

Hitachi Construction Machinery

**Financial Results for the
First Quarter Ended June 30, 2007**

Consolidated Financial Results for the First Quarter Ended June 30, 2007

July 26, 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

U.S. Accounting Standards are not applied.

1. Consolidated results for the first quarter ended June 30, 2007 (April 1, 2007 to June 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	%
June 30, 2007	206,724	19.5	23,113	42.5	21,893	65.2	8,860	58.7
June 30, 2006	172,925	40.2	16,219	41.0	13,252	47.6	5,582	89.6
March 31, 2007	756,453	-	78,352	-	70,010	-	36,502	-

	Net income per share	Diluted net income per share
	Yen	Yen
June 30, 2007	45.47	45.31
June 30, 2006	28.66	28.55
March 31, 2007	187.43	186.81

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2007	700,148	236,423	29.0	1,042.03
June 30, 2006	561,764	186,448	28.7	826.65
March 31, 2007	655,326	222,409	29.4	987.56

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2007	1,490	(9,320)	16,070	50,004
June 30, 2006	4,391	(5,746)	2,276	42,567
March 31, 2007	24,101	(25,834)	517	41,074

2. Dividends status

A report on dividends is omitted, as HCM does not pay dividends with a record date of June 30.

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)	432,000	22.8	46,000	29.7	42,300	40.5
March 2008	910,000	20.3	96,000	22.5	86,000	22.8

	Net income		Net income per share
	Millions of yen	%	Yen
September 2007 (Interim)	21,200	54.7	108.79
March 2008	48,000	31.5	246.31

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.

(English translation of "ZAIMU/GYOSEKI NO GAIKYO" originally issued in Japanese language.)

4. Others

- (1) Change in scope of consolidation and equity method (changes involving important subsidiaries accompanying changes in the scope of consolidation): None
- (2) Adoption of simplified accounting methods: Yes
- (3) Accounting policy changes from the year ended March 31, 2007: None

Note: For detailed information, please refer to Others on page 5.

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. **Qualitative Information Concerning Management Results**

The business environment facing the HCM Group in the first quarter (April 1, 2007 to June 30, 2007) was severe in the domestic public works sector, although in the private sector increased demand for hydraulic excavators was buoyed by higher capital investment and the continued progression of stock adjustments for used machinery as well as by an expansion of non-civil engineering applications such as demolition and metal scrap recycling operations.

Overseas, with the exception of lackluster housing investment in the United States reducing demand for construction machinery, the global economy achieved overall growth and demand for construction machinery was favorable.

To meet growing worldwide demand for hydraulic excavators and wheel loaders, in December 2006 the Company commenced construction of a manufacturing plant in Hitachi-Naka, Ibaraki Prefecture, which is scheduled to begin production of hydraulic machinery components in September of this year. Further, the ZAXIS-3 Series of hydraulic excavators and new ZW Series wheel loaders, both of which comply with Tier III emissions regulations, are being smoothly introduced to markets in Europe, North America, Japan, China, and Russia. An overview of the Group's results on a per-segment basis is as follows.

Japan

Demand has increased owing to higher capital investment and stock adjustments for hydraulic excavators as well as expanded applications for demolition and metal scrap recycling operations. Net sales rose 4% to ¥51,127 million.

The Americas

While the market was strong as a result of private-sector capital investment in commercial and other facilities, public investment for highways and other structures, and demand for resource-related mining machinery, sluggish housing construction investment since the interim period of the previous fiscal year impacted demand for small and medium-sized hydraulic excavators, resulting in increased inventories at the end of March 2007 for Deere-Hitachi Construction Machinery Corporation. Stock adjustments are targeted for the end of September 2007. Consequently, net sales in North America were ¥21,249 million, or down 44% year-on-year. Net sales in the Americas, including South America, were ¥25,449 million, down 38% year-on-year. Further, overall demand for hydraulic excavators in North America fell approximately 20% compared with the same period of the previous fiscal year.

Europe, Russia-CIS, Africa and the Middle East

In Europe, sales grew owing to expanded construction investment in Germany, which is a high-demand country, and increased housing construction investment in France, which resulted in higher demand for hydraulic excavators, as well as the release of such new global models as the ZW Series of wheel loaders and ZAXIS-3 Series of hydraulic excavators. Net sales jumped 50%, to ¥38,258 million.

In Russia-CIS, amid the backdrop of favorable resource demand, an increase in investment in infrastructure building, housing and other projects has led to growing demand for hydraulic excavators. HCM's local dealer, Tech Story Contract (TSC), is steadily expanding its base of operations, garnering a strong reputation and higher sales as a result of thorough after-service care, including parts supply.

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 increased in Zambia and other emerging markets.

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

Total net sales from Russia-CIS, Africa and the Middle East regions rose 39%, to ¥21,148 million.

Oceania and Asia

In Oceania and Asia, except for a temporary decrease in demand in Thailand, overall demand for hydraulic excavators was brisk throughout the region. Specifically, there was a rebound and increase in demand in Indonesia along with demand from palm tree plantations in Malaysia. Meanwhile, in India, planned construction of a third plant moved forward to meet growing demand fueled by such factors as infrastructure development. Demand for mining machinery was strong mainly in such countries as Australia and Indonesia. As a result, net sales in Oceania and Asia rose 39% to ¥36,462 million.

China

In China, demand for hydraulic excavators was favorable following the Chinese New Year, and infrastructure development-fueled demand grew not only in eastern coastline locations but also across the entire country. Also, sales increased bolstered by high customer praise for the new Tier III-compliant ZAXIS-3 Series of hydraulic excavators released in November 2006 and the ZX-60, a new type of mini-excavator introduced exclusively in the Chinese market from June 2007. As a result, net sales soared 120% to ¥34,280 million.

Consolidated sales by geographic area

(Millions of yen)

	First Quarter ended June 30, 2007 (A)		First Quarter ended June 30, 2006 (B)		Change	
	Sales	Proportion (%)	Sales	Proportion (%)	Amount change (A)-(B)	% change
The Americas	25,449	12.4	41,166	23.8	(15,717)	(38.2)
Europe	38,258	18.5	25,600	14.8	12,658	49.4
Russia-CIS, Africa and the Middle East	21,148	10.2	15,235	8.8	5,913	38.8
Europe, Russia-CIS, Africa and the Middle East	59,406	28.7	40,835	23.6	18,571	45.5
Oceania and Asia	36,462	17.6	26,287	15.2	10,175	38.7
China	34,280	16.6	15,575	9.0	18,705	120.1
Sub-total	155,597	75.3	123,863	71.6	31,734	25.6
Japan	51,127	24.7	49,062	28.4	2,065	4.2
Total	206,724	100.0	172,925	100.0	33,799	19.5

2. Qualitative Information Concerning Consolidated Financial Statements

Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the first quarter totaled ¥50,004 million, an increase of ¥8,930 million. Factors relating to each cash flow category were as follows.

(English translation of “ZAIMU/GYOSEKI NO GAIKYO” originally issued in Japanese language.)

Cash Flows From Operating Activities

Net cash provided by operating activities in the first quarter was ¥1,490 million, a decrease of ¥2,901 million compared with ¥4,391 million in the same period of the previous fiscal year. Factors contributing to an increase in cash included income before taxes and minority interests of ¥21,893 million, up ¥8,641 million compared with ¥13,252 million for the same period last year, as well as a ¥1,711 million increase in depreciation and amortization to ¥6,950 million accompanying investments to augment production facilities. Further, despite higher net sales, a decrease in notes and accounts receivable amounting to ¥11,473 million represented a further constriction of ¥4,384 million versus the previous year's decline of ¥7,089 million. Conversely, a reduction in cash was attributable to such factors as an increase in inventories of ¥18,407 million, a decrease in notes and accounts payable amounting to ¥5,973 million, and an increase in income taxes paid.

Cash Flows From Investing Activities

Net cash used in investing activities totaled ¥9,320 million, an increase of ¥3,574 million compared with ¥5,746 million in the same period in the previous fiscal year. Key factors included an increase of ¥1,306 million in acquisitions of property, plant and equipment to ¥6,568 million, chiefly for capital investments to increase production at various manufacturing bases. Additionally, acquisition of subsidiaries' stock resulting in change in scope of consolidation, net totaled ¥1,904 million in tandem with the acquisition of shares of Heavy Construction Machinery, Ltd., a UK-based dealership. As a result, free cash flows, the sum of net cash provided by operating activities and cash used in investing activities, was negative at ¥7,830 million.

Cash Flows From Financing Activities

Net cash provided by financing activities totaled ¥16,070 million. The key factor was the procurement of funds through short-term debt totaling ¥23,142 million and long-term debt amounting to ¥1,071 million for the purposes of working and facilities capital, repayment of long-term debt of ¥3,827 million and the payment of dividends of 3,587 million.

3. Qualitative Information Concerning Consolidated Results Forecast

For items concerning outlook for the year, please refer to "Notice of Revised Interim and Full-year Earnings Forecasts for the Fiscal Year Ending March 31, 2008," issued on July 26, 2007.

4. Others

Adoption of simplified accounting methods:

Simplified methods have been used in certain cases to calculate income taxes and other expenses. These methods are also applied to some items which are not material.

5. Consolidated Financial Statements (Summary)

(1) Consolidated Balance Sheets (Summary)

(Millions of yen)

	First Quarter As of [Jun. 30, 2007 (A)]	Year-end As of [Mar. 31, 2007 (B)]	(A)-(B)	First Quarter As of [Jun. 30, 2006]
ASSETS				
I Current assets				
1. Cash and bank deposits	50,009	41,079	8,930	42,544
2. Notes and accounts receivable	186,019	194,180	(8,161)	161,204
3. Inventories	199,613	173,335	26,278	148,605
4. Others	40,255	37,774	2,481	28,906
5. Less: Allowance for doubtful accounts	(7,440)	(7,061)	(379)	(8,737)
Total current assets	468,456	439,307	29,149	372,522
II Fixed assets				
(1) Property, plant and equipment				
1. Property held for lease	33,152	33,010	142	27,157
2. Buildings and structures	39,356	37,955	1,401	34,290
3. Machinery and equipment	30,307	28,015	2,292	22,946
4. Land	46,906	46,297	609	45,078
5. Others	14,831	12,533	2,298	8,926
Net property, plant and equipment	164,552	157,810	6,742	138,397
(2) Intangible assets				
1. Software	6,639	5,938	701	5,069
2. Others	9,828	4,313	5,515	1,278
Total intangible assets	16,467	10,251	6,216	6,347
(3) Investments and other assets				
1. Investments in securities	30,036	27,801	2,235	25,993
2. Others	22,082	21,588	494	19,642
3. Less: Allowance for doubtful accounts	(1,445)	(1,431)	(14)	(1,137)
Total investments and other assets	50,673	47,958	2,715	44,498
Total fixed assets	231,692	216,019	15,673	189,242
Total assets	700,148	655,326	44,822	561,764

(Rounded off to the nearest million)

Notes: 1. Stated in order of the Quarter Under Review, the Previous Fiscal Year, and the Same Quarter of the Previous Fiscal Year.

2. Increases and decreases are comparisons of the end of the period under review and the prior fiscal term.

(Millions of yen)

	First Quarter As of [Jun. 30, 2007 (A)]	Year-end As of [Mar. 31, 2007 (B)]	(A)-(B)	First Quarter As of [Jun. 30, 2006]
LIABILITIES				
I Current liabilities				
1. Notes and accounts payable	162,849	159,529	3,320	127,682
2. Short-term loans	108,729	87,768	20,961	80,431
3. Commercial paper	10,000	5,000	5,000	5,000
4. Current portion of bonds	10,600	10,600	0	600
5. Others	79,112	77,519	1,593	61,231
Total current liabilities	371,290	340,416	30,874	274,944
II Long-term liabilities				
1. Bonds	15,000	15,000	0	25,600
2. Long-term loans	45,810	47,542	(1,732)	50,618
3. Retirement and severance benefits	12,248	12,410	(162)	12,802
4. Others	19,377	17,549	1,828	11,352
Total long-term liabilities	92,435	92,501	(66)	100,372
Total liabilities	463,725	432,917	30,808	375,316
NET ASSETS				
I Shareholders' equity				
1. Common stock	42,640	42,636	4	42,629
2. Capital surplus	42,147	42,143	4	42,137
3. Retained earnings	108,239	102,124	6,115	74,019
4. Treasury stock	(2,096)	(2,153)	57	(1,827)
Total shareholders' equity	190,930	184,750	6,180	156,958
II Valuation and translation adjustments				
1. Net unrealized gain on securities held	2,786	2,299	487	2,348
2. Gain (loss) on deferred hedge transaction	(190)	120	(310)	251
3. Foreign currency translation adjustments	9,540	5,224	4,316	1,453
Total valuation and translation adjustments	12,136	7,643	4,493	4,052
III Stock purchase warrants	170	122	48	-
IV Minority interests	33,187	29,894	3,293	25,438
Total net assets	236,423	222,409	14,014	186,448
Total liabilities and net assets	700,148	655,326	44,822	561,764

(Rounded off to the nearest million)

Notes: 1. Stated in order of the Quarter Under Review, the Previous Fiscal Year, and the Same Quarter of the Previous Fiscal Year.

2. Increases and decreases are comparisons of the end of the period under review and the prior fiscal term.

(2) Consolidated Statements of Income (Summary)

(Millions of yen)

	First Quarter 〔 Three months ended 〕 Jun. 30, 2007 (A)	First Quarter 〔 Three months ended 〕 Jun. 30, 2006 (B)	(A)/(B)×100 (%)	For the year 〔 Year ended 〕 Mar. 31, 2007
			%	
I Net sales	206,724	172,925	120	756,453
II Cost of sales	147,672	126,015	117	549,453
Gross profit before unrealized profit on installment sales	59,052	46,910	126	207,000
III (Realized) unrealized profit on installment sales	(241)	312	-	(159)
Gross profit	59,293	46,598	127	207,159
IV Selling, general and administrative expenses	36,180	30,379	119	128,807
Operating income	23,113	16,219	143	78,352
V Non-operating income				
1. Interest income	1,193	271	440	2,318
2. Interest income from installment sales	186	233	80	692
3. Dividends income	90	64	141	231
4. Gain on equity earnings of affiliated companies	76	0	-	400
5. Others	644	930	69	3,945
Total non-operating income	2,189	1,498	146	7,586
VI Non-operating expenses				
1. Interest expenses	1,119	909	123	3,949
2. Loss on disposal of inventories	241	353	68	1,221
3. Loss on evaluation of inventories	108	17	-	574
4. Effect of exchange rate changes	477	1,234	39	5,591
5. Loss on equity earnings of affiliated companies	0	741	-	0
6. Others	1,464	1,211	121	4,593
Total non-operating expenses	3,409	4,465	76	15,928
Ordinary income	21,893	13,252	165	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	21,893	13,252	165	70,081
Income taxes	10,213	6,833	149	27,549
Minority interests	2,820	837	337	6,030
Net income	8,860	5,582	159	36,502

(Rounded off to the nearest million)

Notes: 1. Stated in order of the Quarter Under Review, the Same Quarter of the Previous Fiscal Year, and the Previous Fiscal Year.

2. Stated as comparison with the same quarter of the previous year.

(3) Consolidated Statements of Shareholders' Equity (Summary)

First quarter ended June 30, 2007 (April 1, 2007 - June 30, 2007)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments				Stock purchase warrants	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on securities	Deferred hedge gain (loss)	Foreign currency translation adjustments	Total cumulative translation adjustments			
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 fiscal year												
Newly issued	4	4			8				0			8
Cash dividends			(2,727)		(2,727)				0			(2,727)
Net income			8,860		8,860				0			8,860
Increase in treasury stock				(14)	(14)				0			(14)
Decrease in treasury stock			(18)	71	53				0			53
Net increase (decrease) during the first quarter of non-shareholders' equity items					0	487	(310)	4,316	4,493	48	3,293	7,834
Total increase (decrease) during the first quarter	4	4	6,115	57	6,180	487	(310)	4,316	4,493	48	3,293	14,014
Balance at June 30, 2007	42,640	42,147	108,239	(2,096)	190,930	2,786	(190)	9,540	12,136	170	33,187	236,423

(Rounded off to the nearest million)

First quarter ended June 30, 2006 (April 1, 2006 - June 30, 2006)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments				Stock purchase warrants	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on securities	Deferred hedge gain	Foreign currency translation adjustments	Total cumulative translation adjustments			
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	3	4			7				0			7
Cash dividends			(1,948)		(1,948)				0			(1,948)
Net income			5,582		5,582				0			5,582
Increase in treasury stock				(4)	(4)				0			(4)
Decrease in treasury stock			(7)	52	45				0			45
Net increase (decrease) during the first quarter of non-shareholders' equity items					0	(382)	251	285	154		442	596
Total increase (decrease) during the first quarter	3	4	3,627	49	3,683	(382)	251	285	154	-	442	4,279
Balance at June 30, 2006	42,629	42,137	74,019	(1,827)	156,958	2,348	251	1,453	4,052	-	25,438	186,448

(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				Stock purchase warrants	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on securities	Deferred hedge gain	Foreign currency translation adjustments	Total cumulative translation adjustments			
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 first quarter of non-shareholders' equity items					0	(431)	120	4,056	3,745	122	4,898	8,765
Total increase (decrease) during the first quarter	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

Note: Stated in order of the Quarter Under Review, the Same Quarter of the Previous Fiscal Year, and the Previous Fiscal Year.

(Rounded off to the nearest million)

(4) Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	First Quarter [Three months ended] Jun. 30, 2007	First Quarter [Three months ended] Jun. 30, 2006	Previous fiscal year [Year ended] Mar. 31, 2007
I Cash flows from operating activities			
1. Income before income taxes and minority interests	21,893	13,252	70,081
2. Depreciation and amortization	6,950	5,239	24,215
3. Increase (decrease) in allowance for doubtful accounts	247	(720)	(2,215)
4. Interest and dividends income	(1,283)	(335)	(2,549)
5. Interest expenses	1,119	909	3,949
6. (Gain) loss on equity earnings of affiliated companies	(76)	741	(400)
7. (Increase) decrease in notes and accounts receivable	11,473	7,089	(20,803)
8. Increase in inventories	(18,407)	(13,522)	(26,285)
9. Purchase of property held for lease	(1,883)	(1,746)	(19,328)
10. Sales of property held for lease	1,193	409	3,809
11. Increase (decrease) in notes and accounts payable	(5,973)	(4,155)	20,329
12. Gain on sales of property, plant and equipment	(1,064)	(294)	(3,289)
13. Others	(1,122)	5,234	(1,947)
Sub-total	13,067	12,101	45,567
14. Income taxes paid	(11,577)	(7,710)	(21,466)
Net cash provided by operating activities	1,490	4,391	24,101
II Cash flows from investing activities			
1. Investments in time deposits	0	(39)	(47)
2. Proceeds from time deposits	0	52	462
3. Acquisitions of property, plant and equipment	(6,568)	(5,262)	(24,336)
4. Proceeds from sale of property, plant and equipment	180	159	1,222
5. Purchase of intangible assets	(1,495)	(1,016)	(4,999)
6. Purchase of investments in securities	(641)	(42)	(1,127)
7. Acquisition of subsidiaries' stock resulting in change in scope of consolidation, net	(1,904)	0	0
8. Interest and dividends received	1,257	308	2,397
9. Other, net	(149)	94	594
Net cash used in investing activities	(9,320)	(5,746)	(25,834)
III Cash flows from financing activities			
1. Net increase (decrease) in short-term debt	23,142	7,519	23,448
2. Proceeds from long-term debt	1,071	1,434	12,308
3. Repayments of long-term debt	(3,827)	(3,436)	(24,881)
4. Redemption of debentures	0	0	(600)
5. Interest paid	(776)	(875)	(3,996)
6. Dividends paid to shareholders	(2,727)	(1,948)	(4,673)
7. Dividends paid to minority shareholders by subsidiaries	(860)	(466)	(1,488)
8. Proceeds from issuance of stock	8	7	20
9. Issuance of common stock and investments by minority	0	0	753
10. Proceeds from sale of treasury stock	53	45	467
11. Purchase of treasury stock	(14)	(4)	(841)
Net cash provided by financing activities	16,070	2,276	517
IV Effect of exchange rate changes on cash and cash equivalents	690	(331)	297
V Net increase (decrease) in cash and cash equivalents	8,930	590	(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	23	39
VIII Cash and cash equivalents at end of period	50,004	42,567	41,074

(Rounded off to the nearest million)

Note: Stated in order of the Quarter Under Review, the Same Quarter of Previous Fiscal Year, and the Previous Fiscal Year.

(5) Segment information by business category

Current first quarter (From April 1, 2007 to June 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	187,179	18,964	581	206,724		206,724
2) Inter-segment sales/transfers	9	0	446	455	(455)	
Total	187,188	18,964	1,027	207,179	(455)	206,724
Operating Expenses	164,858	17,765	874	183,497	114	183,611
Operating Income	22,330	1,199	153	23,682	(569)	23,113

Previous first quarter (From April 1, 2006 to June 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	155,296	17,062	567	172,925		172,925
2) Inter-segment sales/transfers	6	0	257	263	(263)	
Total	155,302	17,062	824	173,188	(263)	172,925
Operating Expenses	139,713	15,822	799	156,334	372	156,706
Operating Income	15,589	1,240	25	16,854	(635)	16,219

Previous fiscal year (From April 1, 2006 to 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)	
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
- 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.