Hitachi Construction Machinery

Financial Results for the six months ended September 30, 2007

(English translation of "CHUKAN KESSAN TANSHIN" originally issued in Japanese language)

October 26, 2007

Interim Financial Statements (Consolidated) for Fiscal Year Ending March 2008

Listed company: Hitachi Construction Machinery Co., Ltd. (HCM)
Stock exchange listings: 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 commencement of payment of dividends: December 6, 2007
Scheduled date for submission of the Semiannual Securities Report: December 20, 2007
U.S. Accounting Standards are not applied.

1. Consolidated results for the half year ended September 2007 (April 1, 2007 to September 30, 2007)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sep. 2007 (interim)	415,926	18.2	50,985	43.7	46,661	54.9	23,335	70.3
Sep. 2006 (interim)	351,890	24.1	35,479	37.2	30,114	48.0	13,704	42.3
Mar. 2007	756,453	-	78,352	-	70,010	-	36,502	-

	Net income per share	Net income per share (diluted)
	Yen	Yen
Sep. 2007 (interim)	116.47	116.07
Sep. 2006 (interim)	70.36	70.12
Mar. 2007	187.43	186.81

Notes:
1) Equity-method investment profit (loss)
September 2007: ¥1,655 million September 2006: (¥857 million) March 2007: ¥400 million
2) Percentages indicated for net sales, operating income, ordinary income and net income are increases (decreases) compared with the same 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
Sep. 2007 (interim)	785,808	329,248	37.4	1,373.78
Sep. 2006 (interim)	591,267	196,530	28.7	871.15
Mar. 2007	655,326	222,409	29.4	987.56

Note:
Total equity at the end of the period
September 2007: ¥294,081 million September 2006: ¥169,549 million March 2007: ¥192,393 million

(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
Sep. 2007 (interim)	1,780	(28,047)	76,179	91,665
Sep. 2006 (interim)	26,009	(13,598)	(327)	54,355
Mar. 2007	24,101	(25,834)	517	41,074

2. Dividends status

	Cash dividends per share		
	Interim	Year-end	Total cash dividends per share for the fiscal year
	Yen	Yen	Yen
March 2007	14.00	14.00	28.00
March 2008 (result)	20.00		40.00
March 2008 (projection)		20.00	

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	%
March 2008	900,000	19.0	101,000	28.9	91,000	30.0

	Net income		Net income per share
	Millions of yen	%	Yen
March 2008	52,000	42.5	251.60

Note:
Percentages show changes from the previous fiscal year.

4. Others

(1) Significant changes involving subsidiaries during the half year (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in accounting principles and procedures in the preparation of the Interim Consolidated Financial Statements and changes in presentation methods (changes in principal items that serve as the basis for preparing the Interim 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 Interim Consolidated Financial Statements on page 19.

(3) Number of shares issued (common shares)

[1] Number of shares issued at end of the period (including treasury shares)
September 2007: 215,115,038 September 2006: 196,075,038 March 2007: 196,095,038
[2] Number of treasury shares at end of the period
September 2007: 1,047,401 September 2006: 1,449,357 March 2007: 1,278,110

Note:
Please refer to Per Share Information on page 23 for the number of shares used as the basis for calculating net income (consolidated) per share.

(Reference) Summary of Non-consolidated Results

Non-consolidated results for the half year ended September 2007 (April 1, 2007 to September 30, 2007)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sep. 2007 (interim)	229,650	21.6	21,023	89.0	22,601	128.6	14,361	111.0
Sep. 2006 (interim)	188,905	27.2	11,122	84.6	9,886	91.4	6,807	109.8
Mar. 2007	413,404	-	28,797	-	36,938	-	26,673	-

	Net income per share
	Yen
Sep. 2007 (interim)	71.68
Sep. 2006 (interim)	34.95
Mar. 2007	136.96

Note:

Percentages indicated for net sales, operating income, ordinary income and net income are increases (decreases) compared with the same 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
Sep. 2007 (interim)	465,254	257,404	55.3	1,201.71
Sep. 2006 (interim)	353,964	149,140	42.1	766.18
Mar. 2007	387,188	167,123	43.1	857.39

Note:

Total equity at the end of the period

September 2007: ¥257,248 million September 2006: ¥149,118 million March 2007: ¥167,034 million

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.

Qualitative Information and Financial Statements

1. Management Results

(1) Analysis of Management Results

[1] Management Results in the Interim Fiscal Period Ended September 30, 2007

In spite of lower demand due to a drop in housing construction in the United States, the business environment facing the HCM Group in the consolidated interim accounting period under review (April 1, 2007 to September 30, 2007) was favorable. Although supply was unable to keep up with buoyant world demand in some regions, we aggressively advanced series lineups of new model hydraulic excavators and wheel loaders, mini-excavators, crawler cranes and other products. In tandem with sales expansion, we realized steady penetration into various markets.

Under these conditions, from April 2007 the HCM Group embarked upon our new medium-period management plan, "*SOH* 2010—For the New Stage." Through this plan we emphasize measures for "realizing an industry-leading profit structure" and that "establish an unshakeable position as a comprehensive manufacturer among the world's top three construction machinery manufacturers." This plan also promotes a management strategy to achieve consolidated net sales exceeding ¥1 trillion and consolidated ordinary income exceeding ¥100 billion.

Further, in August of this year, we issued a total of 19 million shares of common stock, which was sold through both a public offering as well as in a private placement to Hitachi, Ltd. Capital acquired through this sale of common stock amounted to ¥77.8 billion.

We will allocate the funds procured through this capital increase for capital investments directed toward enhancing and strengthening production capacity at principal bases both in Japan and overseas in accordance with our new medium-term management plan. In doing so, we strive to meet expanding worldwide demand for construction and mining machinery.

Specifically, this September in Japan, the Hitachi-Naka Works commenced operations to manufacture new hydraulic machinery components. Solid progress is also being made on construction of the Hitachi-Naka Port Works, a facility to produce ultra-large hydraulic excavators and dump trucks scheduled for completion in May of next year. Overseas, we are strengthening the structure for increased production on a global level via such efforts as formulating concrete plans for construction of a third plant in India along with upgrades of plants in China and Indonesia.

In view of the aforementioned situation and measures, the following table summarizes consolidated and non-consolidated results for the interim period:

(100 million yen; %)

	Consolidated (Change)	Non-consolidated (Change)
Net sales	4,159 (+18.2%)	2,297 (+21.6%)
Operating income	510 (+43.7%)	210 (+89.0%)
Ordinary income	467 (+54.9%)	226 (+128.6%)
Net income	233 (+70.3%)	144 (+111.0%)

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 explained below.

(a) Japan

Increased demand for construction machinery was buoyed by higher capital investments in the private sector and an expansion of non-civil engineering applications such as demolition and scrap recycling operations. Increased demand also resulted from orders for new replacement machines owing to the flow of used machinery to overseas locations. Under our RSS system that combines rental, sales and service, we made efforts to expand sales of highly functional, high value-added products within industry-specific sectors. We also leveraged our Hitachi Onsite Screening & Solution (Hi-OSS) brand to aggressively promote sales of on-site processing system solutions for environmental protection and resource recycling. As a result of these and other measures, net sales rose 6% from the same period of the previous year to ¥116,267 million.

(b) The Americas
The impact of reduced demand for construction machinery due to a decline in housing investment as well as implementation of stock adjustments over a short period for hydraulic excavator in the United States led to a 43% year-on-year decline in net sales to ¥41,841 million.

(c) Europe, Russia-CIS, Africa and the Middle East
In Europe, amid expanding demand mainly in the United Kingdom, Germany, France and other markets, we enhanced our new model lineup of medium-sized hydraulic excavators and introduced a new model wheel excavator to the market. We also acquired our United Kingdom-based distributor, Heavy Construction Machinery Ltd., and established the company as a subsidiary. Net sales surged 85% from the same period of the previous year to ¥79,193 million.

In Russia-CIS, on the back of strong resource development and supported by infrastructure investment, demand continued to increase in Russia, Kazakhstan and the Ukraine. Within this area, we will continue to further bolster the capabilities of our distributors and strive to enhance our sales and service networks.

In Africa, mining development remained robust, as we intensified efforts to obtain orders for mining machinery.

In the Middle East, a boom in construction investment fueled by the recycling of petrodollars served as the impetus for further developing a supply structure that promptly provides support to our distributors. Further, we also initiated sales of used machinery and components sales as part of efforts to realize new inroads.

Total net sales from Russia-CIS, Africa and the Middle East regions rose 15% to ¥49,654 million.

(d) Oceania and Asia
In Malaysia, forestry and palm oil production-related demand was brisk, while in Oceania, Indonesia and other areas demand was favorable amid resource development continuing at a brisk pace. Road, airport, port and other infrastructure development was particularly strong in India, with demand for construction machinery experiencing accelerated growth. Additionally, headed up by regional coordination company Hitachi Construction Machinery Asia and Pacific Pte. Ltd., we worked to augment support for Group distributors in respective countries, as we strived to further expand business in the Group's direct sales territories. As a result, net sales in Oceania and Asia rose 38% year on year to ¥77,118 million.

(e) China
In China, demand for construction machinery used in infrastructure development spread further throughout the country. To meet this demand, we expanded sales of new model hydraulic excavators and enhanced our lineup with machines based on our exceptionally durable mini-excavators and medium-sized hydraulic excavators with reinforced front portions for mining and demolition. As a result, net sales soared 89% to ¥51,853 million.

[3] Overview by Business Segment

(a) Construction Machinery Business

Consolidated net sales in the construction machinery business rose 19% to ¥374,932 million.

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

Construction-Related Products Business

We have been actively promoting the unrivaled performance of the new models of Tier III-compliant ZAXIS-3 Series hydraulic excavators and ZW Series wheel loaders offering dramatically improved performance and functional enhancements, and endeavored to further expand sales of these products both domestically and overseas.

Regarding mini-excavators, our efforts included the introduction of an exceptionally durable model to the Chinese market. By developing product strategies that take into account regional characteristics, we strived to boost our market share in Japan, Western Europe, North America and China.

For new products, we launched sales of a medium-sized hydraulic excavator and two wheel type medium-sized excavators in the ZAXIS-3 Series, as well as a wheel loader in the ZW Series and new type of mini-excavator.

Regarding road construction equipment, we launched sales of four models of Tier III-compliant compact vibratory rollers and one fully 360º rotating type rubber crawler carrier.

Resource Development-Related Products Business

Amid the boom in mining development owing to increased worldwide demand for resources, we endeavored to expand sales of ultra-large excavators and dump trucks in North America, Australia, Indonesia, southern Africa and other areas.

Environment-Related Products Business

Under the Hi-OSS brand, our “Hi-OSS Anywhere” slogan characterizes a system of self-propelled machinery that can be assembled in varying combinations depending on site conditions. This system is employed to efficiently sort, process and recycle industrial waste without the need to remove such waste from the site. We offered solutions to customers in a variety of fields such as recycling, soil decontamination and soil quality improvement, as well as product manufacturing, and worked to actively meet new customer needs.

Further, we have established the “Hi-OSS Demonstration Site” in Japan in order to allow customers to experience Hi-OSS brand products for themselves.

Regarding new products, HCM launched two track mounted wood grinders as mainstay machines in its Hi-OSS line. Equipped with Tier III-compliant clean engines, these chippers employ a lateral type hopper for easy insertion of materials with long dimensions.

Product Development Business

Based on our hydraulic excavators, HCM is developing a scrap-specification machine that efficiently processes metal scrap. We are also developing demolition, crushing and other types of machines that comprehensively meet the wide-ranging demolition needs for structures from high-rise office buildings to wooden residences.

In new products, we developed Japan’s largest 180-ton-class ultra-large two-piece demolition-specification machine. Conversely, we have developed and have initiated sales of a small-sized demolition specification machine equipped with a multi-adapter that is ideal for demolition work in narrow spaces.

In addition to receiving the first order for a battery-powered excavator, we delivered flail hammer-type demining equipment significantly enhanced to improve processing capability and bolster durability to the Republic of Angola.

Rental Business

At the "REC" Group of directly managed rental companies, HCM worked to bolster existing rental business locations as well as to newly establish rental bases in high-demand regions. At the same time, HCM strived to expand its business through such concerted efforts as bolstering promotion of Hi-OSS brand products in addition to products in new fields.

In April 2008, with the integration of the eight REC companies, we will build a new rental business structure under the name of "Hitachi Construction Machinery REC Co., Ltd." The integration of rental business operations throughout Japan will: 1) realize efficiency in management resources; 2) enable the development of products ideally suited to diverse customer needs; and 3) offer efficient procurement by utilizing economies of scale. These and other advantages will contribute to building and developing a solid rental business as one of the target objectives of the Group's medium-term management plan.

Used Machinery Business

Amid continued worldwide growth in demand for hydraulic excavators, demand for used machinery has expanded due to vigorous development of social infrastructure in China and Southeast Asia, as well as urban development fuelled by petrodollar recycling in Middle Eastern countries.

Through Hitachi Construction Machinery Trading Co., Ltd., along holding parade auctions and Internet auctions we implemented a "certified used machinery" system. We are utilizing this system, which offers high-quality excavators as "Hitachi approved machines" after having undergone HCM's proprietary standard inspection and maintenance, to effectively meet used machinery needs both in Japan and overseas.

Service Business

HCM has strengthened its service capabilities by utilizing the Global e-Service system to manage individual machinery via satellite communications. We have strived to offer service from the customer's perspective, using satellite communications to share machinery information between customers and HCM to proactively offer thorough field maintenance service and maintenance package solutions. Moreover, in order to accelerate worldwide development of Global e-Service, we have realized expanded areas of coverage by using mobile phone terminals in addition to satellite communications.

Other Software Business

As businesses supporting the HCM Group, Hitachi Kenki Business Frontier Co., Ltd. handles the development, sale and maintenance of computer software; Hitachi Construction Machinery Leasing Co., Ltd. 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 development of products in new fields geared towards agriculture. Each company has worked to expand its scope of business through the application of its specialized expertise.

(b) Industrial Vehicles Business

Consolidated net sales rose 11% year-on-year to ¥39,977 million. Amid continued favorable worldwide demand for forklifts, TCM Corporation moved to further increase its production capabilities by establishing new component production facilities within its Shiga plant. Also, production is scheduled to commence within this fiscal year at TCM (Anhui) Machinery Co., Ltd. in China, TCM's new company established using solely Japanese capital.

To strengthen sales capabilities in the Asian region, TCM established a parts center at TCM Asia Distribution Co., Ltd.

In port-related products, TCM sought to expand sales both domestically and overseas. Results of these efforts included favorable domestic demand, represented by orders for Japan's first hybrid transfer crane developed last year.

(c) Semiconductor Production Equipment Business

Consolidated net sales decreased 1% compared with the same period of the previous year to ¥1,017 million. Hitachi Kenki FineTech Co., Ltd. worked to promote sales of ultrasonic imaging devices used for inspections to manufacturers of in-vehicle semiconductors and electronic component makers, as well as to expand sales of atomic force microscopes to major overseas semiconductor manufacturers. Two WA3300 model atomic force microscopes developed for overseas markets have been delivered to the principal market of Taiwan.

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

Regarding future developments, HCM believes that the world economy will remain firmly on track. However, the impact of sub-prime loan problems in the United States, as well as issues of exchange rates, trends in lending rates and the soaring costs of raw materials, chiefly crude oil, all lead to sense of uncertainty with regard to future prospects. Looking ahead, it will be necessary to focus closely on market trends to ensure that we can respond flexibly to future shifts in demand.

North America in particular requires close scrutiny in view of the level impact and other effects on demand as a result of the decline in housing investment and delinquent loans following the sale of private residences.

On the other hand, with the exception of North America, HCM forecasts overall favorable world demand for hydraulic excavators. Moreover, we foresee a continued high level of demand for mining machinery in line with a rise in resource development globally, as well as for forklifts and other industrial vehicles.

Accordingly, HCM will work to improve corporate and shareholder value by maintaining an awareness of the importance of fulfilling its Corporate Social Responsibility (CSR) as a Group, while 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 yen; %)

	Consolidated (Change)	Non-consolidated (Change)
Net sales	9,000 (+19.0%)	4,925 (+19.1%)
Operating income	1,010 (+28.9%)	386 (+34.0%)
Ordinary income	910 (+30.0%)	471 (+27.5%)
Net income	520 (+42.5%)	334 (+25.2%)

Note: Figures under ¥100 million are rounded off.

The anticipated exchange rates for current performance results are as follows.

	1st half of 2007 (actual)	2nd half of 2007 (forecast)	Fiscal 2007 (forecast)
Yen / US dollar	119	115	116
Yen / euro	160	155	157

Note: Forecasts, plans and expectations regarding future performance contained in the aforementioned statements are based on information currently available and deemed rational by Company management. However, as various factors could change actual results, forecasts, plans and expectations may differ. These factors include general economic conditions in HCM's major markets, fluctuations in product demand, fluctuations in exchange rates and changes in the regulatory environment, accounting standards, or other business practices in Japan or other countries.

(2) Analysis of Financial Conditions

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the interim period under review amounted to ¥533,023 million, an increase of 21.3% from the previous fiscal year-end. This was due mainly to an increase of ¥46,442 million in inventories versus a decrease of ¥9,850 million in notes and accounts receivable.

Fixed assets rose 17.0% from the end of the previous fiscal year to ¥252,785 million.

As a result, total assets increased 12.0% from the previous fiscal year-end to ¥785,808 million.

(b) Liabilities

Current liabilities at the end of the interim period amounted to ¥374,537 million, an increase of 10.0% from the previous fiscal year-end. This was due mainly to an increase in notes and accounts payable resulting from growth in demand for construction machinery and a continued high level of production and despite redemption of debentures of ¥10,300 million. Long-term liabilities decreased 11.3% from the previous fiscal year-end to ¥82,023 million.

As a result, total liabilities increased 5.5% from the previous fiscal year-end to ¥456,560 million.

(c) Net Assets

Net assets, including minority interests, increased 48.0% from the previous fiscal year-end to ¥329,248 million. The main factor for this increase was the procurement in August 2007 of ¥77,800 million in capital through the issue of a total of 19 million shares of common stock, which were sold in a public offering as well as to Hitachi, Ltd. in a private placement, as well as interim net income of ¥23,335 million.

As a result, the equity ratio rose to 37.4% versus 29.4% at the end of the previous fiscal period.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents in the current interim consolidated accounting period (current period) totaled ¥91,665 million, an increase of ¥37,310 million from the end of the previous interim consolidated accounting period (previous period). Factors relating to each cash flow category were as follows.

(a) Cash Flows From Operating Activities

Net cash provided by operating activities in the current period totaled ¥1,780 million, a decrease of ¥24,229 million compared with ¥26,009 million in the previous period. Cash-increasing factors from the previous period included income before income taxes and minority interests in the current period of ¥46,661 million, an improvement of ¥16,547 million compared with ¥30,114 million in the previous period. Also, a ¥2,384 million increase in depreciation and amortization from ¥10,989 million in the previous period to ¥13,373 million was recorded owing to allocating capital investment funds to augment production facilities. On the other hand, cash-reducing factors were an increase in inventories of ¥18,092 million due to an expansion of sales; an increase of notes and accounts payable of ¥5,905 million, which was significantly less than ¥15,791 million recorded in the previous period; and income taxes paid amounting to ¥16,610 million, an increase of ¥4,425 million compared with the previous period.

(b) Cash Flows From Investing Activities
Net cash used in investing activities in the current period was ¥28,047 million, an increase of ¥14,449 million versus the decline of ¥13,598 million in the previous period. Key factors included a ¥13,923 million increase in acquisitions of property, plant and equipment amounting to ¥26,030 million, which was chiefly for capital investment to augment production at various manufacturing bases. As a result, free cash flows, the sum of net cash provided by operating activities and cash used in investing activities, was negative at ¥26,267 million.

(c) Cash Flows From Financing Activities
Net cash provided by financing activities in the current period totaled ¥76,179 million. Capital investment funds required until 2010 under the medium-term management plan include an amount that will be earmarked specifically for capital investments from fiscal 2008 through fiscal 2009. After the deduction of fees, combined proceeds from the capital increase garnered through the market priced public offering as well as the private placement amount to an inflow of ¥77,467 million.

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

	March 2005		March 2006		March 2007		March 2008
	Interim	Year-end	Interim	Year-end	Interim	Year-end	Interim
Equity ratio (%)	28.3	28.3	27.2	28.5	28.7	29.4	37.4
Equity ratio on market price basis (%)	60.2	62.1	81.9	109.3	86.9	94.8	125.0
Interest-bearing debt to operating cash flows ratio (%)	-	19.6	2.9	4.1	3.0	6.9	49.1
Interest coverage ratio (times)	-	2.2	12.6	9.9	14.7	6.0	0.7

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 Interim Period 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.

Regarding the fiscal year ended March 2007, HCM paid cash dividends per share of ¥14.00 at the interim period as well as cash dividends of ¥14.00 at the fiscal year-end, thereby amounting to total annual dividends paid of ¥28.00. At the Board of Directors Meeting held on October 26, 2007, cash dividends for the interim period in the fiscal year ending March 2007 were set at ¥20.00 per share. Year-end cash dividends are also scheduled to be ¥20.00 per share. Accordingly, cash dividends for the entire fiscal year will amount to ¥40.00.

(4) Business Risks

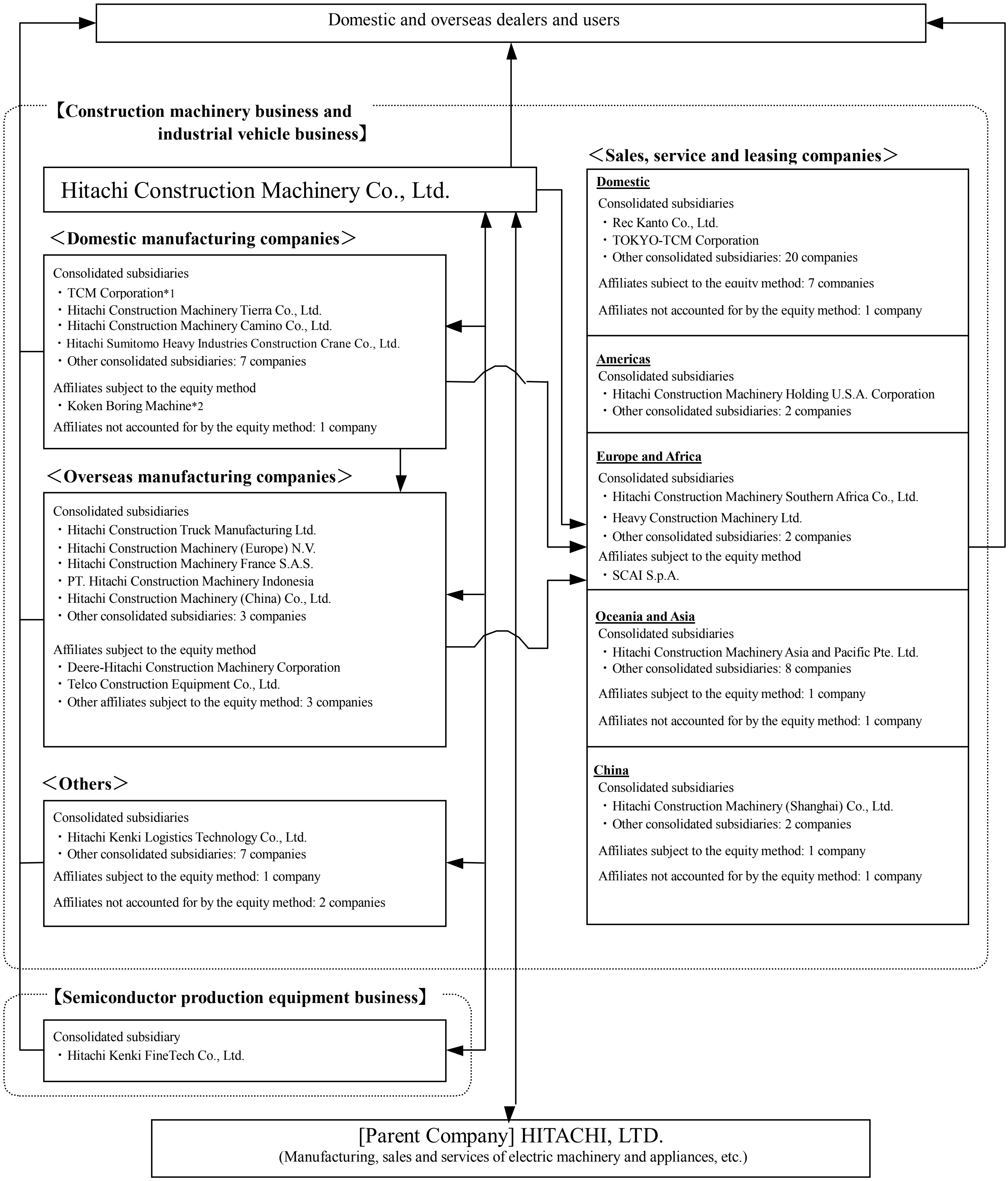
The HCM Group carries out its operations in regions throughout the world and utilizes high-level specialized technologies and information to execute its business activities. Accordingly, the HCM Group's business activities are subject to the effects of a wide range of risks.

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
- The Company, one of its subsidiaries or an equity method affiliate enters into litigation or other legal procedures
- Defects in our products and services
- Implementation of business structural reform measures
- Alliances with other companies in product development and other areas
- The environment for the procurement of funds (especially Japan)
- Volatility in Japan's stock market prices
- Catastrophic impact on production from an earthquake or other natural disaster

2. Status of the Corporate Group

As outlined below, this consolidated Group consists of Hitachi Construction Machinery, its parent company, its 69 subsidiaries and its 23 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

3. Management Policy

(1) Basic Management Policy and Issues to Be Addressed by the Company
(2) Management Indicator Targets
(3) Medium-to-Long-Term Management Strategies

Omitted since there are no significant changes from the latest Financial Results for the year ended March 31, 2007 (submitted on April 25, 2007).

This financial statement is available at the following URL:

http://www.hitachi-kenki.co.jp/ir/index.html

Information regarding companies listed on the Tokyo Stock Exchange can be found using the Tokyo Stock Exchange's search page:
http://www.tse.or.jp/listing/compsearch/index.html

5. Interim Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	Interim As of Sep. 30, 2007 (A)	Year-end As of Mar. 31, 2007 (B)	(A)-(B)	Interim As of Sep. 30, 2006
ASSETS				
I Current assets				
1. Cash and bank deposits	41,262	41,079	183	54,400
2. Notes and accounts receivable	184,330	194,180	(9,850)	154,530
3. Inventories	219,777	173,335	46,442	160,415
4. Parent company deposits	50,403	0	50,403	0
5. Others	44,127	37,774	6,353	32,999
6. Less: Allowance for doubtful accounts	(6,876)	(7,061)	185	(8,431)
Total current assets	533,023	439,307	93,716	393,913
II Fixed assets				
(1) Property, plant and equipment				
1. Property held for lease	35,434	33,010	2,424	30,820
2. Buildings and structures	45,977	37,955	8,022	34,895
3. Machinery and equipment	32,944	28,015	4,929	24,508
4. Land	54,643	46,297	8,346	45,779
5. Others	13,059	12,533	526	10,154
Net property, plant and equipment	182,057	157,810	24,247	146,156
(2) Intangible assets	18,132	10,251	7,881	6,889
(3) Investments and other assets				
1. Investments in securities	30,634	27,801	2,833	25,428
2. Others	23,463	21,588	1,875	20,011
3. Less: Allowance for doubtful accounts	(1,501)	(1,431)	(70)	(1,130)
Total investments and other assets	52,596	47,958	4,638	44,309
Total fixed assets	252,785	216,019	36,766	197,354
Total assets	785,808	655,326	130,482	591,267

(Rounded off to the nearest million)

Notes: 1. Stated in order of the Period Under Review, the Previous Fiscal Year, and the Same Period of the Previous Fiscal Year.
2. Increases and decreases are comparisons of the end of the interim period under review and the previous fiscal year-end.

(Millions of yen)

	Interim As of Sep. 30, 2007 (A)	Year-end As of Mar. 31, 2007 (B)	(A)-(B)	Interim As of Sep. 30, 2006
LIABILITIES				
I Current liabilities				
1. Notes and accounts payable	169,913	159,529	10,384	147,457
2. Short-term loans	113,988	87,768	26,220	78,385
3. Commercial paper	0	5,000	(5,000)	3,000
4. Current portion of bonds	10,300	10,600	(300)	10,600
5. Others	80,336	77,519	2,817	64,546
Total current liabilities	374,537	340,416	34,121	303,988
II Long-term liabilities				
1. Bonds	5,000	15,000	(10,000)	15,300
2. Long-term loans	45,339	47,542	(2,203)	50,059
3. Retirement and severance benefits	12,102	12,410	(308)	12,954
4. Others	19,582	17,549	2,033	12,436
Total long-term liabilities	82,023	92,501	(10,478)	90,749
Total liabilities	456,560	432,917	23,643	394,737
NET ASSETS				
I Shareholders' equity				
1. Common stock	81,577	42,636	38,941	42,631
2. Capital surplus	81,084	42,143	38,941	42,139
3. Retained earnings	122,661	102,124	20,537	82,118
4. Treasury stock	(1,777)	(2,153)	376	(2,433)
Total shareholders' equity	283,545	184,750	98,795	164,455
II Valuation and translation adjustments				
1. Net unrealized gain on securities held	2,454	2,299	155	2,215
2. Gain (loss) on deferred hedge transactions	502	120	382	(20)
3. Foreign currency translation adjustments	7,580	5,224	2,356	2,899
Total valuation and translation adjustments	10,536	7,643	2,893	5,094
III Stock purchase warrants	217	122	95	27
IV Minority interests	34,950	29,894	5,056	26,954
Total net assets	329,248	222,409	106,839	196,530
Total liabilities and net assets	785,808	655,326	130,482	591,267

(Rounded off to the nearest million)

Notes: 1. Stated in order of the Period Under Review, the Previous Fiscal Year, and the Same Period of the Previous Fiscal Year.
2. Increases and decreases are comparisons of the end of the interim period under review and the previous fiscal year-end.

(2) Consolidated Statements of Income

(Millions of yen)

	Interim (Half year ended Sep. 30, 2007 (A))	Interim (Half year ended Sep. 30, 2006 (B))	(A)/(B)×100 (%)	For the year (Year ended Mar. 31, 2007)
			%	
I Net sales	415,926	351,890	118	756,453
II Cost of sales	291,877	255,095	114	549,453
Gross profit before unrealized profit on installment sales	124,049	96,795	128	207,000
III (Realized) unrealized profit on installment sales	(68)	(237)	-	(159)
Gross profit	124,117	97,032	128	207,159
IV Selling, general and administrative expenses				
1. Packing and shipping expenses	10,689	9,524	112	20,097
2. Employees' salaries	20,291	17,489	116	36,695
3. R&D expenditure	5,802	5,678	102	11,539
4. Others	36,350	28,862	126	60,476
Total selling, general and administrative expenses	73,132	61,553	119	128,807
Operating income	50,985	35,479	144	78,352
V Non-operating income				
1. Interest income	1,957	801	244	2,318
2. Interest income from installment sales	313	347	90	692
3. Dividends income	137	99	138	231
4. Gain on equity earnings of affiliated companies	1,655	0	-	400
5. Others	1,298	1,385	94	3,945
Total non-operating income	5,360	2,632	204	7,586
VI Non-operating expenses				
1. Interest expenses	2,489	1,650	151	3,949
2. Loss on disposal of inventories	535	670	80	1,221
3. Loss on reevaluation of inventories	990	0	-	574
4. Effect of exchange rate changes	1,603	2,438	66	5,591
5. Loss on equity earnings of affiliated companies	0	857	-	0
6. Others	4,067	2,382	171	4,593
Total non-operating expenses	9,684	7,997	121	15,928
Ordinary income	46,661	30,114	155	70,010
VII Extraordinary income				
1. Gain on sales of property, plant and equipment	0	0	-	839
2. Gain accompanying the liquidation of an overseas subsidiary	0	0	-	1,423
Total extraordinary income	0	0	-	2,262
VIII Extraordinary losses				
Restructuring costs	0	0	-	2,191
Total extraordinary losses	0	0	-	2,191
Income before income taxes and minority interests	46,661	30,114	155	70,081
Income taxes				
Current	16,945	10,145	167	20,887
Prior year	0	0	-	2,363
Deferred	1,634	3,926	42	4,299
Minority interests	4,747	2,339	203	6,030
Net income	23,335	13,704	170	36,502

(Rounded off to the nearest million)

(3) Consolidated Statements of Shareholders' Equity

Half year ended September 30, 2007 (April 1, 2007 - September 30, 2007)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on securities held	Gain (loss) on deferred hedge transactions	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock purchase warrants	Minority interests	Total net assets
Balance at March 31, 2007	42,636	42,143	102,124	(2,153)	184,750	2,299	120	5,224	7,643	122	29,894	222,409
Changes during the half year												
Newly issued	38,941	38,941			77,882							77,882
Cash dividends			(2,728)		(2,728)							(2,728)
Reduction in surplus through increase in consolidated subsidiaries			(121)		(121)							(121)
Effect of exclusion of affiliated companies			121		121							121
Net income			23,335		23,335							23,335
Increase in treasury stock				(25)	(25)							(25)
Decrease in treasury stock			(70)	401	331							331
Net increase during the interim period of non-shareholders' equity items						155	382	2,356	2,893	95	5,056	8,044
Total increase during the interim period	38,941	38,941	20,537	376	98,795	155	382	2,356	2,893	95	5,056	106,839
Balance at September 30, 2007	81,577	81,084	122,661	(1,777)	283,545	2,454	502	7,580	10,536	217	34,950	329,248

(Rounded off to the nearest million)

Half year ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on securities held	Gain (loss) on deferred hedge transactions	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock purchase warrants	Minority interests	Total net assets
Balance at March 31, 2006	42,626	42,133	70,392	(1,876)	153,275	2,730	-	1,168	3,898	-	24,996	182,169
Changes during the half year												
Newly issued	5	6			11							11
Cash dividends			(1,948)		(1,948)							(1,948)
Net income			13,704		13,704							13,704
Increase in treasury stock				(823)	(823)							(823)
Decrease in treasury stock			(30)	266	236							236
Net increase (decrease) during the interim period of non-shareholders' equity items						(515)	(20)	1,731	1,196	27	1,958	3,181
Total increase (decrease) during the interim period	5	6	11,726	(557)	11,180	(515)	(20)	1,731	1,196	27	1,958	14,361
Balance at September 30, 2006	42,631	42,139	82,118	(2,433)	164,455	2,215	(20)	2,899	5,094	27	26,954	196,530

(Rounded off to the nearest million)

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

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on securities held	Gain (loss) on deferred hedge transactions	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock purchase warrants	Minority interests	Total net assets
Balance at March 31, 2006	42,626	42,133	70,392	(1,876)	153,275	2,730	-	1,168	3,898	-	24,996	182,169
Changes during the fiscal year												
Newly issued	10	10			20				0			20
Cash dividends			(4,673)		(4,673)				0			(4,673)
Net income			36,502		36,502				0			36,502
Increase in treasury stock				(841)	(841)				0			(841)
Decrease in treasury stock			(97)	564	467				0			467
Net increase (decrease) during the fiscal year of non-shareholders' equity items					0	(431)	120	4,056	3,745	122	4,898	8,765
Total increase (decrease) during the fiscal year	10	10	31,732	(277)	31,475	(431)	120	4,056	3,745	122	4,898	40,240
Balance at March 31, 2007	42,636	42,143	102,124	(2,153)	184,750	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)

	Interim [Half year ended Sep. 30, 2007]	Interim [Half year ended Sep. 30, 2006]	Previous fiscal year [Year ended Mar. 31, 2007]
I Cash flows from operating activities			
1. Income before income taxes and minority interests	46,661	30,114	70,081
2. Depreciation and amortization	13,373	10,989	24,215
3. Decrease in allowance for doubtful accounts	(181)	(1,079)	(2,215)
4. Interest and dividends income	(2,094)	(900)	(2,549)
5. Interest expenses	2,489	1,650	3,949
6. (Gain) loss on equity earnings of affiliated companies	(1,668)	834	(400)
7. (Increase) decrease in notes and accounts receivable	5,745	12,375	(20,803)
8. Increase in inventories	(39,003)	(20,911)	(26,285)
9. Purchase of property held for lease	(7,847)	(9,159)	(19,328)
10. Sales of property held for lease	1,618	1,248	3,809
11. Increase in notes and accounts payable	5,905	15,791	20,329
12. Gain on sales of property, plant and equipment	(1,401)	(740)	(3,289)
13. Others	(5,207)	(2,018)	(1,947)
Sub-total	18,390	38,194	45,567
14. Income taxes paid	(16,610)	(12,185)	(21,466)
Net cash provided by operating activities	1,780	26,009	24,101
II Cash flows from investing activities			
1. Investments in time deposits	0	(41)	(47)
2. Proceeds from time deposits	5	53	462
3. Acquisitions of property, plant and equipment	(26,030)	(12,107)	(24,336)
4. Proceeds from sale of property, plant and equipment	1,436	423	1,222
5. Purchase of intangible assets	(3,404)	(1,898)	(4,999)
6. Purchase of investments in securities	(1,149)	(60)	(1,127)
7. Acquisition of subsidiaries' stock resulting in change in scope of consolidation, net	(1,872)	0	0
8. Proceeds from sale of investments in securities	3	68	70
9. Interest and dividends received	2,220	919	2,397
10. Interest and dividends received from affiliated companies	572	169	169
11. Other, net	172	(1,124)	355
Net cash used in investing activities	(28,047)	(13,598)	(25,834)
III Cash flows from financing activities			
1. Net increase in short-term debt	17,557	9,901	23,448
2. Proceeds from long-term debt	7,011	6,044	12,308
3. Repayments of long-term debt	(9,113)	(10,236)	(24,881)
4. Redemption of debentures	(10,300)	(300)	(600)
5. Interest paid	(2,614)	(1,766)	(3,996)
6. Dividends paid to shareholders	(2,728)	(1,948)	(4,673)
7. Dividends paid to minority shareholders by subsidiaries	(2,104)	(1,446)	(1,488)
8. Proceeds from issuance of stock	77,475	11	20
9. Issuance of common stock and investments by minority	689	0	753
10. Proceeds from sale of treasury stock	331	236	467
11. Purchase of treasury stock	(25)	(823)	(841)
Net cash provided by (used in) financing activities	76,179	(327)	517
IV Effect of exchange rate changes on cash and cash equivalents	642	278	297
V Net increase (decrease) in cash and cash equivalents	50,554	12,362	(919)
VI Cash and cash equivalents at beginning of year	41,074	41,954	41,954
VII Cash and cash equivalents of newly consolidated companies at beginning of year	0	39	39
VIII Cash and cash equivalents of merged non-consolidated subsidiary	37	0	0
IX Cash and cash equivalents at end of period	91,665	54,355	41,074

Relationship between the balance of cash and cash equivalents at the end of period and the amounts of the items listed in the consolidated balance sheet

Cash and bank deposits	41,262	54,400	41,079
Deposits for affiliated company	50,403	0	0
Sub-total	91,665	54,400	41,079
Time deposits with maturity longer than three months	0	(45)	(5)
Cash and cash equivalents	91,665	54,355	41,074

(Rounded off to the nearest million)

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

Change in depreciation method for property, plant and equipment

Starting with this interim consolidated accounting period, HCM changed the depreciation method for property, plant and equipment acquired after April 1, 2007 in accordance with the revised Corporate Tax Law of Japan. Impact on profit and loss resulting from the change is minimal.

(Additional information)

Starting with this interim consolidated accounting period, for property, plant and equipment acquired prior to April 1, 2007, from the business year following attainment of the allowable limit for depreciation, the remaining cost will then be depreciated evenly over five years. Impact on profit and loss resulting from the change is minimal.

Other "changes in important matters that form the basis for compiling interim consolidated financial statements," are omitted since there are no significant revisions from the most recent interim financial report (submitted on December 20, 2006).

(6) Notes

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

Segment Information

(1) Segment information by business category

Half Year ended September 30, 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	374,932	39,977	1,017	415,926		415,926
(2) Inter-segment Sales/Transfers	18	0	861	879	(879)	0
Total	374,950	39,977	1,878	416,805	(879)	415,926
Operating Expenses	325,502	37,495	1,581	364,578	363	364,941
Operating Income	49,448	2,482	297	52,227	(1,242)	50,985

Half Year ended September 30, 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	314,782	36,085	1,023	351,890		351,890
(2) Inter-segment Sales/Transfers	14	0	585	599	(599)	0
Total	314,796	36,085	1,608	352,489	(599)	351,890
Operating Expenses	282,116	33,437	1,497	317,050	(639)	316,411
Operating Income	32,680	2,648	111	35,439	40	35,479

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

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

(2) Segment information by area

Half Year ended September 30, 2007 (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income								
Net Sales								
(1) Net Sales to Outside Customers	172,227	61,352	103,193	25,596	53,558	415,926		415,926
(2) Inter-segment Sales/Transfers	150,578	12,906	10,240	12,779	0	186,503	(186,503)	0
Total	322,805	74,258	113,433	38,375	53,558	602,429	(186,503)	415,926
Operating Expenses	293,313	63,333	104,146	33,405	48,835	543,032	(178,091)	364,941
Operating Income	29,492	10,925	9,287	4,970	4,723	59,397	(8,412)	50,985

Half Year ended September 30, 2006 (Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income								
Net Sales								
(1) Net Sales to Outside Customers	158,830	37,454	66,936	51,267	37,403	351,890		351,890
(2) Inter-segment Sales/Transfers	112,636	10,211	2,456	8,377	0	133,680	(133,680)	0
Total	271,466	47,665	69,392	59,644	37,403	485,570	(133,680)	351,890
Operating Expenses	255,510	41,977	64,168	49,517	34,554	445,726	(129,315)	316,411
Operating Income	15,956	5,688	5,224	10,127	2,849	39,844	(4,365)	35,479

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

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
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

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

(3) Overseas sales (Millions of yen)

	Half year ended September 30, 2007		Half year ended September 30, 2006		Fiscal year ended March 31, 2007	
	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales
The Americas	41,841	10.1%	72,797	20.7%	125,129	16.5%
Europe, Russia-CIS, Africa and the Middle East	128,847	31.0	85,919	24.4	195,209	25.8
Oceania and Asia	77,118	18.5	55,818	15.9	126,280	16.7
China	51,853	12.5	27,413	7.8	71,286	9.4
Total Overseas Sales	299,659	72.0	241,947	68.8	517,904	68.5
Consolidated Sales	415,926	100.0	351,890	100.0	756,453	100.0

Note: Overseas sales are sales in countries and areas other than Japan of the Company and its consolidated subsidiaries.

(Omission of disclosure)

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

Per share information

	Half year ended Sep. 30, 2007	Half year ended Sep. 30, 2006	Fiscal year ended Mar. 31, 2007
	Yen	Yen	Yen
Net assets per share	1,373.78	871.15	987.56
Net income per share	116.47	70.36	187.43
Net income per share after adjustments for dilution	116.07	70.12	186.81

Note: Basic data for calculations

1. Net assets per share

	Half year ended Sep. 30, 2007	Half year ended Sep. 30, 2006	Fiscal year ended March 31, 2007
Total amount of net assets on consolidated balance sheets (millions of yen)	329,248	196,530	222,409
Amount of net assets associated with common shares (millions of yen)	294,081	169,549	192,393
Primary breakdown of amount differentials (millions of yen)			
Stock purchase warrants	217	27	122
Held by minority shareholders	34,950	26,954	29,894
Number of common shares issued (shares)	215,115,038	196,075,038	196,095,038
Number of common shares that are treasury shares (shares)	1,047,401	1,449,357	1,278,110

2. Net income per share and net income per share after dilution of latent shares

	Half year ended Sep. 30, 2007	Half year ended Sep. 30, 2006	Fiscal year ended March 31, 2007
Net income (millions of yen)	23,335	13,704	36,502
Amount not returned to common shareholders (millions of yen)	0	0	0
Net income associated with common shares (millions of yen)	23,335	13,704	36,502
Average number of common shares outstanding during the period (shares)	200,344,121	194,768,558	194,753,374
Increase in common shares used for calculating net income per share after dilution (shares) Stock purchase warrants	704,674	669,185	646,619
Summary of latent shares not included in the calculation of fully diluted net profit per share due to lack of dilution effect.	-	Issuing of stock purchase warrants of 3,050 units resolved at General Meeting of Shareholders on June 26, 2006	-

Important Subsequent Events

None