Hitachi Construction Machinery

Financial Results for the year ended

March 31, 2007

(English translation of “KESSAN TANSHIN” originally issued in Japanese language.)

Financial Statement (Consolidated) for Fiscal Year Ended March 2007 April 25, 2007

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)
Stock exchange: Tokyo, Osaka (first section) Code number: 6305
URL http://www.hitachi-c-m.com/
Representative: Michijiro Kikawa, President and Chief Executive Officer

Scheduled date of regular General Meeting of Shareholders: June 25, 2007
Scheduled date of commencement of payment of dividends: May 30, 2007
Scheduled date for submission of the Securities Report: June 26, 2007
U.S. Accounting Standards are not applied.

1. Consolidated results for the year ended March 2007 (April 1, 2006 to March 31, 2007)

(1) Consolidated results (Rounded off to the nearest million)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2007	756,453	20.8	78,352	37.0	70,010	52.9
March 31, 2006	626,457	39.8	57,177	42.5	45,783	36.2

	Net income		Net income per share	Net income per share (Diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
March 31, 2007	36,502	50.7	187.43	186.81	20.9	11.6	10.4
March 31, 2006	24,223	39.8	124.37	124.00	16.8	9.0	9.1

Notes:
1) Equity-method investment profit
March 2007: ¥400 million March 2006: ¥131 million
2) Percentages indicated for net sales, operating income, ordinary income and net income are increases/(decreases) compared to the period of the preceding fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2007	655,326	222,409	29.4	987.56
March 31, 2006	552,341	157,173	28.5	807.17

Note:
Total equity at the end of the fiscal year
March 2007: ¥192,393 million March 2006: --

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2007	24,101	(25,834)	517	41,074
March 31, 2006	37,379	(18,572)	(33,113)	41,954

2. Dividends status

	Cash dividends per share			Total cash dividends for the fiscal year	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	Interim	Year-end	Total cash dividends per share for the fiscal year			
	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2007	14.00	14.00	28.00	5,452	14.9	3.1
March 31, 2006	8.00	10.00	18.00	3,503	14.5	2.4
March 31, 2008 (Projection)	18.00	18.00	36.00		16.3	

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3. Projected consolidated results for the fiscal year ending March 2008 (April 1, 2007 to March 31, 2008)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 2007 (Interim)	423,500	20.4	40,600	14.4	36,300	20.5
March 2008	870,000	15.0	90,000	14.9	80,000	14.3

	Net income		Net income per share
	Millions of yen	%	Yen
September 2007 (Interim)	16,200	18.2	83.15
March 2008	43,000	17.8	220.72

Note:
Percentages indicated for the entire year show changes from the previous fiscal year and percentages indicated for the interim term show changes from the previous interim period.

4. Others

(1) Significant changes involving subsidiaries during the fiscal year (changes involving specific subsidiaries accompanying changes in the scope of consolidation)
Newly consolidated: none
Removed from consolidation: one (company name: Euclid-Hitachi Heavy Equipment, Inc.)
Note:
For detailed information, please refer to Status of the Consolidated Group on page 12.

(2) Changes in accounting principles and procedures in the preparation of the Consolidated Financial Statements and changes in presentation methods (changes in principal items that serve as the basis for preparing the Consolidated Financial Statements)
[1] Changes accompanying revision of accounting standards Yes
[2] Changes other than those in [1] None
Note:
For detailed information, please refer to Changes in Important Matters that Form the Basis for Compiling Consolidated Financial Statements on page 21.

(3) Number of shares issued (common shares)
[1] Number of shares issued at end of fiscal year (including treasury shares)
March 2007: 196,095,038 March 2006: 196,048,038
[2] Number of treasury shares at end of fiscal year
March 2007: 1,278,110 March 2006: 1,326,531
Note:
Please refer to Per Share Information on page 26 for the number of shares used as the basis for calculating net income (consolidated) per share.

(Reference) Summary of Non-consolidated Results

1. Non-consolidated results for the year ended March 2007 (April 1, 2006 to March 31, 2007)

(1) Non-consolidated results (Rounded off to the nearest million)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2007	413,404	24.0	28,797	70.4	36,938	69.9
March 31, 2006	333,451	16.0	16,899	20.5	21,746	20.7

	Net income		Net income per share	Net income per share (Diluted)
	Millions of yen	%	Yen	Yen
March 31, 2007	26,673	68.5	136.96	136.51
March 31, 2006	15,826	58.2	81.25	81.01

Note:

Percentages indicated for net sales, operating income, ordinary income and net income are increases/(decreases) compared to the period of the preceding fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2007	387,188	167,123	43.1	857.39
March 31, 2006	339,889	145,382	42.8	746.61

Note:

Total equity at the end of the fiscal year

March 2007: ¥167,034 million March 2006: --

2. Projected non-consolidated results for the fiscal year ending March 2008 (April 1, 2007 to March 31, 2008)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 2007 (Interim)	225,000	19.1	12,500	12.4	13,700	38.6
March 2008	476,500	15.3	31,300	8.7	41,000	11.0

	Net income		Net income per share
	Millions of yen	%	Yen
September 2007 (Interim)	9,400	38.1	48.25
March 2008	30,000	12.5	153.99

Note:

Percentages indicated for the entire year show changes from the previous fiscal year and percentages indicated for the interim term show changes from the previous interim period.

Note: Explanation on the appropriate use of results forecasts and other important items

Any forward-looking statements in the report, including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially. Please refer to Management Results, from pages 4 to 11 for conditions serving as assumptions for results forecasts.

Qualitative Information and Financial Statements

1. Management Results

(1) Analysis of Management Results

[1] Management Results in the Fiscal Year Ended March 31, 2007

During the fiscal year under review, the Japanese economy sustained a mild recovery, underpinned by improved corporate earnings amid an ongoing rise in capital investment, while personal consumption was robust as the employment situation improved. Overseas, with the exception of lower private-sector housing investment in the United States, the global economy achieved growth overall and demand for construction machinery was favorable.

Under these conditions, during the fiscal year ended March 31, 2007, the HCM Group completed the "*SOH* 21 – Creative Value UP" medium-term management plan, as well as worked to build a solid position in the global market for construction machinery by responding speedily to an evolving business environment and executing management strategies that will form the cornerstones for transitioning to our next medium-term management plan.

In marketing, under our RSS system that combines rental (R), sales (S) and service (S), in Japan we progressed with the cultivation of new customers by promoting industry-specific marketing and concentrated on the Hitachi Onsite Screening & Solution (Hi-OSS) brand (a category brand for efficient on-site processing) for environmental protection and resource recycling, as we strived to expand sales and secure earnings. Overseas, although demand in North America declined along with lower investment for housing construction, demand in other regions was favorable, and we actively progressed with regional strategies throughout the HCM Group, particularly in response to buoyant demand in such emerging countries as Russia, India and the Middle East nations. Additionally, we pushed forward with our product strategy that included making a full-model change and launching sales of the new ZAXIS-3 Series of hydraulic excavators and a globally unified brand of new wheel loaders, both of which feature enhanced performance and functionality and comply with Tier III emissions regulations, while strengthening our lineup of ultra-large hydraulic excavators and dump trucks for mining. Through these efforts, we aimed to further expand our business domains and raise our market position.

Within the production structure, in view of growth in demand for construction machinery and a continued high level of production, we significantly expanded our production capacity by increasing and strengthening production facilities at the Tsuchiura Works and at Hitachi Construction Machinery (Europe) N.V. factory in Amsterdam. To further respond to increased demand, we are currently building a global structure for increasing productivity. Specifically, in Japan we commenced construction of a plant for manufacturing hydraulic machinery components and have also decided to construct an assembly plant for ultra-large hydraulic excavators and dump trucks. Overseas, we have formulated concrete plans for construction of a third plant in India and intend to expand plants in China and Indonesia.

As a result of these measures, HCM achieved all targets of its medium-term management plan in the fiscal year ended March 31, 2007 (the final year of the plan) in terms of consolidated results, while achieving increases in sales and profits for the fifth consecutive fiscal term as well as record-high profits for the fourth consecutive term.

The following table summarizes consolidated and non-consolidated results for the term:

(100 million yen; %)

	Consolidated (Change)	Non-consolidated (Change)
Net sales	7,565 (+21%)	4,134 (+24%)
Operating income	784 (+37%)	288 (+70%)
Ordinary income	700 (+53%)	369 (+70%)
Net income	365 (+51%)	267 (+69%)

Note: Figures under ¥100 million are rounded off.

[2] Overview of Consolidated Sales by Regional Segment

An overview of the Group's sales by regional segment is outlined below.

(a) Japan

Increased demand was buoyed by higher capital investments in the private sector and the continued progression of stock adjustments for hydraulic excavators as well as by an expansion of non-civil engineering applications such as demolition and metal scrap recycling operations. The rental and service businesses generally achieved their targets for the fiscal year. Net sales rose 11% to \238,549 million.

(b) The Americas

Demand was supported by private-sector capital investment in commercial and other facilities, road repairs and construction investment for highways and other structures, infrastructure rebuilding projects and resource-related applications. Conversely, lackluster housing investment after the interim period exerted an adverse effect on demand for small- and medium-sized hydraulic excavators and mini-excavators. In aggregate, net sales rose 16% to \125,129 million.

(c) Europe, Africa and the Middle East

In Europe, sales grew owing to the release of such new global models as the ZW Series of wheel loaders and ZAXIS-3 Series of hydraulic excavators as well as due to higher demand in Germany and increased housing investment in France.

In Africa, demand grew for mining machinery for use in extraction of such mineral resources as iron ore, coal, gold and copper. Moreover, in addition to areas already receiving shipments, such as South Africa, large-scale orders were secured in such new markets as Zambia. A large volume of orders for hydraulic excavators was also secured for construction of an expressway in Algeria.

In the Middle East, demand for hydraulic excavators and cranes continued to rise amid an increase in infrastructure development and plant construction funded by petrodollar recycling.

In the emerging market of Russia, the single-distributor system is functioning efficiently, and we are earning even greater acclaim and maintaining a leading high market share thanks to our thorough after-service response and parts supply.

In these regions, net sales jumped 47% to \195, 209 million.

(d) Oceania and Asia

In Oceania and Asia, although the Thai market was temporarily disrupted due to political factors, demand for hydraulic excavators was robust across the entire region. Demand for mining machinery remained brisk mainly in Australia and Indonesia. Accordingly, net sales advanced 22% to \126,280 million.

(e) China
In China, infrastructure development-fueled demand grew not only in eastern coastline locations, but also across the entire country, and we posted record-high unit demand for a single month in March 2007, which marked the opening of the spring sales season. Also, the new ZAXIS-3 Series of hydraulic excavators released in November 2006 received strong customer praise. Net sales amounted to \71,286 million, up 6% from the previous fiscal term (January 2005 to March 2006).

[3] Overview by Business Segment
(a) Construction Machinery Business
Consolidated net sales in the construction machinery business rose 19% to \680,855 million.

Carrying out its business in an extensive range of construction machinery sectors, the HCM Group is strengthening its product lineup in response to diverse customer needs and is promoting a full line of products as it undertakes business globally.

Construction-Related Products Business
In construction-related products, as full-model changes, from January 2006 we began launching new models of hydraulic excavators and wheel loaders that comply with Tier III emissions regulations and that offer significant performance and functional enhancements. By doing so, we aimed to expand domestic and overseas sales of these products as new-generation global construction-related machinery that offers distinctive features compared with previous models. In Japan, besides targeting existing civil engineering fields, we actively cultivated new customer segments in such non-civil engineering fields as demolition and metal scrap operations. In the United States, we worked to expand sales amid continued robust private-sector capital investment, including for commercial facilities, as well as solid demand from public works that included investment for repairs and construction of highways and other roads. In Europe, we responded to increased demand across the entire region by establishing a full line of products and upgrading and expanding our sales network, while in Africa we secured a large-volume order for 117 hydraulic excavators for the construction of an expressway in Algeria. In China, demand for construction machinery accompanying the establishment of an infrastructure, previously concentrated on the eastern coastline, is expanding to all areas of that country. In Tsingtao, we established our first directly managed sales company in China, while also expanding the range of products handled by sales agents and improving service response capabilities. In Asia, we upgraded and strengthened our sales and service structure in such emerging markets as India, which is continuing to record high economic growth rates, as part of our proactive response in these markets.

Regarding new products, we launched sales of two new hydraulic excavators, three new zero tail-swing mini-excavators, one new zero slew-type (tight-quarter) mini-excavator and one tracked backhoe that complies with Tier III emissions regulations.

Demand for cranes expanded in North America, Japan, the Middle East, Europe and Asia, in turn leading to favorable sales. In the future as well, we foresee an expansion of demand in such emerging markets as India, Russia and China.

Resource Development-Related Products Business
In addition to the existing markets of the Americas, Australia and Indonesia, we also anticipate rising demand for mining machinery in such emerging markets as Africa, Russia, China and India, which are involved in intensified resource development. We received an order from a copper mine in Zambia for four electric-powered ultra-large hydraulic excavators highly acclaimed for their cost performance attained by

electrification, 26 AC-driven trolley dump trucks and one ultra-large diesel engine hydraulic excavator.

Environment-Related Products Business

Under the Hi-OSS brand, HCM has been proposing and working to expand sales of a system that features varying combinations of self-propelled machinery to efficiently sort, process and recycle industrial waste on-site.

HCM worked to proactively cultivate a new customer base for this revolutionary and proprietary system, which can process industrial waste and soil pollutants with maximum efficiency without the need to remove these from the site.

In new products, HCM launched a self-propelled crusher as part of its Hi-OSS line. Designed for high-volume, high-speed crushing of waste from building demolition sites, the new crusher offers significantly increased processing capabilities and is capable of accommodating materials ranging from concrete rubble to natural stone.

Product Development Business

HCM is developing metal recyclers and electrically driven hydraulic excavators, which are based on our hydraulic excavators, that meet diverse customer needs.

In new products, we made a full model change to our long-front specification machine (20 tons to 100 tons) for demolition work, a product experiencing rising demand, and developed Japan’s first 50-ton-class wheeled materials handling machine for loading operations at ports and for handling scrap. Also, we launched sales of an emission-free electric mini-excavator as energy-efficient and environment-friendly construction machinery.

Rental Business

At the “REC” Group, a rental company under direct management, HCM worked to raise asset efficiency and improve cost structures through utilization of the “R-NET 1” information network. At the same time, HCM also strived to expand sales by actively marketing Hi-OSS-related products in addition to marketing activities carried out up to the present. HCM also worked to raise customer satisfaction with the introduction of the REC-BIZWAY credit card for businesses. Moreover, HCM will also move into rental operations in non-civil engineering sectors, cultivate new customers and expand rental bases in high-demand regions, as we work to further expand the profitability of this business.

Used Machinery Business

Used machinery inquiries rose mainly in Asia, China, Russia and the Middle East along with rising global demand for hydraulic excavators.

Through Hitachi Construction Machinery Trading Co., Ltd., HCM offered highly reliable construction machinery, which has been fully inspected at nationwide service centers, via parade auctions and Internet auctions, as we worked to meet domestic and overseas demand for used machinery.

Service Business

HCM is aggressively strengthening its service structure for responding to customers in specific sectors within its traditional civil engineering fields as well as in such non-civil engineering sectors as scrap processing and demolition work. Concurrently, HCM has installed satellite communication receivers as standard equipment in its construction machinery, beginning with the ZAXIS-3 and ZW series, in line with efforts to raise maintenance response capabilities through Global e-Service, which uses satellite communications to facilitate optimal machinery maintenance by sharing machinery information between customers and HCM. Additionally, HCM’s full maintenance services for ultra-large hydraulic excavators for mining have earned the overwhelming strong trust of customers, and this business continues to increase.

Other Software Business

As businesses supporting the HCM Group, Hitachi Kenki Business Frontier Co., Ltd. handles the development, sale and maintenance of computer software; LCS Co., Ltd. (name changed to Hitachi construction Machinery Leasing Co., Ltd. on April 1, 2007) handles installment sales and other financing; Hitachi Kenki Logistics Technology Co., Ltd. handles logistics; and Hitachi Construction Machinery Comec Co., Ltd. primarily handles materials procurement and parts receivable. Each company has worked to expand its scope of business through the application of its specialized expertise.

(b) Industrial Vehicles Business

Consolidated net sales were \73,420 million. On the international front, amid continued favorable demand for forklifts, TCM Corporation moved to further strengthen the development of its overseas operations by establishing TCM (Anhui) Machinery Co., Ltd. in China solely using Japanese capital. In Japan, TCM worked to improve sales prices and reduce costs, while expanding sales to Hitachi Group companies.

Regarding new products, TCM worked to expand its line of small engine-powered forklifts. In port-related products, TCM sought to expand sales by developing the country’s first hybrid transfer crane, which boasts dramatically reduced emissions and improved fuel economy.

(c) Semiconductor Production Equipment Business

Consolidated net sales increased 13% to \2,178 million. Hitachi Kenki FineTech Co., Ltd. expanded and upgraded its testing equipment for onboard vehicle semiconductors, for which performance continued to be favorable, while also working to expand sales of atomic force microscopes to large domestic and overseas semiconductor manufacturers.

In new products, we launched sales of the Fine SAT II ultrasonic video system that features improved operability compared with previous models. For our atomic force microscopes, we developed a probe with superior durability by using a carbon nano-tube and also developed and launched the WA3300 model for the world’s highest level of measurement precision and processing speed in semiconductor measurement.

[4] Outlook for the Fiscal Year Ending March 31, 2008

Regarding future developments, HCM believes that raw materials prices and exchange rate and interest rate movements warrant close scrutiny. In the environment surrounding the construction machinery market, demand for hydraulic excavators in North America is expected to decline, as the future is clouded by such factors as the economic effects of decreases in housing investment and the emergence of loan delinquencies after home sales. Looking ahead, it will be necessary to focus closely on market trends to ensure that we can respond flexibly to future shifts in demand. Demand for hydraulic excavators is expected to be favorable overall in Japan, Europe, Africa, the Middle East, Australia, Asia and China. Moreover, we foresee a continued high level of demand for mining machinery along with increased resource development globally.

Amid this environment, the HCM Group will realize a plan in Japan to construct assembly plants, including an assembly plant for ultra-large hydraulic excavators and dump trucks, in addition to a hydraulic machinery component plant. A new assembly plant for hydraulic excavators, wheel loaders and dump trucks will also be built in India. The addition of these production facilities will allow the Group to respond to a global rise in demand for construction machinery while working to secure solid market positions in developed and emerging countries. Additionally, we foresee a favorable demand environment for industrial vehicles.

In executing the aforementioned measures, HCM will work to improve corporate and shareholder value by maintaining an awareness of the importance of the Corporate Social Responsibility (CSR) required of the HCM Group, working to achieve the targets of the medium-term management plan and strengthening its brand power.

The following shows the present outlook for consolidated and non-consolidated results for the fiscal year ending March 31, 2008.

(100 million; %)

	Consolidated (Change)	Non-consolidated (Change)
Net sales	8,700 (+15%)	4,765 (+15%)
Operating income	900 (+15%)	313 (+ 9%)
Ordinary income	800 (+14%)	410 (+11%)
Net income	430 (+18%)	300 (+12%)

Notes:
1) Figures under ¥100 million are rounded off.
2) These projections assume an exchange rate of ¥115 to the U.S. dollar and ¥150 to the Euro.

(2) Analysis of Financial Conditions

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the fiscal year amounted to ¥439,307 million, an increase of 20.0% from the previous fiscal year-end. This was due mainly to respective increases of ¥28,827 million in notes and accounts receivable and ¥35,038 million in inventories.

Fixed assets rose 15.9% from the end of the previous fiscal year to ¥216,019 million.

As a result, total assets increased 18.6% from the previous fiscal year-end to ¥655,326 million.

(b) Liabilities

Current liabilities at the end of the fiscal year amounted to ¥340,416 million, an increase of 27.6% from the previous fiscal year-end. This was due mainly to an increase in notes and accounts payable that resulted from growth in demand for construction machinery and a continued high level of production. Long-term liabilities decreased 10.5% from the previous fiscal year-end to ¥92,501 million.

As a result, total liabilities increased 17.0% from the previous fiscal year-end to ¥432,917 million.

(c) Net Assets

Net assets, including minority interests, increased 22.1% from the previous fiscal year-end to ¥222,409 million. The main increase factor was net income of ¥36,502 million, while the main decrease factor was cash dividends of ¥4,673 million paid from retained earnings.

As a result of the above, the equity ratio rose to 29.4% from 28.5% at the end of the previous fiscal period.

Note:
Due to changes in the accounting standards implemented from this fiscal year, net assets is calculated as a sum of shareholders' equity, valuation and translation adjustments, stock purchase warrant and minority interests. For more information, please refer to Changes in Important Matters that Form the Basis for Compiling Consolidated Financial Statements on page 21.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of year totaled ¥41,074 million, a decrease of ¥880 million from the end of the previous fiscal year. Factors relating to each cash flow category were as follows.

(a) Cash Flows From Operating Activities

Net cash provided by operating activities totaled ¥24,101 million, a decrease of ¥13,278 million compared with ¥37,379 million in the previous year. Cash-increasing factors included income before income taxes and minority interests of ¥70,081 million, up ¥23,286 million from ¥46,795 million, as well as a ¥4,745 million increase in depreciation and amortization to ¥24,215 million accompanying investments to augment production facilities. On the other hand, cash-reducing factors were mainly increases in such working capital categories as notes and accounts receivable, inventories, and notes and accounts payable that accompanied an expansion in sales. Although working capital declined slightly in the previous fiscal year to ¥1,976 million, working capital rose sharply during the year under review to ¥26,759 million. Income taxes paid during the year under review were ¥21,466 million, an increase of ¥10,800 million from the previous fiscal year.

(b) Cash Flows From Investing Activities

Net cash used in investing activities was ¥25,834 million, an increase of ¥7,262 million from ¥18,572 million in the previous fiscal year. Key factors included a ¥9,279 million increase in acquisitions of property, plant and equipment to ¥24,336 million, chiefly for capital investment to raise production at various manufacturing bases. On the other hand, there was an absence of any investments on the scale of the previous year's purchases of investments in securities of Telco Construction Equipment Co., Ltd., a joint venture of Tata Motors Ltd. of India. As a result, free cash flows, the sum of net cash provided by operating activities and cash used in investing activities, amounted to ¥1,733 million.

(c) Cash Flows From Financing Activities

Net cash provided by financing activities totaled ¥517 million. The key factor was the procurement of funds needed for paying interest on borrowings and dividends paid to shareholders as well as a redemption of debenture and repayments of corporate debentures and long-term debt during the fiscal year.

The following table describes HCM's cash flow indicator indices:

	March 2003	March 2004	March 2005	March 2006	March 2007
Equity ratio (%)	19.9	22.4	28.3	28.5	29.4
Equity ratio on market price basis (%)	25.3	73.6	62.1	109.3	94.8
Interest-bearing debt to operating cash flows ratio (%)	8.8	19.0	19.6	4.1	6.9
Interest coverage ratio (times)	4.7	2.1	2.2	9.9	6.0

Notes:

Equity ratio: Total equity/total assets

Equity ratio on market price basis: Share market price/total assets

Interest-bearing debt to operating cash flows ratio: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/interest payments

1. Indices are calculated using consolidated figures.
2. Share market price is calculated by multiplying the closing price at the end of the period by the number of outstanding shares at the end of the period (after excluding treasury stock).
3. Cash flows from operating activities reflect cash flows from operating activities as detailed in the Consolidated Statements of Cash Flows. Interest-bearing debt reflects all debt for which the Company is paying interest as detailed in the Consolidated Balance Sheets. Interest payments reflect interest paid as detailed in the Consolidated Statements of Cash Flows.

(3) Principles Regarding Appropriation of Earnings and Dividends for the Year Under Review and the Fiscal Year Ending March 31, 2008

To establish a solid position in global construction machinery markets, HCM will maintain and strengthen the soundness of its financial structure and work to bolster its internal reserves while considering implementation plans for upfront investments, including investments for technology development and facilities based on medium- and long-term business strategies. At the same time, HCM will pay dividends linked to its consolidated business results in accordance with a policy of maintaining stable dividends.

As a specific dividend indicator, HCM has set a target of paying out 15% to 20% of its net income as dividends.

With the aim of enabling the execution of a flexible capital policy, HCM will carry out the acquisition of treasury shares in consideration of necessity, financial condition, and stock price movement.

HCM paid cash dividends per share of ¥14.00 for the fiscal year's interim period. At the meeting of the board of directors scheduled for May 29, 2007, a motion is planned calling for year-end cash dividends per share of ¥14.00. As a result, cash dividends for the entire fiscal year ended March 31, 2007 will amount to ¥28.00.

Regarding the fiscal year ending March 31, 2008, we are forecasting cash dividends per share of ¥36.00, including interim dividends of ¥18.00 and year-end dividends of ¥18.00.

(4) Business Risks

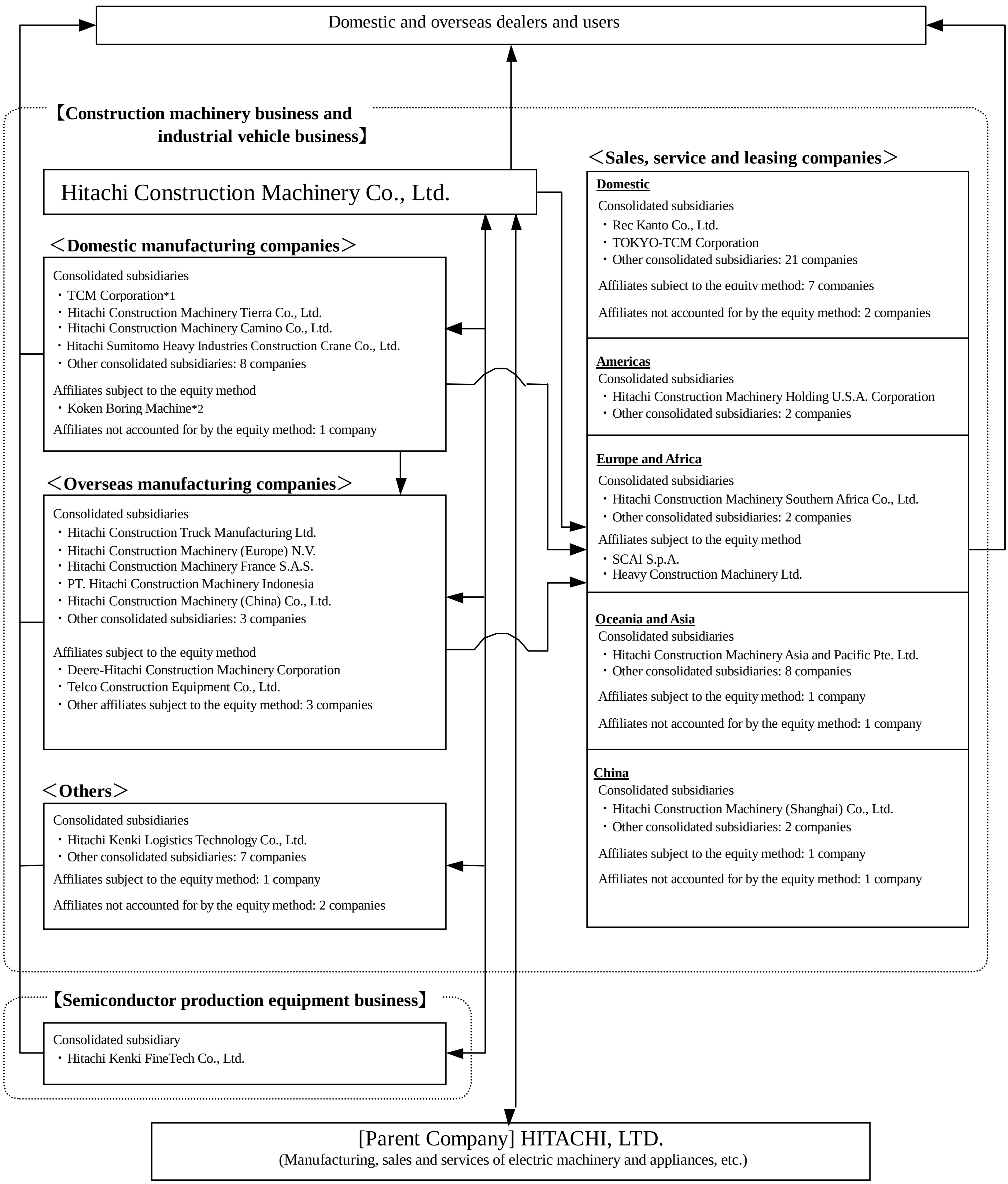
The HCM Group carries out its operations in regions throughout the world and utilizes high-level specialized technologies and information to execute its business activities. Accordingly, the HCM Group's business activities are subject to the effects of a wide range of risks.

The principal risks are as follows.

- Fluctuations in product supply/demand and intensifying price competition in markets
- The ability of HCM and its subsidiaries to realize the development and timely introduction of products that utilize new technologies and realize low-cost production
- Slow responses to accelerating technological innovation
- Fluctuations in exchange rates (especially yen/dollar and yen/euro rates)
- The ability of HCM and its subsidiaries to respond to fluctuations in product supply/demand and exchange rates
- Economic and social conditions and various restrictions, including trade restrictions
- Preserving proprietary patents or securing patents from other companies
- Defects in our products and services
- Alliances with other companies in product development and other areas

2. Status of the Corporate Group

As outlined below, this consolidated Group consists of Hitachi Construction Machinery, its parent company, its 70 subsidiaries and its 25 affiliates. Its business mainly involves the manufacture, sale, service and leasing of construction machinery and industrial vehicles, as well as the manufacture and sale of semiconductor production equipment.



*1: Listed on the first section of Tokyo Stock Exchange/ Osaka Securities Exchange
*2: Listed on JASDAQ

Note ⟶ Flow of products, parts and services

3. Management Policy

(1) Basic Management Policy and Issues to Be Addressed

Because there were no significant changes to the Basic Management Policy and Issues to be Addressed sections contained in the Financial Results for the six months ended September 30, 2006, the interim period of the Company's 43rd fiscal year (April 1, 2006 to September 30, 2006), these sections have been omitted in this report.

(2) Management Indicator Targets

The following are the consolidated management indicator targets for the Group for the fiscal year ending March 2011.

Category	Management Target
Net sales	Over ¥1 trillion
Ordinary income	Over ¥100 billion

(3) Mid-to-Long-Term Management Strategies

[1] Achieving the Goals of "*SOH* 2010 – For the New Stage" New Medium-Term Management Plan

To prevail in global mega-competition and build a solid position in global markets, we have started "*SOH* 2010 – For the New Stage," a new medium-term management plan that runs from the fiscal year ending March 31, 2008 through the fiscal year ending March 31, 2011. Based on the slogans "Hitachi Construction Machinery will be trusted by customers worldwide as a major global player" and " Realizing a world-leading profit structure," under this new medium-term management plan, we will strive to establish an unshakeable position among the world's Big Three as a comprehensive manufacturer of construction machinery and have set the numerical consolidated targets of achieving net sales exceeding ¥1 trillion and ordinary income exceeding ¥100 billion.

We will implement the following principal policies under this plan as we thoroughly carry out selection and concentration.

- "Strengthen our already strong line of products," including hydraulic excavators and ultra-large hydraulic excavators.
- Combine the Group's overall strengths in quickly cultivating next core products—wheel loaders, dump trucks, mini-excavators, cranes and forklifts—as cost competitive global products.
- Strengthen our management foundation, including such areas as personnel, finance, information and brands.

[2] Promoting Strategies for Establishing Global Products and Striving to Be the Global Leader in Cost Competitiveness

To realize products that match the needs of customers worldwide, HCM will work to strengthen its region-specific marketing while bolstering its in-house development structure and maximizing the effects of alliances. Additionally, we will strengthen our structure for optimal global production and procurement and optimize fixed costs on a consolidated basis. HCM will continue to make efforts to raise the efficiency of its supply chain to reduce costs, decrease lead times and improve cash flows.

[3] Strengthening Our Financial Structure

The Company has achieved an "A" rating (A-) on its long-term bonds and will strive to upgrade that rating by further improving its profit and financial structures. Specifically, we will continue to shorten the number of retention days of sales credits and inventories on a consolidated basis by promoting C Project II (Cash Flow Project II) and supply chain management. In addition to continuing to curb fixed assets by integrating and eliminating existing facilities, HCM will move to improve consolidated cash flows with a cash management system (CMS) that facilitates centralized management of Group funds.

[4] Corporate Social Responsibility (CSR) Initiatives

HCM is committed to increasing corporate value by undertaking activities to fulfill its social responsibilities and improve satisfaction of all stakeholders in accordance with the Group's corporate philosophy. To this end, HCM will redouble efforts to encourage environmental management, compliance, and brand management, while contributing to the good of society through environment-related businesses such as soil purification and parts recycling.

As a recent CSR activity, HCM contributed to the international community by working to develop demining equipment. We will provide full support to the nonprofit organization *Yutaka Na Daichi*-Good Earth Japan, established in March 2007, which carries out activities to help support the self-sufficiency of local residents, while also working to restore recently demined land for use as agricultural land.

HCM has also acted a special sponsor of the Kasumigaura Marathon/International Blind Marathon held in April 2007 in Tsuchiura.

Note:

Statements in this document contain forward-looking statements, which reflect the management's current views with respect to certain future events and financial performance. Actual results may differ materially from those projected or implied in the forward-looking statements.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year-end As of Mar. 31, 2007 (A)	Previous year-end As of Mar. 31, 2006 (B)	(A)-(B)
ASSETS			
I Current assets			
1. Cash and bank deposits	41,079	37,073	4,006
2. Notes and accounts receivable	194,180	165,353	28,827
3. Inventories	173,335	138,297	35,038
4. Deferred tax assets - current	18,626	15,089	3,537
5. Others	19,148	19,669	(521)
6. Less: Allowance for doubtful accounts	(7,061)	(9,493)	2,432
Total current assets	439,307	365,988	73,319
II Fixed assets			
(1) Property, plant and equipment			
1. Property held for lease	33,010	25,437	7,573
2. Buildings and structures	37,955	33,120	4,835
3. Machinery and equipment	28,015	23,077	4,938
4. Land	46,297	44,312	1,985
5. Construction in progress	5,503	1,931	3,572
6. Tools, furniture and fixtures	7,030	6,605	425
Net property, plant and equipment	157,810	134,482	23,328
(2) Intangible assets			
1. Software	5,938	4,329	1,609
2. Others	4,313	1,390	2,923
Total intangible assets	10,251	5,719	4,532
(3) Investments and other assets			
1. Investments in securities	27,801	27,738	63
2. Deferred long-term tax assets	3,001	5,159	(2,158)
3. Others	18,587	14,411	4,176
4. Less: Allowance for doubtful accounts	(1,431)	(1,156)	(275)
Total investments and other assets	47,958	46,152	1,806
Total fixed assets	216,019	186,353	29,666
Total assets	655,326	552,341	102,985

(Rounded off to the nearest million)

(Millions of yen)

	Year-end As of Mar. 31, 2007 (A)	Previous year-end As of Mar. 31, 2006 (B)	(A)-(B)
LIABILITIES			
I Current liabilities			
1. Notes and accounts payable	159,529	129,893	29,636
2. Short-term loans	87,768	70,427	17,341
3. Commercial paper	5,000	3,000	2,000
4. Current portion of bonds	10,600	600	10,000
5. Income taxes payable	12,949	8,385	4,564
6. Others	64,570	54,470	10,100
Total current liabilities	340,416	266,775	73,641
II Long-term liabilities			
1. Bonds	15,000	25,600	(10,600)
2. Long-term loans	47,542	53,326	(5,784)
3. Deferred long-term tax liabilities	7,332	2,633	4,699
4. Retirement and severance benefits	12,410	12,829	(419)
5. Others	10,217	9,009	1,208
Total long-term liabilities	92,501	103,397	(10,896)
Total liabilities	432,917	370,172	62,745
MINORITY INTERESTS			
Minority interests	-	24,996	-
SHAREHOLDERS' EQUITY			
I Common stock	-	42,626	-
II Capital surplus	-	42,133	-
III Retained earnings	-	70,392	-
IV Net unrealized gain on securities held	-	2,730	-
V Foreign currency translation adjustments	-	1,168	-
VI Treasury stock	-	(1,876)	-
Total shareholders' equity	-	157,173	-
Total liabilities, minority interests and shareholder's equity	-	552,341	-
Net assets			
I Shareholder's equity			
1. Common stock	42,636	-	-
2. Capital surplus	42,143	-	-
3. Retained earnings	102,124	-	-
4. Treasury stock	(2,153)	-	-
Total shareholders' equity	184,750	-	-
II Valuation and translation adjustments			
1. Net unrealized gain on securities held	2,299	-	-
2. Gain (loss) on deferred hedge transaction	120	-	-
3. Foreign currency translation adjustments	5,224	-	-
Total valuation and translation adjustments	7,643	-	-
III Stock purchase warrant	122	-	-
IV Minority interests	29,894	-	-
Total net assets	222,409	-	-
Total liabilities and net assets	655,326	-	-

(Rounded off to the nearest million)

(2) Consolidated Statements of Income

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2007 (A))	Previous fiscal year (Year ended Mar. 31, 2006 (B))	(A)/(B)×100 (%)
			%
I Net sales	756,453	626,457	121
II Cost of sales	549,453	453,461	121
Gross profit before (realized) unrealized profit on installment sales	207,000	172,996	120
III (Realized) unrealized profit on installment sales	(159)	947	-
Gross profit	207,159	172,049	120
IV Selling, general and administrative expenses			
1. Packing and shipping expenses	20,097	16,094	125
2. Employees' salaries	36,695	37,020	99
3. R&D expenditure	11,539	11,821	98
4. Provision of reserve for bad debt	0	442	-
5. Others	60,476	49,495	122
Total selling, general and administrative expenses	128,807	114,872	112
Operating income	78,352	57,177	137
V Non-operating income			
1. Interest income	2,318	2,092	111
2. Interest income from installment sales	692	627	110
3. Dividends income	231	120	193
4. Gain on equity earnings of affiliated companies	400	131	305
5. Others	3,945	2,235	177
Total non-operating income	7,586	5,205	146
VI Non-operating expenses			
1. Interest expenses	3,949	3,598	110
2. Loss on disposal of inventories	1,221	1,150	106
3. Loss on evaluation of inventories	574	1,307	44
4. Effect of exchange rate changes	5,591	6,473	86
5. Others	4,593	4,071	113
Total non-operating expenses	15,928	16,599	96
Ordinary income	70,010	45,783	153
VII Extraordinary income			
1. Gain on sales of property, plant and equipment	839	0	-
2. Gain on the elimination of the medical insurance system	0	2,314	-
3. Gain accompanying the liquidation of an overseas subsidiary	1,423	0	-
Total extraordinary income	2,262	2,314	98
VIII Extraordinary losses			
1. Restructuring costs	2,191	1,111	197
2. Impairment losses for long-lived assets	0	191	-
Total extraordinary losses	2,191	1,302	168
Income before income taxes and minority interests	70,081	46,795	150
Income taxes			
Current	20,887	15,853	132
Corporate taxes for past years	2,363	0	-
Deferred	4,299	1,353	318
Minority interests	6,030	5,366	112
Net income	36,502	24,223	151

(Rounded off to the nearest million)

(3) Consolidated Statements of Shareholders' Equity

Fiscal year ended March 31, 2007 (April 1, 2006 - March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	42,626	42,133	70,392	(1,876)	153,275
Changes during the fiscal year					
Newly issued	10	10			20
Cash dividends			(4,673)		(4,673)
Net income			36,502		36,502
Increase in treasury stock				(841)	(841)
Decrease in treasury stock			(97)	564	467
Net increase (decrease) during the fiscal year of non-shareholders' equity items					0
Total increase (decrease) during the fiscal year	10	10	31,732	(277)	31,475
Balance at March 31, 2007	42,636	42,143	102,124	(2,153)	184,750

(Rounded off to the nearest million)

(Millions of yen)

	Valuation and translation adjustments				Stock purchase warrant	Minority interests	Total net assets
	Net unrealized holding gain (loss) on securities	Deferred hedge gain	Foreign currency translation adjustments	Total cumulative translation adjustments			
Balance at March 31, 2006	2,730	-	1,168	3,898	-	24,996	182,169
Changes during the fiscal year							
Newly issued							20
Cash dividends							(4,673)
Net income							36,502
Increase in treasury stock							(841)
Decrease in treasury stock							467
Net increase (decrease) during the fiscal year of non-shareholders' equity items	(431)	120	4,056	3,745	122	4,898	8,765
Total increase (decrease) during the fiscal year	(431)	120	4,056	3,745	122	4,898	40,240
Balance at March 31, 2007	2,299	120	5,224	7,643	122	29,894	222,409

(Rounded off to the nearest million)

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2007 (A))	Previous fiscal year (Year ended Mar. 31, 2006 (B))
I Cash flows from operating activities		
1. Income before income taxes and minority interests	70,081	46,795
2. Depreciation and amortization	24,215	19,470
3. Impairment losses for fixed assets	0	191
4. Decrease in allowance for doubtful accounts	(2,215)	(1,205)
5. Interest and dividends income	(2,549)	(2,212)
6. Interest expenses	3,949	3,598
7. Gain on equity earnings of affiliated companies	(400)	(131)
8. Increase in notes and accounts receivable	(20,803)	(9,318)
9. Increase in inventories	(26,285)	(7,929)
10. Purchase of property held for lease	(19,328)	(12,816)
11. Sales of property held for lease	3,809	3,506
12. Increase in notes and accounts payable	20,329	19,223
13. Gain on sales of property, plant and equipment	(3,289)	(2,154)
14. Loss on revaluation of investments in securities	4	29
15. Gain on sales of investments in securities	(31)	(395)
16. Others	(1,920)	(8,607)
Sub-total	45,567	48,045
17. Income taxes paid	(21,466)	(10,666)
Net cash provided by operating activities	24,101	37,379
II Cash flows from investing activities		
1. Investments in time deposits	(47)	(91)
2. Proceeds from time deposits	462	1,228
3. Acquisitions of property, plant and equipment	(24,336)	(15,057)
4. Proceeds from sale of property, plant and equipment	1,222	373
5. Purchase of investments in securities	(1,127)	(6,550)
6. Proceeds from sale of investments in securities	70	872
7. Interest and dividends received	2,397	2,215
8. Interest and dividends received from affiliated companies	169	356
9. Other, net	(4,644)	(1,918)
Net cash used in investing activities	(25,834)	(18,572)
III Cash flows from financing activities		
1. Net increase (decrease) in short-term debt	23,448	(6,320)
2. Proceeds from long-term debt	12,308	12,411
3. Repayments of long-term debt	(24,881)	(19,780)
4. Redemption of debenture	(600)	(12,735)
5. Interest paid	(3,996)	(3,786)
6. Dividends paid to shareholders	(4,673)	(2,920)
7. Dividends paid to minority shareholders by subsidiaries	(1,488)	(603)
8. Proceeds from issuance of stock	20	85
9. Issuance of common stock and investments by minority	753	1,254
10. Proceeds from sale of treasury stock	467	187
11. Purchase of treasury stock	(841)	(906)
Net cash provided by (used in) financing activities	517	(33,113)
IV Effect of exchange rate changes on cash and cash equivalents	297	1,501
V Net decrease in cash and cash equivalents	(919)	(12,805)
VI Cash and cash equivalents at beginning of year	41,954	49,534
VII Cash and cash equivalents of newly consolidated companies at beginning of year	39	5,225
VIII Cash and cash equivalents at end of year	41,074	41,954

(Rounded off to the nearest million)

(5) Important matters that form the basis for compiling consolidated financial statements

1. Scope of consolidation

Number of consolidated subsidiaries: 70

(1) Main consolidated subsidiaries

1) TCM Corporation
2) Hitachi Construction Machinery Tierra Co., Ltd.
3) Hitachi Construction Machinery Camino Co., Ltd.
4) Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.
5) Hitachi Construction Machinery FineTech Co., Ltd.
6) Hitachi Construction Truck Manufacturing Ltd.
7) Hitachi Construction Machinery France S.A.S.
8) Hitachi Construction Machinery (Europe) N.V.
9) PT. Hitachi Construction Machinery Indonesia
10) Hitachi Construction Machinery (China) Co., Ltd.
11) Hitachi Construction Machinery Asia and Pacific Pte., Ltd.
12) Hitachi Construction Machinery (Shanghai) Co., Ltd.
13) Hitachi Construction Machinery Holding U.S.A. Corporation

(2) Number of newly consolidated subsidiaries: 9

1) Tacom Manufacturing Co., Ltd.
2) Hefei Rijian Shearing Co., Ltd.
3) Qingdao Chengri Construction Machinery Co., Ltd.
4) TCM (Anhui) Machinery Co., Ltd.
5) Hitachi Construction Machinery Leasing (Thailand) Co., Ltd.
6) Hitachi Construction machinery Sales and Service France S.A.S.
7) Siam-Hitachi Construction Machinery Service Co., Ltd.
8) FFC Co., Ltd.
9) Nara Hauling Equipment Co., Ltd.

(3) Number of excluded consolidated subsidiaries: 6

1) HKD Co., Ltd.
2) Green Rental Co., Ltd.
3) Euclid-Hitachi Heavy Equipment Inc.
4) Hitachi Construction Machinery Alba Co., Ltd.
5) Tokai TCM Co., Ltd.
6) Kyoto TCM Co., Ltd.

2. Application of the equity method

Number of affiliates subject to the equity method: 18

(1) Main affiliates subject to the equity method

1) Deere-Hitachi Construction Machinery Corporation
2) Telco Construction Equipment Co., Ltd.
3) Koken Boring Machine Co., Ltd.

(2) Number of affiliates newly subjected to the equity method: 1

1) Hokkaido TCM Co., Ltd.

(3) Number of companies excluded from the equity method: 0

3. Date of settlement of accounts for consolidated subsidiaries

Below is a list of the consolidated subsidiaries that settle their accounts on a date different from the rest of the consolidated Group.

1) Hitachi Construction Truck Manufacturing Ltd.
2) Hitachi Construction Machinery Holding U.S.A. Corporation
3) Hitachi Construction Machinery France S.A.S.
4) Hitachi Construction Machinery Southern Africa Co., Ltd.
5) Hitachi Construction Machinery (China) Co., Ltd.
6) Hitachi Construction Machinery (Shanghai) Co., Ltd.
7) Hitachi Sumitomo Heavy Industries Construction Crane (Shanghai) Co., Ltd.
8) TCM (Anhui) Machinery Co., Ltd.
9) Hefei Rijian Shearing Co., Ltd.
10) Qingdao Chengri Construction Machinery Co., Ltd.
11) PT. Hitachi Construction Machinery Indonesia
12) PT. Hexindo Adiperkasa Tbk.
13) Hitachi Construction Machinery Thailand Co., Ltd.
14) Hitachi Construction Machinery Leasing (Thailand) Co., Ltd.
15) Siam-Hitachi Construction Machinery Service Co., Ltd.
16) Hitachi Construction Machinery (Malaysia) Sdn. Bhd.

The 16 subsidiaries listed above settle their accounts on December 31. Financial statements as of the same date are used in preparing consolidated financial statements, and the required adjustments are performed for the consolidated Group when handling any major transactions that may have arisen between the date of settlement among these companies and the date of consolidated settlement. The closing dates for earnings for the consolidated subsidiaries other than those listed above correspond to the closing date for consolidated accounting.

Disclosure of items other than those above has been omitted because there were no significant changes to these items as listed in the recent Interim Financial Report (submitted December 20, 2006).

(6) Changes in important matters that form the basis for compiling consolidated financial statements

Accounting standards related to the net assets section of the balance sheets

Starting with this fiscal year, HCM has implemented “Accounting Standards for the Indication of Net Assets in Balance Sheets” (Corporate Accounting Standard No. 5, December 9, 2005) and “Guidelines for Implementing Accounting Standards for the Indication of Net Assets in Balance Sheets” (Corporate Accounting Standard Implementation Guideline No. 8, December 9, 2005).

The total amount corresponding to the assets section as calculated using the previous method is ¥192,273 million.

For this fiscal year, the net assets section of the Consolidated Balance Sheets has been created in accordance with the revised version of the conventions governing the compilation of consolidated financial statements.

Accounting standards related to stock options

Starting with this fiscal year, HCM has implemented “Accounting Standards Relating to Stock Options” (Corporate Accounting Standard No. 8, December 27, 2005) and “Guidelines for Implementing Accounting Standards Relating to Stock Options” (Corporate Accounting Standard Implementation Guideline No. 11, May 31, 2006).

Due to this change, operating income, ordinary income, and income before taxes and minority interests have each been reduced by ¥122 million.

(7) Notes

(**Omission of disclosure**)

The Company has omitted the notes to the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Shareholders’ Equity and Consolidated Statements of Cash Flows because the Company believes there is no significant need in this report (Kessan Tanshin) for such disclosure.

Segment Information

(1) Segment information by business category

Fiscal Year ended March 31, 2007 (Millions of yen)

	Construction Machinery Business	Industrial Vehicles Business	Semiconductor Production Equipment Business	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income						
Net Sales						
(1) Net Sales to Outside Customers	680,855	73,420	2,178	756,453		756,453
(2) Inter-segment Sales/Transfers	28	0	1,302	1,330	(1,330)	0
Total	680,883	73,420	3,480	757,783	(1,330)	756,453
Operating Expenses	605,634	68,122	3,050	676,806	1,295	678,101
Operating Income	75,249	5,298	430	80,977	(2,625)	78,352
Assets, Depreciation, Capital Expenditures						
Assets	595,241	46,577	2,021	643,839	11,487	655,326
Depreciation	20,850	3,144	20	24,014	201	24,215
Capital Expenditures	47,127	4,815	20	51,962	120	52,082

Fiscal Year ended March 31, 2006 (Millions of yen)

	Construction Machinery Business	Industrial Vehicles Business	Semiconductor Production Equipment Business	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income						
Net Sales						
(1) Net Sales to Outside Customers	573,941	50,581	1,935	626,457		626,457
(2) Inter-segment Sales/Transfers	19	0	1,023	1,042	(1,042)	0
Total	573,960	50,581	2,958	627,499	(1,042)	626,457
Operating Expenses	517,890	47,618	2,932	568,440	840	569,280
Operating Income	56,070	2,963	26	59,059	(1,882)	57,177
Assets, Depreciation, Capital Expenditures						
Assets	502,601	37,099	1,589	541,289	11,052	552,341
Depreciation	16,859	2,392	30	19,281	189	19,470
Capital Expenditures	26,494	3,189	27	29,710	276	29,986

Notes:

1) Business categories are based on internal segments used within HCM.

2) The products included in each category are as follows
   1. Construction Machinery Business: Hydraulic excavators, mini-excavators, wheel loaders and crawler cranes
   2. Industrial Vehicles Business: Forklifts, transfer cranes and container carriers
   3. Semiconductor Production Equipment Business: Ultrasonic inspection video equipment and atomic force microscope equipment

3) The key unallocatable costs within the “Elimination or Corporate” column of operating expenses chiefly include expenses incurred by the administrative division of TCM Corporation and its consolidated subsidiaries.

(2) Segment information by area

Fiscal Year ended March 31, 2007 (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
Ⅰ **Net Sales and Operating Income**								
Net Sales								
(1) Net Sales to Outside Customers	345,079	86,281	158,501	83,897	82,695	756,453		756,453
(2) Inter-segment Sales/Transfers	249,571	21,301	5,452	16,982	11	293,317	(293,317)	0
Total	594,650	107,582	163,953	100,879	82,706	1,049,770	(293,317)	756,453
Operating Expenses	551,208	94,557	152,310	89,205	77,037	964,317	(286,216)	678,101
Operating Income	43,442	13,025	11,643	11,674	5,669	85,453	(7,101)	78,352
Ⅱ **Assets**	527,056	110,405	104,996	39,812	53,303	835,572	(180,246)	655,326

Fiscal Year ended March 31, 2006 (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
Ⅰ **Net Sales and Operating Income**								
Net Sales								
(1) Net Sales to Outside Customers	293,280	86,229	108,856	72,069	66,023	626,457		626,457
(2) Inter-segment Sales/Transfers	182,789	16,120	4,722	14,312	6	217,949	(217,949)	0
Total	476,069	102,349	113,578	86,381	66,029	844,406	(217,949)	626,457
Operating Expenses	451,761	89,779	105,475	74,955	62,563	784,533	(215,253)	569,280
Operating Income	24,308	12,570	8,103	11,426	3,466	59,873	(2,696)	57,177
Ⅱ **Assets**	455,101	86,046	70,060	47,311	41,642	700,160	(147,819)	552,341

Note: The countries included in each segment are as follows:
(1) Asia: China, Indonesia, Singapore, Thailand and Malaysia
(2) Europe: Holland, France and Belgium
(3) The Americas: United States and Canada
(4) Other: New Zealand, Australia and South Africa

(3) Overseas sales (Millions of yen)

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2006	
	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales
The Americas	125,129	16.6%	107,494	17.2%
Europe, Africa & Middle East	195,209	25.8	132,647	21.2
Oceania & Asia	126,280	16.7	103,608	16.5
China	71,286	9.4	67,555	10.8
Total Overseas Sales	517,904	68.5	411,304	65.7
Consolidated Sales	756,453	100.0	626,457	100.0

Notes:
1) Overseas sales are sales in countries and areas other than Japan of the Company and its consolidated subsidiaries.
2) The sales figures covering indirect sales for the Americas and Japan in the previous fiscal year reports were stated incorrectly. They have been changed to reflect the correct figures.

(Omission of disclosure)

HCM has omitted notes related to the Company's consolidated operations, such as notes for lease transactions, transactions related to business partners, tax effect accounting, marketable securities, derivative transactions, provision of retirement benefits, and stock options because the Company believes there is no significant need in this report for disclosure.

Per share information

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006
	Yen	Yen
Net assets per share	987.56	807.17
Net income per share	187.43	124.37
Net income per share after adjustments for dilution	186.81	124.00

Note: Basic data for calculations

1. Net assets per share

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006
Total amount of net assets on consolidated balance sheets (millions of yen)	222,409	-
Amount of net assets associated with common shares (millions of yen)	192,393	-
Primary breakdown of amount differentials (millions of yen)		
New share acquisition rights	122	-
Held by minority shareholders	29,894	-
Number of common shares issued (shares)	196,095,038	-
Number of common shares that are treasury shares (shares)	1,278,110	-
Number of common shares used in the calculation of net assets per share (shares)	194,816,928	-

2. Net income per share and net income per share after dilution of latent shares for the fiscal year ended March 31, 2007

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006
Net income on consolidated statements of income (millions of yen)	36,502	24,223
Net income associated with common shares (millions of yen)	36,502	24,223
Amount not returned to common shareholders (millions of yen)	0	0
Average number of common shares outstanding during the fiscal year (shares)	194,753,374	194,770,688
Principal breakdown of the increase in common shares used for calculating net income per share after dilution (shares)		
Stock purchase warrant	647,032	584,483
Increase in common shares (shares)	647,032	584,483
Summary of latent shares not included in the calculation of fully diluted net profit per share due to lack of dilution effect.	-	-

Important Subsequent Events

None

5. Other

Changes in Officer Structure (As of June 25, 2007)

As the candidates for Director were finalized following a resolution by the Nominating Committee on April 25, 2007, a list of candidates for Director are provided below.

In addition, the Directors are expected to be appointed at the 43rd Annual General Meeting of Shareholders scheduled for June 25, 2007.

(1) Candidates for Director

Chairman of the Board	Shungo Dazai (Unchanged)
Director	Michijiro Kikawa (Unchanged)
Director	Yasuhiko Nakaura (Unchanged)
Director	Katsutoshi Arita (Unchanged)
Director	Nobuhiko Kuwahara (New; Senior Vice President and Executive Officer)
Director	Shuichi Ichiyama (Unchanged)
Outside Director	Yoshio Kubo (New; Professor of Tsukuba International University Faculty of Industrial Researches and Social Services)
Outside Director	Katsukuni Hisano (New; Appointed Senior Adviser to Hitachi, Ltd.)
Outside Director	Takeo Ueno (New; President of Hitachi Via Mechanics, Ltd.)

* Yoshio Kubo, Katsukuni Hisano and Takeo Ueno fulfill the requirements for outside directors as stipulated in Article 2, Paragraph 15 of the Corporate Law.

(2) Retiring Directors

Morihisa Sugiyama
Hisashi Hosokawa
Kazuo Kumagai
Reiji Tagaya