

Hitachi Construction Machinery

**Financial Results for the
First Quarter Ended June 30, 2008**

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

Consolidated Financial Results for the First Quarter Ended June 30, 2008

July 28, 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 for submission of Quarterly Securities Report: August 7, 2008

U.S. Accounting Standards are not applied.

1. Consolidated results for the first quarter ended June 2008 (April 1, 2008 to June 30, 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	%
Jun. 30, 2008	233,881	-	24,352	-	26,994	-	12,520	-
Jun. 30, 2007	206,724	19.5	23,113	42.5	21,893	65.2	8,860	58.7

	Net income per share	Net income per share (Diluted)
	Yen	Yen
Jun. 30, 2008	58.54	58.44
Jun. 30, 2007	45.47	45.31

Notes:

- 1) Percentages indicated for net sales, operating income, ordinary income and net income for the first quarter ended June 2007 are increases compared with the same period of the previous fiscal year. Due to changes in the accounting methods as a result of quarterly reporting becoming legally mandatory in Japan from the current fiscal year, this indicator is omitted for the first quarter ended June 2008.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Jun. 30, 2008	874,323	363,299	36.7	1,499.98
Mar. 31, 2008	833,096	346,618	37.1	1,446.55

Note:

Total equity at the end of the first quarter

June 2008: ¥320,819 million March 2008: ¥309,359 million

2. Dividends status

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total cash dividends per share for the fiscal year
Mar. 31, 2008	Yen -	Yen 20.00	Yen -	Yen 22.00	Yen 42.00
Mar 31, 2009 (Result)	-				
(Projection)		22.00	-	22.00	44.00

Note:

Revisions to projected dividends in this quarter: None

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	%
First half of the fiscal year	490,000	-	46,600	-	44,000	-
Entire fiscal year	1,020,000	8.4	109,000	0.5	101,000	0.4

	Net income		Net income per share
	Millions of yen	%	Yen
First half of the fiscal year	25,700	-	120.16
Entire fiscal year	58,000	3.6	271.18

Notes:

- 1) Revisions to projected consolidated results at the end of the first quarter: None
- 2) Percentages indicated for the entire year show changes from the previous fiscal year.

4. Others

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

(2) Adoption of simplified accounting methods and special accounting procedures for the compilation of quarterly consolidated financial statements: Yes

Note:

For detailed information, please refer to “4. Others in Qualitative Information and Financial Statements” on page 8.

(3) Changes in accounting principles and procedures in the preparation of the Quarterly Consolidated Financial Statements and changes in presentation methods (changes in principal items that serve as the basis for preparing the Quarterly 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 “4. Others in Qualitative Information and Financial Statements” on page 8.

(4) Number of shares issued (common shares)

[1] Number of shares issued at the end of period (including treasury shares)

June 2008: 215,115,038 March 2008: 215,115,038

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

June 2008: 1,233,469 March 2008: 1,254,982

[3] Average number of shares during the period

June 2008: 213,868,992 June 2007: 194,847,727

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. Starting with this consolidated fiscal year, the Group is applying the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). Quarterly financial statements are compiled in accordance with the Quarterly Consolidated Financial Statement Rules.

Qualitative Information and Financial Statements

1. Qualitative Information Concerning Consolidated Business Performance

[1] Overview of Market Conditions During the First Quarter Ended June 30, 2008

The business environment facing the Group in the first quarter of the fiscal year (“first quarter”) (April 1, 2008 to June 30, 2008) was characterized domestically by a drop in demand for construction machinery compared to the same quarter last year due to continued curbing of public construction projects coupled with other issues such as a reduction in the number of ongoing roadwork projects due to problems with funds earmarked for road improvement.

Overseas, demand for hydraulic excavators in the United States fell compared with the first quarter of the previous fiscal year due to lower housing and real estate investment arising from the impact of the subprime loan crisis. A decline in housing and real estate investment was also seen in some parts of Europe.

Conversely, infrastructure development remained solid in emerging nations such as China, Russia and India, while demand for mining machinery remained high in such markets as China, Oceania, Africa and Indonesia owing to strong demand for natural resources. Although there are regions where demand for hydraulic excavators did not keep pace with initial estimates for the first quarter, the overall market remained firm.

The HCM Group is steadily pursuing a variety of measures to achieve the targets laid out in the “SOH 2010—For the New Stage” new medium-term management plan two years ahead of schedule.

The following table summarizes consolidated results for the period:

(100 million yen; %)

	June 2008 (A)	June 2007 (B)	Year-on-year change	
			(A)-(B)	(A)/(B)
Net sales	2,339	2,067	272	113.2%
Operating income	244	231	13	105.6%
Ordinary income	270	219	51	123.3%
Net income	125	89	36	140.4%

Note: Figures are rounded off to the nearest 100 million.

[2] Overview of Consolidated Sales by Regional Segment

Japan

Domestic demand for hydraulic excavators fell approximately 30% compared with the first quarter of the previous fiscal year due to curbing of public construction projects, a reduction in the number of ongoing roadwork projects due to problems with funds earmarked for road improvement and sluggish economic conditions. The decline in demand is in turn impacting the Group’s new machinery sales and rental businesses.

The HCM Group’s share of the hydraulic excavator market increased approximately 2% from the first quarter of the previous fiscal year due in part to the introduction of the new ZAXIS-3 Series. Improvements in selling prices also enabled the Group to compensate for the drop in demand.

As a result, net sales fell 4% year-on-year to ¥49,123 million.

The Americas

While demand for hydraulic excavators in North America declined approximately 20% due

to falling housing investment, stock adjustments undertaken during the previous fiscal year kept production generally within the targeted range. Accordingly, net sales rose ¥1,467 million, or 6%, year-on-year to ¥26,916 million.

Europe, Russia-CIS, Africa and the Middle East

In Europe, demand for construction machinery fell in the United Kingdom, Spain and Ireland due to such factors as falling housing investment, but remained strong in Germany and France due in part to infrastructure development. New orders for mining products such as AC electric-drive dump trucks from customers in Northern Europe contributed to sales growth.

As a result, net sales remained at the same level as the first quarter of the previous fiscal year at ¥38,361 million.

In Russia-CIS, demand for construction machinery remained firm on the back of brisk natural resource development demand and infrastructure investment.

In Africa, sales of mining products jumped dramatically owing to the continued brisk pace of mine development. Demand for hydraulic excavators increased approximately 23%.

In the Middle East, overall market demand for hydraulic excavators was up 25%, in turn contributing to an increase of the Group's market share.

Total net sales from Russia-CIS, Africa, and the Middle East rose 59% year-on-year to ¥33,556 million.

Oceania and Asia

Natural resource development demand remained strong in Oceania and Indonesia, while steady infrastructure development and other projects continued in India, leading to significant growth in demand for hydraulic excavators. At the same time, demand for construction machinery for use in forestry and palm oil plantation remained brisk in Malaysia and Indonesia.

As a result, net sales in Oceania and Asia jumped 26% year-on-year to ¥45,900 million.

China

In China, infrastructure development drove nationwide growth in demand for construction machinery. Hydraulic excavator applications expanded to include infrastructure projects such as roads and agriculture as well as mining and urban development. Overall demand for hydraulic excavators rose approximately 18% despite slowing growth in east China.

While construction regulations in effect during the Olympics are expected to temporarily curtail construction machinery demand in the north and northeast of the country starting in July, the Group expects demand to rebound after the end of the Games, offsetting any decreases caused by the regulations and ultimately exceeding plans. Demand associated with disaster recovery operations in the wake of the Sichuan earthquake is expected to continue into the autumn.

As a result, net sales grew 17% year-on-year to ¥40,025 million.

Consolidated Sales by Geographic Area

(Millions of yen)

	First Quarter ended June 30, 2008 (A)		First Quarter ended June 30, 2007 (B)		Change	
	Sales	Proportion (%)	Sales	Proportion (%)	Difference (A)-(B)	% change (A)/(B)
The Americas	26,916	11.5	25,449	12.3	1,467	5.8
Western Europe	38,361	16.4	38,258	18.5	103	0.3
Russia-CIS, Africa and the Middle East	33,556	14.3	21,148	10.3	12,408	58.7
Europe, Russia-CIS, Africa and the Middle East	71,917	30.7	59,406	28.8	12,511	21.1
Oceania and Asia	45,900	19.7	36,462	17.6	9,438	25.9
China	40,025	17.1	34,280	16.6	5,745	16.8
Sub-total	184,758	79.0	155,597	75.3	29,161	18.7
Japan	49,123	21.0	51,127	24.7	(2,004)	(3.9)
Total	233,881	100.0	206,724	100.0	27,157	13.1

Note: Figures are rounded off to the nearest million.

2. Qualitative Information Concerning Consolidated Financial Statements

[1] Status of Assets, Liabilities and Net Assets

(a) Assets

Current assets at the end of the first quarter under review amounted to ¥582,514 million, an increase of ¥24,543 million, or 4.4%, from the previous fiscal year-end. This was due mainly to an increase of ¥33,327 million in finished goods, semifinished goods, materials and work in progress.

Fixed assets rose ¥16,684 million, or 6.1%, from the previous fiscal year-end to ¥291,809 million.

As a result, total assets increased ¥41,227 million, or 4.9%, from the previous fiscal year-end to ¥874,323 million.

(b) Liabilities

Current liabilities at the end of the first quarter amounted to ¥422,288 million, an increase of ¥20,218 million, or 5.0%, from the previous fiscal year-end. This was due mainly to an increase of ¥17,562 million in short-term loans.

Long-term liabilities increased 5.1% from the previous fiscal year-end to ¥88,736 million. As a result, total liabilities increased ¥24,546 million, or 5.0%, from the previous fiscal year-end to ¥511,024 million.

(c) Net Assets

Net assets, including minority interests, increased ¥16,681 million, or 4.8%, from the previous fiscal year-end to ¥363,299 million due to such factors as quarterly net income of ¥12,520 million.

[2] Status of Consolidated Cash Flows

Cash and cash equivalents at the end of the first quarter totaled ¥62,034 million, a decrease of ¥6,692 million from the previous fiscal year-end. Factors relating to each cash flow category were as follows.

Cash Flows From Operating Activities

Net cash provided by operating activities in the first quarter was ¥7,400 million, an increase of ¥5,910 million compared with ¥1,490 million in the first quarter of the previous fiscal year. Factors contributing to an increase in cash included income before taxes and minority interests of ¥26,852 million, up ¥4,959 million compared with ¥21,893 million for the first quarter of the previous fiscal year, as well as a decrease in notes and accounts receivable amounting to ¥22,148 million despite higher sales, representing a further reduction of ¥10,675 million versus a reduction of ¥11,473 million for the first quarter of the previous fiscal year. Conversely, a decrease in cash was attributable to such factors as an increase in inventories of ¥23,471 million, up ¥5,064 million compared to an increase of ¥18,407 million in the first quarter of the previous fiscal year, and income taxes paid of ¥20,400 million, an increase of ¥8,823 million compared with ¥11,577 million for the first quarter of the previous fiscal year.

Cash Flows From Investing Activities

Net cash used in investing activities in the first quarter totaled ¥17,482 million, an increase of ¥8,162 million compared with ¥9,320 million in the first quarter of the previous fiscal year. This was primarily due to an increase of ¥9,274 million in acquisitions of property, plant and equipment versus ¥6,568 million in the first quarter of the previous fiscal year to ¥15,842 million, chiefly for capital investments to increase production at various manufacturing bases. As a result, free cash flows, the sum of net cash provided by operating activities and cash used in investing activities, was negative at ¥10,082 million.

Cash Flows From Financing Activities

Net cash provided by financing activities totaled ¥1,413 million. The key factor was a net increase in short-term debt totaling ¥10,576 million and proceeds from long-term debt totaling ¥2,538 million for the purposes of repayments of long-term debt and interest paid amounting to ¥5,798 million and dividends paid totaling ¥5,931 million. Net proceeds of ¥77,467 million from a capital increase secured last August were utilized generally according to initial plans, including ¥49,224 million allocated during the previous fiscal year and ¥15,842 million during the first quarter of the current fiscal year to the acquisition of property, plant and equipment.

3. Qualitative Information Concerning Consolidated Results Forecast

Worldwide demand for hydraulic excavators is forecast to drop below initial estimates in North America, the United Kingdom, Spain and Japan, but remain firm in the emerging nations of China, India, Russia, the Middle East and Africa. Looking ahead to future developments, it will be necessary to closely monitor market trends concerning the impact of the subprime loan crisis in the United States as well as the soaring cost of raw materials, chiefly steel and crude oil, along with exchange rates and interest rate trends.

We are working to increase production capacity by steadily taking advantage of the benefits of investments to increase production, particularly of mining machinery in line with a rise in natural resource development globally and crawler cranes for building construction.

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

The present outlook for consolidated results for the fiscal year ending March 31, 2009 has not changed from that outlined in the financial results for the year ended March 31, 2008 (released April 25, 2008).

(100 million yen)

	March 2009 (Projections)	March 2008 (Results) (B)	Year-on-year change	
			(A)-(B)	(A)/(B)
Net sales	10,200	9,405	795	108.5%
Operating income	1,090	1,085	5	100.5%
Ordinary income	1,010	1,006	4	100.4%
Net income	580	560	20	103.6%

Notes:

- 1) Figures are rounded off to the nearest 100 million.
- 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 fluctuations in demand, fluctuations in exchange rates and revisions to Japanese or international laws and regulations, accounting standards, practices or other policies.

4. Others

- (1) Significant changes involving subsidiaries during the period (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None
- (2) Simple accounting procedures and the application of special accounting procedures for the compilation of quarterly consolidated financial statements

A. Method used to value inventory assets

Inventory assets at the end of the first quarter of the fiscal year are calculated from actual inventory at the end of the previous fiscal year using a rational method rather than based on a physical inventory.

B. Method used to calculate depreciation of fixed assets

Projected annual depreciation incorporating estimates of anticipated acquisition, sale and disposal of fixed assets throughout the year is allocated proportionally to the quarter.

Depreciation costs for assets using the declining-balance method are calculated by allocating depreciation costs for the consolidated fiscal year proportionally to the quarter.

C. Standard used to calculate income taxes

Tax expenses are calculated by making a reasonable estimation of the effective tax rate on income before income taxes and minority interests for the fiscal year including the first quarter after the application of deferred tax accounting and applying the estimated effective tax rate to quarterly income before income taxes and minority interests.

Income tax figures include deferred income taxes.

- (3) Changes in accounting principles, procedures and presentation methods used in the preparation of the Quarterly Consolidated Financial Statements

A. Changes in response to accounting standard revisions

1. Starting from the first quarter of the current fiscal year, the Group is applying the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12, issued on March 14, 2007) and Guidance on Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Guidance No. 14, issued March 14, 2007). Quarterly financial statements are compiled in accordance with the Quarterly Consolidated Financial Statement Rules.

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

2. Starting with the first quarter of this fiscal year, the Group is applying the Accounting Standards for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9, issued on July 5, 2006). The effect of the application of these standards on profit and loss is minimal.
3. Starting with the first quarter of this fiscal year, the Group is applying the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Accounting Standards Board of Japan PITF No. 18, issued May 17, 2006). The effect of the application of these standards on profit and loss is minimal.
4. Although the Group has previously used lease transaction methods to account for finance and lease transactions not involving transfers of ownership, it has elected to use accounting procedures for normal sales transactions to account for these transactions starting from the first quarter of the current fiscal year by applying Accounting Standards for Lease Transactions (Accounting Standards Board of Japan Statement No. 13) and Guidance on Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Guidance No. 16). Depreciation of leased assets for finance and lease transactions not involving transfers of ownership is calculated by means of the straight-line method using the lease term as the period of depreciation and a residual value of zero.

The effect of the change in these standards on profit and loss is minimal.

B. Changes other than those in (A)

1. The Company and its domestic consolidated subsidiaries have changed the period of depreciation for machinery and other equipment following a review of asset utilization undertaken in response to revisions in the corporate tax code. The effect of these changes on profit and loss is minimal.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First Quarter [As of Jun. 30, 2008]	Previous year-end (Summary) [As of Mar. 31, 2008]
ASSETS		
Current assets		
Cash and bank deposits	59,529	53,264
Notes and accounts receivable	231,845	238,851
Finished goods	138,832	115,262
Semifinished goods	34,370	33,031
Materials	22,104	23,331
Work in progress	44,993	35,348
Others	57,902	66,594
Less: Allowance for doubtful accounts	(7,061)	(7,710)
Total current assets	582,514	557,971
Fixed assets		
Property, plant and equipment		
Property held for lease (net)	40,280	35,940
Buildings and structures (net)	48,821	46,798
Machinery and equipment (net)	41,210	38,841
Tools, furniture and fixtures (net)	6,949	6,714
Land	55,411	54,917
Construction in progress	24,990	21,377
Net property, plant and equipment	217,661	204,587
Intangible assets		
Goodwill	7,284	6,998
Software	12,216	10,725
Others	1,748	1,589
Total intangible assets	21,248	19,312
Investments and other assets		
Investments in securities	28,678	26,736
Others	26,331	25,615
Less: Allowance for doubtful accounts	(2,109)	(1,125)
Total investments and other assets	52,900	51,226
Total fixed assets	291,809	275,125
Total assets	874,323	833,096

(Rounded off to the nearest million)

(Millions of yen)

	First Quarter As of Jun. 30, 2008 (A)	Previous year-end (Summary) As of Mar. 31, 2008 (B)
LIABILITIES		
Current liabilities		
Notes and accounts payable	171,870	166,517
Short-term loans	142,746	125,184
Current portion of bonds	13,000	13,000
Income taxes payable	9,151	21,038
Others	85,521	76,331
Total current liabilities	422,288	402,070
Long-term liabilities		
Bonds	2,000	2,000
Long-term loans	49,651	50,466
Retirement and severance benefits	11,780	12,085
Others	25,305	19,857
Total long-term liabilities	88,736	84,408
Total liabilities	511,024	486,478
Net assets		
Shareholder's equity		
Common stock	81,577	81,577
Capital surplus	81,084	81,084
Retained earnings	158,738	150,942
Treasury stock	(2,809)	(2,856)
Total shareholders' equity	318,590	310,747
Valuation and translation adjustments		
Net unrealized gain on securities held	952	722
Gain (loss) on deferred hedge transactions	(1,355)	974
Foreign currency translation adjustments	2,632	(3,084)
Total valuation and translation adjustments	2,229	(1,388)
Stock purchase warrants	524	415
Minority interests	41,956	36,844
Total net assets	363,299	346,618
Total liabilities and net assets	874,323	833,096

(Rounded off to the nearest million)

(2) Consolidated Statements of Income

(Millions of yen)

	First Quarter 〔 Three months ended 〕 Jun. 30, 2008
Net sales	233,881
Cost of sales	170,918
Gross profit	62,963
Selling, general and administrative expenses	
Packing and shipping expenses	5,984
Employees' salaries	10,728
R&D expenditure	3,038
Others	18,861
Total selling, general and administrative expenses	38,611
Operating income	24,352
Non-operating income	
Interest income	2,060
Interest income from installment sales	280
Dividends income	133
Gain on equity earnings of affiliated companies	465
Effect of exchange rate changes	1,049
Others	1,735
Total non-operating income	5,722
Non-operating expenses	
Interest expenses	1,779
Others	1,301
Total non-operating expenses	3,080
Ordinary income	26,994
Extraordinary losses	
Loss on evaluation of inventories	142
Total extraordinary losses	142
Income before income taxes and minority interests	26,852
Income taxes	10,553
Minority interests	3,779
Net income	12,520

(Rounded off to the nearest million)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First Quarter [Three months ended] Jun. 30, 2008
Cash flows from operating activities	
Income before income taxes and minority interests	26,852
Depreciation and amortization	8,581
Increase in allowance for doubtful accounts	124
Interest and dividends income	(2,193)
Interest expenses	1,779
Gain on equity earnings of affiliated companies	(465)
Decrease in notes and accounts receivable	22,148
Increase in inventories	(23,471)
Purchase of property held for lease	(2,408)
Sales of property held for lease	514
Decrease in notes and accounts payable	(7,945)
Gain on sales of property, plant and equipment	(377)
Others	4,661
Sub-total	27,800
Income taxes paid	(20,400)
Net cash provided by operating activities	7,400
Cash flows from investing activities	
Acquisitions of property, plant and equipment	(15,842)
Purchase of intangible assets	(1,844)
Purchase of investments in securities	(2,461)
Interest and dividends received	2,038
Interest and dividends received from affiliated companies	509
Other, net	118
Net cash used in investing activities	(17,482)
Cash flows from financing activities	
Net increase in short-term debt	10,576
Proceeds from long-term debt	2,538
Repayments of long-term debt	(3,622)
Interest paid	(2,176)
Dividends paid to shareholders	(4,705)
Dividends paid to minority shareholders by subsidiaries	(1,226)
Proceeds from sale of treasury stock	35
Purchase of treasury stock	(7)
Net cash provided by financing activities	1,413
Effect of exchange rate changes on cash and cash equivalents	1,977
Net decrease in cash and cash equivalents	(6,692)
Cash and cash equivalents at beginning of year	68,726
Cash and cash equivalents at end of period	62,034

(Rounded off to the nearest million)

(4) Notes Concerning Premise of Going Concern

None

(5) Segment Information

A. Segment information by business category

First Quarter ended June 30, 2008 (From April 1, 2008 to June 30, 2008) (Millions of yen)

	Construction Machinery Business	Industrial Vehicles Business	Semiconductor or Production Equipment Business	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income						
Net Sales						
(1) Net Sales to Outside Customers	211,910	21,698	273	233,881		233,881
(2) Inter-segment Sales/Transfers	7	0	368	375	(375)	
Total	211,917	21,698	641	234,256	(375)	233,881
Operating Income	23,664	675	12	24,351	1	24,352

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) Starting from the current fiscal year, expenses incurred by the administrative division of TCM Corporation, which until the previous fiscal year had been included in the "Elimination or Corporate" column of operating expenses, are included in respective business segments.

B. Segment information by area

First Quarter ended June 30, 2008 (From April 1, 2008 to June 30, 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	82,519	48,758	55,138	18,144	29,322	233,881		233,881
(2) Inter-segment Sales/Transfers	83,583	8,045	5,492	4,442	24	101,586	(101,586)	
Total	166,102	56,803	60,630	22,586	29,346	335,467	(101,586)	233,881
Operating Income	8,615	8,212	3,798	1,356	2,650	24,631	(279)	24,352

Note: Countries included in each segment are as follows:

- (1) Asia: China, Indonesia, Singapore, Thailand and Malaysia
- (2) Europe: Holland, France and United Kingdom
- (3) The Americas: United States and Canada
- (4) Other: Australia, New Zealand and South Africa

C. Overseas sales

First Quarter ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

(Millions of yen)

	The Americas	Europe, Africa & Middle East	Oceania & Asia	China	Total
I Overseas sales	26,916	71,917	45,900	40,025	184,758
II Consolidated sales					233,881
III Percentage of overseas sales to consolidated sales	11.5%	30.7%	19.7%	17.1%	79.0%

Notes:

- 1) National and regional categories are based on geographic proximity.
- 2) Countries included in each segment are as follows:
 1. The Americas: United States and Canada
 2. Europe, Africa & the Middle East: Holland, United Kingdom, Italy, South Africa and United Arab Emirates
 3. Oceania & Asia: Indonesia, Australia and New Zealand
 4. China: China
- 3) Overseas sales are sales in countries and areas other than Japan of the Company and its consolidated subsidiaries.

(6) Notes on Significant Fluctuations in Shareholder's Equity

None

Reference: Financial Statements for the Previous First Quarter Ended June 30, 2007**(1) Consolidated Statements of Income (Summary)**

(Millions of yen)

	Previous First Quarter [Three months ended Jun. 30, 2007]
I Net sales	206,724
II Cost of sales	147,431
Gross profit	59,293
III Selling, general and administrative expenses	36,180
Operating income	23,113
IV Non-operating income	
1. Interest income	1,193
2. Interest income from installment sales	186
3. Dividends income	90
4. Gain on equity earnings of affiliated companies	76
5. Others	644
Total non-operating income	2,189
V Non-operating expenses	
1. Interest expenses	1,119
2. Loss on disposal of inventories	241
3. Loss on evaluation of inventories	108
4. Effect of exchange rate changes	477
5. Others	1,464
Total non-operating expenses	3,409
Ordinary income	21,893
Income before income taxes and minority interests	21,893
Income taxes	10,213
Minority interests	2,820
Net income	8,860

(Rounded off to the nearest million)

Reference: Financial Statements for the Previous First Quarter Ended June 30, 2007

(2) Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Previous First Quarter [Three months ended] Jun. 30, 2007
I Cash flows from operating activities	
1. Income before income taxes and minority interests	21,893
2. Depreciation and amortization	6,950
3. Increase in allowance for doubtful accounts	247
4. Interest and dividends income	(1,283)
5. Interest expenses	1,119
6. Gain on equity earnings of affiliated companies	(76)
7. Decrease in notes and accounts receivable	11,473
8. Increase in inventories	(18,407)
9. Purchase of property held for lease	(1,883)
10. Sales of property held for lease	1,193
11. Decrease in notes and accounts payable	(5,973)
12. Gain on sales of property, plant and equipment	(1,064)
13. Others	(1,122)
Sub-total	13,067
Income taxes paid	(11,577)
Net cash provided by operating activities	1,490
II Cash flows from investing activities	
1. Acquisitions of property, plant and equipment	(6,568)
2. Purchase of intangible assets	(1,495)
3. Purchase of investments in securities	(641)
4. Acquisitions of subsidiaries' stock resulting in change in scope of consolidation, net	(1,904)
5. Interest and dividends received	1,257
6. Interest and dividends received from affiliated companies	10
7. Other, net	21
Net cash used in investing activities	(9,320)
III Cash flows from financing activities	
1. Net increase in short-term debt	23,142
2. Proceeds from long-term debt	1,071
3. Repayments of long-term debt	(3,827)
4. Interest paid	(776)
5. Dividends paid to shareholders	(2,727)
6. Dividends paid to minority shareholders by subsidiaries	(860)
7. Proceeds from issuance of stock	8
8. Proceeds from sale of treasury stock	53
9. Purchase of treasury stock	(14)
Net cash provided by financing activities	16,070
IV Effect of exchange rate changes on cash and cash equivalents	690
V Net increase in cash and cash equivalents	8,930
VI Cash and cash equivalents at beginning of year	41,074
VII Cash and cash equivalents at end of period	50,004

(Rounded off to the nearest million)

Reference: Segment Information for the Previous First Quarter Ended June 30, 2007

A. Segment information by business category

Previous First Quarter ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(Millions of yen)

	Construction Machinery Business	Industrial Vehicles Business	Semiconductor or 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 Income	22,330	1,199	153	23,682	(569)	23,113

B. Segment information by area

Previous First Quarter ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(Millions of yen)

	Japan	Asia	Europe	The Americas	Others	Total	Elimination or Corporate	Consolidated
Net Sales and Operating Income								
Net Sales								
(1) Net Sales to Outside Customers	77,682	37,543	47,770	18,204	25,525	206,724		206,724
(2) Inter-segment Sales/Transfers	73,700	6,147	4,727	6,173	0	90,747	(90,747)	
Total	151,382	43,690	52,497	24,377	25,525	297,471	(90,747)	206,724
Operating Income	11,544	7,160	4,454	2,649	2,240	28,047	(4,934)	23,113

C. Overseas sales

First Quarter ended June 30, 2007 (From April 1, 2007 to June 30, 2007)

(Millions of yen)

	The Americas	Europe, Africa & Middle East	Oceania & Asia	China	Total
I Overseas sales	25,449	59,406	36,462	34,280	155,597
II Consolidated sales					206,724
III Percentage of overseas sales to consolidated sales	12.3%	28.7%	17.6%	16.6%	75.2%