompany eliminations and corporate	Consolidated
	Japan	Europe	Total				
Net Sales							
(1)Net sales to outside customers	5,806	1,290	7,097	614	7,712	-	7,712
(2)Inter-segment sales/transfers	1,172	35	1,207	-	1,207	(1,207)	-
Total	6,978	1,326	8,305	614	8,919	(1,207)	7,712
Segment income(loss)	942	276	1,219	(12)	1,206	(107)	1,099

Note: The group of 'Others' is not included in 'Reportable segment'. And it is the subsidiary company of China.

### (6) Notes on Significant Fluctuations in Shareholder’s Equity

None