Hitachi Construction Machinery

Financial Results for the Year Ended
March 31, 2008

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

Financial Statement (Consolidated) for Fiscal Year Ended March 2008
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 23, 2008
Scheduled date of commencement of payment of dividends: May 23, 2008
Scheduled date for submission of Securities Report: June 24, 2008
U.S. Accounting Standards are not applied.

1. Consolidated results for the year ended March 2008 (April 1, 2007 to March 31, 2008)

(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	%
March 31, 2008	940,537	24.3	108,458	38.4	100,564	43.6	55,985	53.4
March 31, 2007	756,453	20.8	78,352	37.0	70,010	52.9	36,502	50.7

	Net income per share	Net income per share (Diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
March 31, 2008	271.00	270.23	22.3	13.5	11.5
March 31, 2007	187.43	186.81	20.9	11.6	10.4

Notes:
1) Equity method investment profit
March 2008: ¥3,337 million   March 2007: ¥400 million
2) Percentages indicated for net sales, operating income, ordinary income and net income are increases compared with the period of the previous 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, 2008	833,096	346,618	37.1	1,446.55
March 31, 2007	655,326	222,409	29.4	987.56

Note:
Total equity at fiscal year-end
March 2007: ¥309,359 million   March 2006: ¥192,393 million

(3) Consolidated cash flows

	Net cash provided by (used in) 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
March 31, 2008	(9,564)	(51,311)	91,692	68,726
March 31, 2007	24,101	(25,834)	517	41,074

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, 2008	20.00	22.00	42.00	8,986	15.5	3.5
March 31, 2009 (Projection)	22.00	22.00	44.00		16.2	

3. Projected consolidated results for the fiscal year ending March 2009 (April 1, 2008 to March 31, 2009)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2008 (Interim)	490,000	17.8	46,600	(8.6)	44,000	(5.7)
March 31, 2009	1,020,000	8.4	109,000	0.5	101,000	0.4

	Net income		Net income per share
	Millions of yen	%	Yen
September 30, 2008 (Interim)	25,700	10.1	120.17
March 31, 2009	58,000	3.6	271.21

Note:
Percentages indicated for the entire year show changes from the previous fiscal year, and percentages indicated for the interim period 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): none

(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] Yes

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 fiscal year-end (including treasury shares)

March 2008: 215,115,038 March 2007: 196,095,038

[2] Number of treasury shares at fiscal year-end

March 2008: 1,254,982 March 2007: 1,278,110

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 2008 (April 1, 2007 to March 31, 2008)

(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	%
March 31, 2008	479,922	16.1	33,971	18.0	44,258	19.8	30,942	16.0
March 31, 2007	413,404	24.0	28,797	70.4	36,938	69.9	26,673	68.5

	Net income per share	Net income per share (Diluted)
	Yen	Yen
March 31, 2008	149.78	149.35
March 31, 2007	136.96	136.51

Note:
Percentages indicated for net sales, operating income, ordinary income and net income are increases/(decreases) compared with the period of the previous 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, 2008	482,309	267,942	55.5	1,251.36
March 31, 2007	387,188	167,123	43.1	857.39

Note:
Total equity at fiscal year-end
March 2008: ¥267,616 million March 2007: ¥167,034 million

2. Projected non-consolidated results for the fiscal year ending March 2009 (April 1, 2008 to March 31, 2009)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2008 (Interim)	262,900	14.5	6,300	(70.0)	10,300	(54.4)
March 31, 2009	563,200	17.4	19,800	(41.7)	32,800	(25.9)

	Net income		Net income per share
	Millions of yen	%	Yen
September 30, 2008 (Interim)	8,000	(44.3)	37.41
March 31, 2009	25,500	(17.6)	119.24

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 on pages 4 to 11 for conditions serving as assumptions for results forecasts.

Qualitative Information and Financial Statements

1. Business Performance

(1) Analysis of Management Results

[1] Business Performance for the Fiscal Year Ended March 31, 2008

During the consolidated fiscal period under review (April 1, 2007 to March 31, 2008), in the first half of the fiscal year the Japanese economy sustained a mild recovery, underpinned by an ongoing improvement in corporate earnings and a rise in capital investment. However, confusion in the international economy at mid-term owing to the sub-prime loan issue in the United States and the soaring costs of raw materials, chiefly crude oil and steel, led to a strong sense of uncertainty with regard to future prospects. Overseas, with the exception of the United States, conditions continued to be favorable.

Under these conditions, the HCM Group (the Company, consolidated subsidiaries and equity method affiliates) embarked upon its new medium-term management plan, "*SOH* 2010—For the New Stage" (fiscal 2007 to fiscal 2010), at the start of the fiscal year under review beginning April 1, 2007. Through this plan, we undertook various measures to implement our basic policies of "realizing an industry-leading profit structure" and "establishing an unshakeable position as a comprehensive manufacturer among the world's top three construction machinery manufacturers."

In August 2007, as a means of securing funds for capital investments to meet increased demand worldwide, HCM issued a total of 19 million shares of common stock sold through a public offering as well as a private placement with Hitachi, Ltd. Capital acquired through this sale of common stock amounted to ¥77.8 billion.

Within the production structure, in September 2007 the Hitachi-Naka Works commenced operations to provide a stable supply of component parts to operational bases worldwide. In response to further increases in demand, the second phase of construction began in March 2008, with operations scheduled to commence in December 2008. Furthermore, the Hitachi-Naka Port Works, a facility for manufacturing ultra-large hydraulic excavators and ultra-large dump trucks, is scheduled to initiate operations in the first half of fiscal 2008.

Additionally, we are currently strengthening the structure for an increase in production globally via such efforts as construction of a third plant in India along with significant upgrades of production capacity at plants in China, Indonesia and other overseas Group companies.

Under our RSS system that combines rental (R), sales (S) and service (S) in Japan, we aggressively expanded sales of ZAXIS-3 Series of hydraulic excavators, the ZW Series of wheel loaders, mini excavators and environmental-related equipment, and strived to broaden our base of new customers.

Overseas, demand in all regions was favorable aside from lower demand due to a decline in housing construction investment in the United States. Specifically, the entire HCM Group has developed proactive regional sales strategies targeting demand for construction equipment machinery for social infrastructure development projects and mining machinery in emerging markets undergoing dramatic economic development as well as in resource rich countries, including China, Russia-CIS, India, the Middle East and Africa.

As a result of these measures, in terms of consolidated results for the fiscal year under review, HCM achieved increases in sales and profits for the sixth consecutive fiscal term as well as record-high profits for the fifth consecutive term.

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

(100 million yen; %)

	Consolidated (Change)	Non-consolidated (Change)
Net sales	9,405 (+24%)	4,799 (+16%)
Operating income	1,085 (+38%)	340 (+18%)
Ordinary income	1,006 (+44%)	443 (+20%)
Net income	560 (+53%)	309 (+16%)

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

Sales at our directly managed rental companies have been impacted by a significant decline in housing starts as a result of the revised Building Standard Law stemming from insufficient levels of earthquake-resistance. However, demand for new construction machinery has increased in line with ongoing improvements in stock adjustments as well as expanded applications in the non-civil engineering field for demolition and metal scrap operations. Net sales rose 4% from the previous fiscal year to ¥248,733 million.

(b) The Americas

The impact of lackluster housing investment was seen with regard to demand for small- and medium-sized models of hydraulic excavators. Production adjustments from April 2007 to October of the same year enabled appropriate levels of stock at both the production facilities of Deer-Hitachi Construction Machinery Corporation and its dealers. Net sales fell 29% to ¥88,518 million.

(c) Europe, Africa and the Middle East

In Europe, demand increased for hydraulic excavators, min-excavators and wheel loaders mainly in the United Kingdom, Germany and France. As a result, net sales rose 45% to ¥167,242 million.

In Russia-CIS, sales expanded with increased demand for construction and mining machinery equipment, chiefly hydraulic excavators, supported by vigorous demand for resource development as well as infrastructure investment. In Africa, mining development remained robust. Delivery of mining machinery to meet large-scale orders for a copper mine in Zambia was steady and this equipment was smoothly put into operation. Funds from resources in Angola and other new markets vitalized infrastructure development with expectations of increased sales in the future. In the Middle East, sales expanded as demand for hydraulic excavators and cranes continued to rise amid an increase in infrastructure development and plant construction funded by petrodollars. Total net sales of Russia-CIS, Africa and the Middle East regions rose 56% to ¥124,700 million.

(d) Oceania and Asia

In Oceania and Asia, forestry and palm oil-related demand in Malaysia and Indonesia was favorable, as was resource development demand in Australia and Indonesia. In India, sales increased in line with a surge in demand for construction machinery owing to brisk development of roads, airports, ports and other infrastructure. As a result, net sales in Oceania and Asia rose 46% to ¥184,021 million.

(e) China

In China, demand for construction machinery equipment fueled by social infrastructure development grew across the entire country, and robust demand for the development of resources contributed to expanded sales of hydraulic excavators. On the other hand, the ZX-60 mini-excavator introduced exclusively in the Chinese market from June 2007 was highly acclaimed by customers and achieved significant growth in market share. Additionally, HCM realized expanded sales in new fields with orders for electric-powered hydraulic excavators for mining operations.

Moreover, we established Hitachi Construction Machinery Leasing (China) Co., Ltd. as a finance leasing company with a range of financial services that meet the needs of customers and further bolsters market competitiveness. Net sales soared 79% to ¥127,323 million.

[3] Overview by Business Segment

(a) Construction Machinery Business

Consolidated net sales in the construction machinery business rose 26% from the previous fiscal year to ¥854,846 million.

Carrying out its business across numerous construction machinery sectors, the HCM Group is strengthening its full array of products in response to diverse customer needs, and is promoting development of its business globally.

Construction-Related Products Business

We have worked to expand sales of the new ZAXIS-3 Series of hydraulic excavators and the new ZW Series of wheel loaders that feature enhanced performance and functionality and comply with Tier III emissions regulations. We promoted their impressive performance as high value-added products with low fuel consumption and in turn expanded sales both in Japan and overseas.

Regarding mini-excavators, we pushed forward with our product strategy that took into account regional characteristics such as introducing an exceptionally durable model to the Chinese market, and strived to further expand our market share in Japan, Western Europe, North America and China.

Regarding new products, we launched sales of one new medium-sized hydraulic excavator and two new medium-sized wheeled excavators in the ZAXIS-3 Series, as well as one new wheel loader in the ZW Series, a new mini-excavator, four compact vibratory roller models and one rubber crawler carrier.

Resource Development-Related Products Business

In line with robust mine development in all regions amid increased resource demand worldwide, we endeavored to expand sales of ultra-large excavators and ultra-large dump trucks beyond the Americas, Australia and Indonesia to southern Africa, Russia-CIS, China, India and other emerging markets. Specifically, inquiries and orders are increasing for the electric-powered ultra-large hydraulic excavator, highly acclaimed for its excellent drive performance, low running cost and a significant reduction in fuel consumption.

Regarding new products, we launched sales of three new ultra-large hydraulic excavators and one new electric-powered ultra-large hydraulic excavator.

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 upon site conditions. This system is employed to efficiently sort, process and recycle industrial waste and significantly reduce CO_2 emissions without the need to remove such waste from the site. We strived to meet the expanding needs of customers by offering solutions across a range of fields including a variety of recycling, soil quality improvement and on-site recycling of road material.

Further, from July 2007 we established the well-received “Hi-OSS Demonstration Site” in Japan 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 also worked to develop products that meet customers’ needs for demolition and crushing along with other types of machines geared toward a wide-range of structures from high-rise office buildings to wooden residences.

With regard to new products, we developed and initiated sales of multi-boom demolition-specification machinery, one the largest of its kind in Japan, to adapt to the increasing scale of demolition projects, as well as a small-sized demolition-specification machine equipped with a multi-adapter that is ideal for demolition in narrow spaces.

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 strengthening promotion of Hi-OSS brand products in addition to broadening the range of products offered.

From April 2008, with the integration of the eight REC companies, we are promoting the creation of a new rental business structure under Hitachi Construction Machinery REC Co., Ltd., which is expected to contribute to a stronger rental business.

Used Machinery Business

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

Through Hitachi Construction Machinery Trading Co., Ltd., along with 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 stringent 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, a standard feature installed on individual machinery. Moreover, in order to accelerate worldwide development of the system, we are realizing expanded areas of coverage by using mobile phone terminals in addition to satellite communications.

In the fiscal year under review, we were ahead of the competition in starting new operations in Russia-CIS, and achieved differentiation with regard to our services. Moreover, HCM leverages its parts recycling business to actively promote expansion of items available for reuse. This further strengthens a global component supply structure that supports increases in machinery in operation and contributes to a reduction in operating costs through high quality.

Other Software Business

As a business within 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 Co., Ltd. handles logistics; and Hitachi Construction Machinery Comec Co., Ltd. primarily handles component management and development of products in new fields geared towards agriculture. Each company has worked to expand its scope of business through applying its respective strengths.

(b) Industrial Vehicles Business

Consolidated net sales achieved a significant increase of 14% from the previous fiscal period, to ¥83,849 million. To meet demand for forklifts, which is especially strong overseas, TCM Corporation commenced full-scale operations at its new component production facilities established within its Shiga plant and steadily expanded production volume. Also, production of forklifts and cast parts is scheduled to commence in the near future at TCM (Anhui) Machinery Co., Ltd., a company established by TCM in China using solely Japanese capital. These efforts are behind the dramatic growth in forklift production capacity of the TCM Group.

In port-related products, overseas production of transfer cranes as a mainstay product is also shifting into gear, and a structure to meet booming demand, mainly from Asia, is being developed. Further, to strengthen sales capabilities in the Asian region, the parts center established in Thailand has also steadily expanded sales.

(c) Semiconductor Production Equipment Business

Consolidated net sales declined 15% to ¥1,842 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.

Also, in the fiscal year under review, in addition to ultrasonic imaging devices that offer an automatic measurement function, Hitachi Kenki FineTech developed and delivered an ultrasonic imaging device used in clean rooms that applies characteristics of atomic force microscopes to automobile industry manufacturers.

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

Regarding future developments, the impact of the sub-prime loan issue in the United States, as well as issues of exchange rates, lending rate trends and the soaring costs of raw materials, chiefly steel and crude oil, all lead to a 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 of impact on the economy as a result of a decline in housing investment and delinquent loans following the sale of private residences.

On the other hand, with the exception of North America and the impact seen from a decline in housing investment in the United Kingdom, Spain and a limited number of other markets, HCM forecasts overall favorable world demand for hydraulic excavators. Moreover, we foresee demand for mining machinery in line with a rise in resource development globally and crawler cranes for construction of plants and other structures, as well as a continued high level of demand for forklifts and other industrial vehicles.

The following shows the present outlook for consolidated and non-consolidated results for the fiscal year ending March 31, 2009.

(100 million; %)

	Consolidated (Change)	Non-consolidated (Change)
Net sales	10,200(+8%)	5,632 (+17%)
Operating income	1,090(+0%)	198 (-42%)
Ordinary income	1,010(+0%)	328 (-26%)
Net income	580(+4%)	255 (-18%)

Notes:
1) Figures under ¥100 million are rounded off.
2) These projections assume an exchange rate of ¥103 to the U.S. dollar and ¥158 to the Euro.
3) 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 are considered to include the economic conditions in principal markets and fluctuation in demand, fluctuations in exchange rates and revisions to Japanese or international laws and regulations, accounting standards, practices or other policies.

(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 ¥557,971 million, an increase of 27.0% from the previous fiscal year-end. This was due mainly to respective increases of ¥44,671 million in notes and accounts receivable and ¥33,637 million in inventories.

Fixed assets rose 27.4% from the end of the previous fiscal year to ¥275,125 million.

As a result, total assets increased 27.1% from the previous fiscal year-end to ¥833,096 million.

(b) Liabilities

Current liabilities at the end of the fiscal year amounted to ¥402,835 million, an increase of 18.3% from the previous fiscal year-end. This was due mainly to an increase in short-term loans.

Long-term liabilities decreased 9.6% from the previous fiscal year-end to ¥83,643 million. As a result, total liabilities increased 12.4% from the previous fiscal year-end to ¥486,478 million.

(c) Net Assets

Net assets, including minority interests, increased 55.8% from the previous fiscal year-end to ¥346,618 million. The main factors for this increase were the procurement of ¥77.8 billion in capital in August 2007 through the issue of a total of 19 million shares of common stock via a public offering as well as a private placement with Hitachi, Ltd. in addition to net income of ¥55,985 million. As a result of the above, the equity ratio rose to 37.1% versus 29.4% in the previous fiscal period.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at end of year totaled ¥68,726 million, an increase of ¥27,652 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 used in operating activities totaled ¥9,564 million. Cash-increasing factors included income before income taxes and minority interests of ¥100,564 million, up ¥30,483 million from ¥70,081 million, as well as an increase of ¥5,947 million in depreciation and amortization to ¥30,162 million that accompanied investments to increase production capacity.

On the other hand, cash-reducing factors consisted mainly of an increase in notes and accounts receivable totaling ¥69,631 million accompanying an expansion of sales during the peak demand period, which included the sales of Group companies that changed their settlement dates from December to March. Other cash-reducing factors included a ¥43,253 million increase in inventories despite improvements in asset efficiency.

(b) Cash Flows From Investing Activities
Net cash used in investing activities was ¥51,311 million, an increase of ¥25,477 million compared with ¥25,834 million in the previous fiscal year. Key factors underlying this rise included an increase of ¥24,888 million to ¥49,224 million in acquisitions of property, plant and equipment, which consisted mainly of capital investment to respond to increased production at various manufacturing bases.

As a result, free cash flows, the sum of cash flows from operating activities and cash flows from investing activities, amounted to an outflow of ¥60,875 million.

(c) Cash Flows From Financing Activities
Net cash provided by financing activities totaled ¥91,692 million. A key factor was the procurement of ¥77,467 million from the combined proceeds, on a net basis after the deduction of fees, from a capital increase secured through a market-priced public offering and a private placement during the first part of August 2007. These funds will be earmarked specifically for capital investments through March 2009 as part of capital investment funds required until fiscal 2010 under the medium-term management plan.

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

	March 2005	March 2006	March 2007	March 2008
Equity ratio (%)	28.3	28.5	29.4	37.1
Equity ratio on market price basis (%)	62.1	109.3	94.8	64.0
Interest-bearing debt to operating cash flows ratio	19.6	4.1	6.9	-
Interest coverage ratio (times)	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.
4. Interest-bearing debt to operating cash flows ratio and interest coverage ratio for the fiscal year ended March 2008 are not shown as the figure of cash flows from operating activities was negative.

(3) Principles Regarding Appropriation of Earnings and Dividends for the Year Under Review and the Fiscal Year Ended 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.

At the Meeting of the Board of Directors scheduled for May 22, 2008, a resolution for cash dividends per share of ¥22.00 for the fiscal year ended March 31, 2008 will be proposed. As a result, cash dividends for the entire fiscal year ended March 31, 2008 will amount to ¥42.00.

Regarding the fiscal year ending March 31, 2009, we are forecasting cash dividends per share of ¥44.00, including interim dividends of ¥22.00 and year-end dividends of ¥22.00.

(4) Business Risks

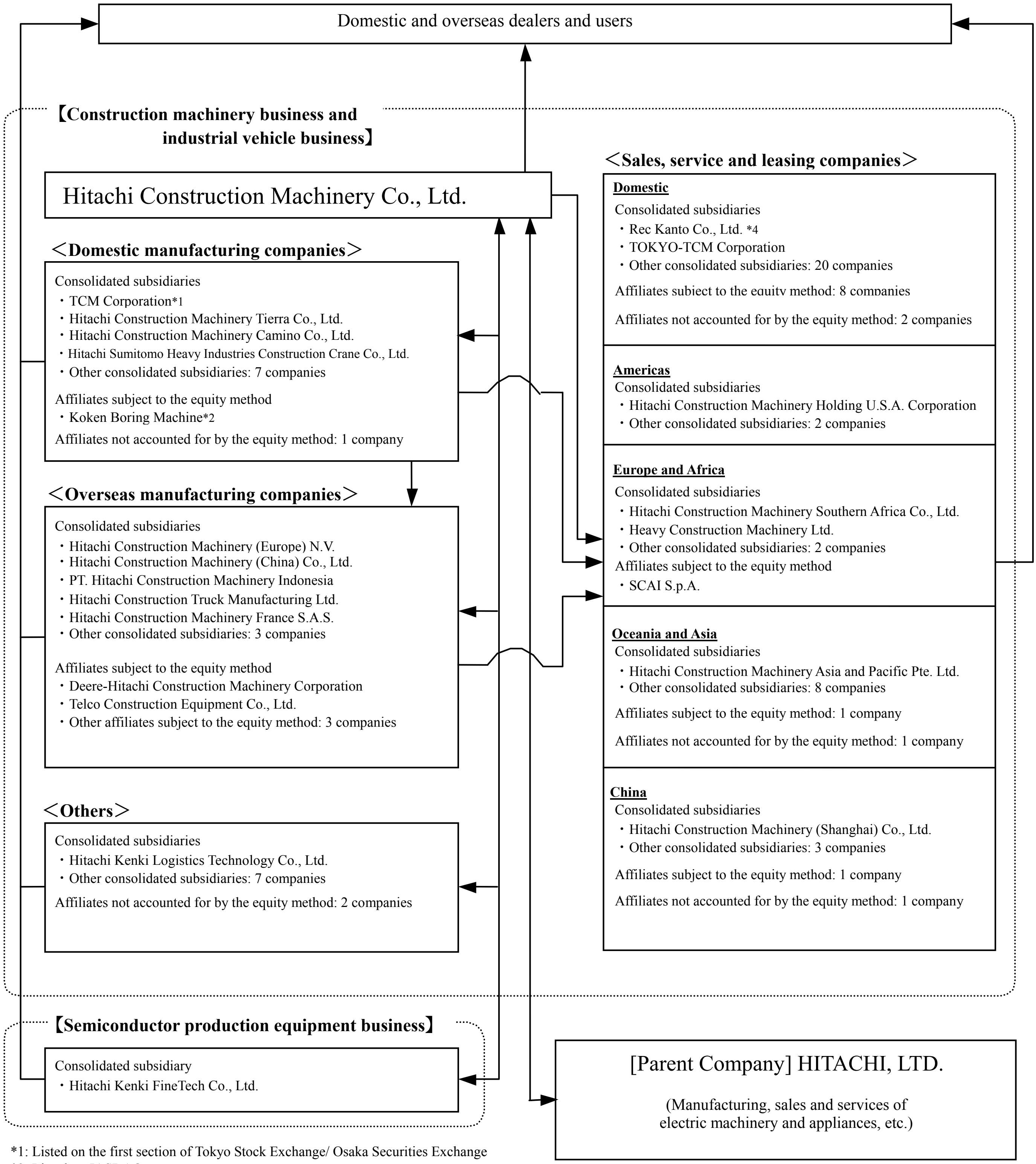
The HCM Group carries out its operations in regions throughout the world and utilizes high-level specialized technologies and information to execute its business activities. Accordingly, the HCM Group's business activities are subject to the effects of a wide range of risks.

The principal risks are as follows.

1. Fluctuations in product supply/demand and intensifying price competition in markets
2. Accelerating technological innovation
3. Fluctuations in product supply/demand and exchange rates (especially yen/dollar and yen/euro rates)
4. Sharp increases in the costs of raw materials
5. Economic and social conditions and various restrictions in principal markets, including trade restrictions
6. Preserving proprietary patents or securing patents from other companies
7. The Company, one of its subsidiaries or an equity method affiliate enters into litigation or other legal procedure
8. Defects in our products and services
9. Status of implementation of business structural reform measures
10. Alliances with other companies in product development and other areas
11. The environment for procurement of funds and tax rates
12. Volatility in Japan's stock market prices
13. 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 70 subsidiaries and its 24 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: As of March 31, 2008, all shares of Hitachi Construction Machinery France S.A.S held by the Company were transferred to its consolidated subsidiary, TCM Corporation. From April 1, 2008, this company's name was changed to TCM France S.A.S.

*4: As of April 1, 2008, REC Hokkaido Co., Ltd., REC Tohoku Co., Ltd., REC Koshin-etsu Co., Ltd., REC Chubu Co., Ltd., REC Kansai OKG Co., Ltd., REC Shikoku Co., Ltd. and REC Nishi Nihon Co., Ltd. merged with Rec Kanto Co., Ltd. to form Hitachi Construction Machinery REC Co., Ltd.

Note → **Flow of products, parts and services**

3. Management Policy

(1) Basic Management Policy

(2) Management Indicator Targets

Because there were no significant changes to the Basic Management Policy and Management Indicator Targets sections contained in the Financial Results for the year ended March 31, 2007 (announced on April 25, 2007), these sections have been omitted in this report.

For the aforementioned Financial Results, please go to the websites of HCM or Tokyo Stock Exchange (Company Search page).

Hitachi Construction Machinery website:
http://www.hitachi-c-m.com/global/ir/index.html

Tokyo Stock Exchange website:
http://www.tse.or.jp/english/index.html

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

There have been important changes in the rating of HCM's long-term debt as well as changes to the settlement dates of some subsidiaries.

(Rating of long-term debt)

In December 2007, Rating and Investment Information, Inc. (R&I) upgraded (a one-notch upgrade) HCM's long-term rating from A- to A. Meanwhile, HCM received a rating of A2 from Moody's Japan. Accordingly, HCM will strive to further improve earnings and strengthen its financial structure in addition to making efforts to maintain stable credit evaluations as well as raise its credit ratings.

(**Change in the settlement periods of subsidiaries**)

Previously, 12 consolidated subsidiaries with different settlement dates than that of the parent company were accounted for based on the fiscal year consolidated financial statements for each of these companies because the difference between the settlement dates for these subsidiaries and the consolidated settlement date was within three months.

However, with quarterly reporting becoming legally mandatory, beginning in the fiscal year ended March 31, 2008, HCM changed its method of consolidation on the financial statements by making provisional account settlements for the 12 subsidiaries on the consolidated settlement date. This change was made for the purpose of unifying the settlement dates of the parent company and the aforementioned consolidated subsidiaries and for ensuring appropriate disclosure of consolidated financial information.

As a result of this change, the accounting period for the aforementioned 12 subsidiaries was a 15-month period from January 1, 2007 to March 31, 2008. Thus, compared with when using the previous accounting method, consolidated net sales increased ¥36,914 million, consolidated operating income increased ¥3,246 million, ordinary income increased ¥2,976 million, and net income rose ¥1,527 million.

In August 2007, HCM procured ¥77.8 billion by issuing 19 million new shares through a public offering and a private placement with Hitachi, Ltd. These funds will be used for investments in facilities to respond to a global increase in demand.

The HCM Group strives to actively promote communications with stakeholders and believes its continued existence as a company represents the essence of CSR (corporate social responsibility). As one of the most-recent examples of social contribution activities, HCM has contributed to the international community by working to develop demining equipment. We will continue to provide full support to the nonprofit organization *Yutaka Na Daichi*-Good Earth Japan, established in March 2007 to carry out activities to help support the self-sufficiency of local residents, including providing agricultural training and building schools, while also working to restore recently demined land for use as agricultural land.

HCM has also continued to serve as a special sponsor of the Kasumigaura Marathon/International Blind Marathon held in April 2008 in Tsuchiura. In the future as well, we will actively carry out social contribution activities from the perspectives of supporting humankind as well as emphasizing coexistence with local communities and protecting the environment.

(4) Issues to be Addressed

Looking at future trends, we expect continued favorable demand for construction machinery for building social infrastructures in resource-producing countries as well as in emerging countries, which are experiencing dramatic economic growth. We also foresee ongoing robust demand for mining machinery along with active mine development.

On the other hand, we anticipate that HCM's business environment will be characterized by ongoing uncertainties that include an economic slowdown triggered by the U.S. sub-prime loan issue, exchange rate fluctuations, and soaring crude oil and raw materials prices. Amid this environment, under our new medium-term management plan, "*SOH* 2010—For the New Stage" (fiscal 2007 to fiscal 2010), HCM will undertake business operations in accordance with its basic policies of "realizing an industry-leading profit structure" and "establishing an unshakeable position as a comprehensive manufacturer among the world's top three construction machinery manufacturers."

At the production level, we will respond to growing global demand for construction machinery by continuing to build a Group-wide structure for increasing production while working to further raise the accuracy of our demand forecasts. At the same time, we will further strengthen our partnerships, which includes the sharing of information with suppliers.

Turning to sales, in Japan, along with the start-up of Hitachi Construction Machinery REC Co., Ltd., a directly managed rental company established through the integration of REC companies, we will further strengthen our RSS structure, which combines sales, service, and rental operations, as we strive to further expand our business.

Overseas, we will implement proactive regional and product strategies to firmly secure demand in such emerging countries as China, Russia-CIS and India, which are achieving dramatic economic development, as well as in Vietnam and other emerging countries where markets are expected to grow.

In mining machinery, while striving to increase sales of existing models, we will also focus on expanding sales of new products such as our environment-friendly, energy-efficient ultra-large electric–powered hydraulic excavators and our ultra-large dump trucks featuring AC drive systems (diesel powered). While targeting our existing markets of the Americas, Australia, and Indonesia we will also focus on expanding sales of these products in such new markets as southern Africa, Russia-CIS and China. By doing so, we aim to establish an overwhelmingly dominant market position.

In North America, we will continue to closely observe market conditions and maintain appropriate inventory levels.

In both the domestic and overseas markets, we will respond to soaring raw materials prices by further reducing costs while steadily implementing price revisions.

Along with the promotion of the above-mentioned strategies, we recognize the importance of CSR (corporate social responsibility) that we must fulfill as a group and will move forward to achieve the objectives of the medium-term management plan. In tandem, we will strengthen our brand power, increase our corporate value, and raise shareholder value.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year-end As of Mar. 31, 2008 (A)	Previous year-end As of Mar. 31, 2007 (B)	(A)-(B)
ASSETS			
I Current assets			
1. Cash and bank deposits	53,264	41,079	12,185
2. Notes and accounts receivable	238,851	194,180	44,671
3. Inventories	206,972	173,335	33,637
4. Deferred tax assets - current	22,336	18,626	3,710
5. Others	44,258	19,148	25,110
6. Less: Allowance for doubtful accounts	(7,710)	(7,061)	(649)
Total current assets	557,971	439,307	118,664
II Fixed assets			
(1) Property, plant and equipment			
1. Property held for lease	35,940	33,010	2,930
2. Buildings and structures	46,798	37,955	8,843
3. Machinery and equipment	38,841	28,015	10,826
4. Land	54,917	46,297	8,620
5. Construction in progress	21,377	5,503	15,874
6. Tools, furniture and fixtures	6,714	7,030	(316)
Net property, plant and equipment	204,587	157,810	46,777
(2) Intangible assets			
1. Software	10,725	5,938	4,787
2. Others	8,587	4,313	4,274
Total intangible assets	19,312	10,251	9,061
(3) Investments and other assets			
1. Investments in securities	26,736	27,801	(1,065)
2. Deferred long-term tax assets	3,023	3,001	22
3. Others	22,592	18,587	4,005
4. Less: Allowance for doubtful accounts	(1,125)	(1,431)	306
Total investments and other assets	51,226	47,958	3,268
Total fixed assets	275,125	216,019	59,106
Total assets	833,096	655,326	177,770

(Rounded off to the nearest million)

Notes: 1. Stated in order of the current fiscal year and the previous fiscal year
2. Increases and decreases are comparisons of the end of the current fiscal year and the previous fiscal year.

(Millions of yen)

	Year-end As of Mar. 31, 2008 (A)	Previous year-end As of Mar. 31, 2007 (B)	(A)-(B)
LIABILITIES			
I Current liabilities			
1. Notes and accounts payable	167,997	159,529	8,468
2. Short-term loans	125,184	87,768	37,416
3. Commercial paper	0	5,000	(5,000)
4. Current portion of bonds	13,000	10,600	2,400
5. Income taxes payable	21,038	12,949	8,089
6. Others	75,616	64,570	11,046
Total current liabilities	402,835	340,416	62,419
II Long-term liabilities			
1. Bonds	2,000	15,000	(13,000)
2. Long-term loans	50,466	47,542	2,924
3. Deferred long-term tax liabilities	9,398	7,332	2,066
4. Retirement and severance benefits	12,085	12,410	(325)
5. Others	9,694	10,217	(523)
Total long-term liabilities	83,643	92,501	(8,858)
Total liabilities	486,478	432,917	53,561
Net assets			
I Shareholder's equity			
1. Common stock	81,577	42,636	38,941
2. Capital surplus	81,084	42,143	38,941
3. Retained earnings	150,942	102,124	48,818
4. Treasury stock	(2,856)	(2,153)	(703)
Total shareholders' equity	310,747	184,750	125,997
II Valuation and translation adjustments			
1. Net unrealized gain on securities held	722	2,299	(1,577)
2. Gain on deferred hedge transactions	974	120	854
3. Foreign currency translation adjustments	(3,084)	5,224	(8,308)
Total valuation and translation adjustments	(1,388)	7,643	(9,031)
III Stock purchase warrants	415	122	293
IV Minority interests	36,844	29,894	6,950
Total net assets	346,618	222,409	124,209
Total liabilities and net assets	833,096	655,326	177,770

(Rounded off to the nearest million)

Notes: 1. Stated in order of the current fiscal year and the previous fiscal year
2. Increases and decreases are comparisons of the end of the current fiscal year and the previous fiscal year.

(2) Consolidated Statements of Income

(Millions of yen)

	Current fiscal year (For the year ended Mar. 31, 2008 (A))	Previous fiscal year (For the year ended Mar. 31, 2007 (B))	(A)/(B)×100 (%)
			%
I Net sales	940,537	756,453	124
II Cost of sales	675,480	549,453	123
Gross profit before adjustment of installment sales	265,057	207,000	128
III Installment sales adjustments	(289)	(159)	182
Gross profit	265,346	207,159	128
IV Selling, general and administrative expenses			
1. Packing and shipping expenses	22,467	20,097	112
2. Employees' salaries	44,053	36,695	120
3. R&D expenditure	12,939	11,539	112
4. Provision of reserve for bad debt	2,523	0	-
5. Others	74,906	60,476	124
Total selling, general and administrative expenses	156,888	128,807	122
Operating income	108,458	78,352	138
V Non-operating income			
1. Interest income	5,538	2,318	239
2. Interest income from installment sales	754	692	109
3. Dividends income	203	231	88
4. Gain on equity earnings of affiliated companies	3,337	400	834
5. Others	4,256	3,945	108
Total non-operating income	14,088	7,586	186
VI Non-operating expenses			
1. Interest expenses	6,238	3,949	158
2. Loss on disposal of inventories	953	1,221	78
3. Loss on evaluation of inventories	3,540	574	617
4. Effect of exchange rate changes	4,832	5,591	86
5. Others	6,419	4,593	140
Total non-operating expenses	21,982	15,928	138
Ordinary income	100,564	70,010	144
VII Extraordinary income			
1. Gain on sales of property, plant and equipment	0	839	-
2. Gain accompanying the liquidation of an overseas subsidiary	0	1,423	-
Total extraordinary income	0	2,262	-
VIII Extraordinary losses			
Restructuring costs	0	2,191	-
Total extraordinary losses	0	2,191	-
Income before income taxes and minority interests	100,564	70,081	143
Income taxes			
Current	35,291	20,887	169
Corporate taxes for past years	0	2,363	-
Deferred	(1,664)	4,299	-
Minority interests	10,952	6,030	182
Net income	55,985	36,502	153

(Rounded off to the nearest million)

Notes: 1. Stated in order of the current fiscal year and the previous fiscal year.
2. Stated as comparison with the previous year.

(3) Consolidated Statements of Shareholders' Equity

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)

(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 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 fiscal year												
Newly issued	38,941	38,941			77,882							77,882
Cash dividends			(7,009)		(7,009)							(7,009)
Reduction in surplus through increase in consolidated subsidiaries			(121)		(121)							(121)
Effect of exclusion of affiliated companies			121		121							121
Net income			55,985		55,985							55,985
Increase in treasury stock				(1,368)	(1,368)							(1,368)
Decrease in treasury stock			(158)	665	507							507
Net increase (decrease) during the fiscal year of non-shareholders' equity items						(1,577)	854	(8,308)	(9,031)	293	6,950	(1,788)
Total increase (decrease) during the fiscal year	38,941	38,941	48,818	(703)	125,997	(1,577)	854	(8,308)	(9,031)	293	6,950	124,209
Balance at March 31, 2008	81,577	81,084	150,942	(2,856)	310,747	722	974	(3,084)	(1,388)	415	36,844	346,618

(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 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							20
Cash dividends			(4,673)		(4,673)							(4,673)
Net income			36,502		36,502							36,502
Increase in treasury stock				(841)	(841)							(841)
Decrease in treasury stock			(97)	564	467							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

Note: Stated in order of the current fiscal year and the previous fiscal year.

(Rounded off to the nearest million)

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Current fiscal year (Year ended Mar. 31, 2008)	Previous fiscal year (Year ended Mar. 31, 2007)
I Cash flows from operating activities		
1. Income before income taxes and minority interests	100,564	70,081
2. Depreciation and amortization	30,162	24,215
3. Increase (decrease) in allowance for doubtful accounts	723	(2,215)
4. Interest and dividends income	(5,741)	(2,549)
5. Interest expenses	6,238	3,949
6. Gain on equity earnings of affiliated companies	(3,323)	(400)
7. Increase in notes and accounts receivable	(69,631)	(20,803)
8. Increase in inventories	(43,253)	(26,285)
9. Purchase of property held for lease	(19,791)	(19,328)
10. Sales of property held for lease	3,405	3,809
11. Increase in notes and accounts payable	24,542	20,329
12. Gain on sales of property, plant and equipment	(2,623)	(3,289)
13. Others	(6,154)	(1,947)
Sub-total	15,118	45,567
14. Income taxes paid	(24,682)	(21,466)
Net cash (used in) provided by operating activities	(9,564)	24,101
II Cash flows from investing activities		
1. Investments in time deposits	0	(47)
2. Proceeds from time deposits	5	462
3. Acquisitions of property, plant and equipment	(49,224)	(24,336)
4. Proceeds from sale of property, plant and equipment	885	1,222
5. Purchase of intangible assets	(7,083)	(4,999)
6. Purchase of investments in securities	(1,999)	(1,127)
7. Acquisition of subsidiaries' stock resulting in change in scope of consolidation, net	(1,893)	0
8. Proceeds from sale of investments in securities	1,151	70
9. Interest and dividends received	5,738	2,397
10. Interest and dividends received from affiliated companies	644	169
11. Other, net	465	355
Net cash used in investing activities	(51,311)	(25,834)
III Cash flows from financing activities		
1. Net increase in short-term debt	41,013	23,448
2. Proceeds from long-term debt	18,220	12,308
3. Repayments of long-term debt	(18,898)	(24,881)
4. Redemption of debentures	(10,600)	(600)
5. Interest paid	(6,482)	(3,996)
6. Dividends paid to shareholders	(7,009)	(4,673)
7. Dividends paid to minority shareholders by subsidiaries	(2,510)	(1,488)
8. Proceeds from issuance of stock	77,475	20
9. Issuance of common stock and investments by minority	1,344	753
10. Proceeds from sale of treasury stock	507	467
11. Purchase of treasury stock	(1,368)	(841)
Net cash provided by financing activities	91,692	517
IV Effect of exchange rate changes on cash and cash equivalents	(3,202)	297
V Net increase (decrease) in cash and cash equivalents	27,615	(919)
VI Cash and cash equivalents at beginning of year	41,074	41,954
VII Cash and cash equivalents of newly consolidated companies at beginning of year	0	39
VIII Cash and cash equivalents of merged non-consolidated subsidiary	37	0
IX Cash and cash equivalents at end of period	68,726	41,074

(Rounded off to the nearest million)

Note: Stated in order of the current fiscal year and the previous fiscal year.

(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 (Europe) N.V.
8) PT. Hitachi Construction Machinery Indonesia
9) Hitachi Construction Machinery (China) Co., Ltd.
10) Hitachi Construction Machinery Asia and Pacific Pte., Ltd.
11) Hitachi Construction Machinery (Shanghai) Co., Ltd.
12) Hitachi Construction Machinery Holding U.S.A. Corporation

(2) Number of newly consolidated subsidiaries: 3

1) Hitachi Construction Machinery Leasing (China) Co., Ltd.
2) Yamanashi Hitachi Construction Machinery Co., Ltd.
3) Heavy Construction Machinery Ltd.

(3) Number of excluded consolidated subsidiaries: 3

1) TCM Ryugasaki Engineering Corporation
2) Kitanihon TCM Iwafuji Corporation
3) Nara Hauling Equipment Co., Ltd.

2. Application of the equity method

Number of affiliates subject to the equity method: 17

(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 companies excluded from the equity method: 1

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) Hefei Rijian Shearing Co., Ltd.
9) *Qingdao Chengri Construction Machinery Co., Ltd.
10) *PT. Hitachi Construction Machinery Indonesia
11) *PT. Hexindo Adiperkasa Tbk.
12) *Hitachi Construction Machinery (Thailand) Co., Ltd.
13) *Hitachi Construction Machinery Leasing (Thailand) Co., Ltd.

14) *Siam-Hitachi Construction Machinery Service Co., Ltd.
15) *Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
16) *Heavy Construction Machinery Ltd.
17) TCM (Anhui) Machinery Co., Ltd.

The 17 subsidiaries listed above settle their accounts on December 31. The closing dates for earnings for the consolidated subsidiaries other than those listed above correspond to the closing date for consolidated accounting.

Previously, 12 consolidated subsidiaries (indicated by asterisks) with different settlement dates than that of the parent company were accounted for based on the fiscal year consolidated financial statements for each of these companies because the difference between the settlement dates for these subsidiaries and the consolidated settlement date were within three months.

However, with quarterly reporting becoming legally mandatory, beginning in the fiscal year ended March 31, 2008, HCM changed its method of consolidation on the financial statements by making provisional account settlements for the 12 subsidiaries on the settlement date of the parent company. This change was made for the purpose of unifying the settlement dates of the parent company and these consolidated subsidiaries and ensuring appropriate disclosure of consolidated financial information.

The effect of this change in settlement periods on the Statements of Income is listed in "Change in Important Items Serving as the Basis for Preparation of the Consolidated Financial Statements."

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, 2007).

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

Change in depreciation method for property, plant and equipment

Starting with this 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 from this 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.

Change in items related to the settlement date of consolidated subsidiaries

Previously, 12 consolidated subsidiaries with different settlement dates than that of the parent company were accounted for based in the fiscal year consolidated financial statements for each of these companies because the difference between the settlement dates for these subsidiaries and the consolidated settlement date were within three months.

However, with quarterly reporting becoming legally mandatory, beginning in the fiscal year ended March 31, 2008, HCM changed its method of consolidation on the financial statements by making provisional account settlements for the 12 subsidiaries on the same settlement date as that of the parent company. This change was made for the purpose of unifying the settlement dates of the parent company and these consolidated subsidiaries and ensuring appropriate disclosure of consolidated financial information.

As a result of this change, compared with when applying the previous method, consolidated net sales increased ¥36,914 million, consolidated operating income increased ¥3,246 million, ordinary income increased ¥2,976 million, and net income rose ¥1,527 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, 2008 (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	854,846	83,849	1,842	940,537		940,537
(2) Inter-segment Sales/Transfers	36	0	1,588	1,624	(1,624)	0
Total	854,882	83,849	3,430	942,161	(1,624)	940,537
Operating Expenses	750,142	78,222	3,002	831,366	713	832,079
Operating Income	104,740	5,627	428	110,795	(2,337)	108,458

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
3) The key unallowable or unallocable 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, 2008 (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	373,185	167,114	229,270	51,329	119,639	940,537		940,537
(2) Inter-segment Sales/Transfers	310,006	27,550	18,053	24,116	1,160	380,885	(380,885)	0
Total	683,191	194,664	247,323	75,445	120,799	1,321,422	(380,885)	940,537
Operating Expenses	630,522	168,530	228,519	68,231	110,427	1,206,229	(374,150)	832,079
Operating Income	52,669	26,134	18,804	7,214	10,372	115,193	(6,735)	108,458

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: Countries included in each segment are as follows:
(1) Asia: China, Indonesia, Singapore and Thailand
(2) Europe: Holland, France and UK
(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, 2008		Fiscal year ended March 31, 2007	
	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales
The Americas	88,518	9.4 %	125,129	16.5 %
Europe, Africa & Middle East	291,942	31.0	195,209	25.8
Oceania & Asia	184,021	19.6	126,280	16.7
China	127,323	13.5	71,286	9.4
Total Overseas Sales	691,804	73.6	517,904	68.5
Consolidated Sales	940,537	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.

(Reference) Figures affected by the change in the settlement periods of subsidiaries

	Fiscal year ended March 31, 2008		Effects of the change (results between January and March 2008)		Results for fiscal year ended March 31, 2008 after excluding the effects of the change	
	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales	Sales	Percentage of sales in consolidated sales
The Americas	88,518	9.4%	4,455	12.1%	84,063	9.3%
Europe, Africa & Middle East	291,942	31.0	17,229	46.7	274,713	30.4
Oceania & Asia	184,021	19.6	14,355	38.8	169,666	18.8
China	127,323	13.5	864	2.3	126,459	14.0
Total Overseas Sales	691,804	73.6	36,903	99.9	654,901	72.5
Consolidated Sales	940,537	100.0	36,914	100.0	903,623	100.0

(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, 2008	Fiscal year ended March 31, 2007
	Yen	Yen
Net assets per share	1,446.55	987.56
Net income per share	271.00	187.43
Net income per share after adjustments for dilution	270.23	186.81

Note: Basic data for calculations

1. Net assets per share

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007
Total amount of net assets on consolidated balance sheets (millions of yen)	346,618	222,409
Amount of net assets associated with common shares (millions of yen)	309,359	192,393
Primary breakdown of amount differentials (millions of yen)		
New share acquisition rights	415	122
Held by minority shareholders	36,844	29,894
Number of common shares issued (shares)	215,115,038	196,095,038
Number of common shares that are treasury shares (shares)	1,254,982	1,278,110
Number of common shares used in the calculation of net assets per share (shares)	213,860,056	194,816,928

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

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007
Net income (millions of yen)	55,985	36,502
Amount not returned to common shareholders (millions of yen)	0	0
Net income associated with common shares (millions of yen)	55,985	36,502
Average number of common shares outstanding during the fiscal year (shares)	206,587,605	194,753,374
Increase in common shares used for calculating net income per share after dilution (shares)		
Stock purchase warrant	586,357	647,032
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

6. Other

Changes in Officer Structure (As of June 23, 2008)

As the candidates for Director were finalized following a resolution by the Nominating Committee on April 25, 2008, a list of candidates for Director are provided below.

In addition, the Directors are expected to be appointed at the 44th Annual General Meeting of Shareholders scheduled for June 23, 2008.

(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 (Unchanged)
Director	Shuichi Ichiyama (Unchanged)
Outside Director	Yoshio Kubo (Professor of Tsukuba International University Faculty of Industrial Researches and Social Services)
Outside Director	Takeo Ueno (Director of Hitachi, Ltd.)
Outside Director	Minoru Tsukada (New; Senior Vice President and Executive Officer of Hitachi, Ltd.)

* Minoru Tsukada fulfills the requirements for outside directors as stipulated in Article 2, Paragraph 15 of the Corporate Law.

(2) Retiring Director

Katsukuni Hisano