

**Consolidated Financial Results for
First Quarter of Fiscal Year Ending March 31, 2008**

Hitachi Koki Co., Ltd.

Stock Code: 6581

(URL: <http://www.hitachi-koki.co.jp>)

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Stock Exchange Listings: Tokyo, Osaka

Date on Which Dividend Payments to Begin: August 31, 2007

1. Consolidated Business Results for First Quarter (April 1, 2007 to June 30, 2007) of Fiscal Year Ending March 31, 2008

(1) Consolidated Business Results

(Figures less than ¥1 million have been omitted.)

(% changes are increases/decreases from the prior first quarter.)

	Net sales		Operating income		Ordinary income	
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
Q1 of Fiscal 2007	42,872	15.7	5,089	22.6	5,168	25.7
Q1 of Fiscal 2006	37,065	9.9	4,152	23.2	4,110	24.0
Fiscal 2006	153,013	—	19,205	—	19,083	—

	Quarterly Net Income		Quarterly Net Income Per Share	Quarterly Net Income Per Share on Fully Diluted Basis
	(Million yen)	(%)	(Yen)	(Yen)
Q1 of Fiscal 2007	3,387	15.7	32.81	32.80
Q1 of Fiscal 2006	2,928	9.1	27.93	27.92
Fiscal 2006	13,069	—	125.71	125.47

(2) Consolidated Financial Position

	Total assets	Net assets	Company's equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
Q1 of Fiscal 2007	154,875	119,776	76.7	1,150.31
Q1 of Fiscal 2006	137,437	108,148	78.1	1,028.04
Fiscal 2006	154,143	115,952	74.6	1,113.69

(3) Consolidated Cash Flows (Figures in parentheses indicate a negative number.)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	(Million yen)	(Million yen)	(Million yen)	(Million yen)
Q1 of Fiscal 2007	(757)	(2,583)	(3,373)	24,437
Q1 of Fiscal 2006	4,022	(773)	(1,085)	29,586
Fiscal 2006	16,308	(8,455)	(4,662)	30,975

2. Cash Dividends

Reference date	Dividends per share				
	First quarter (June 30)	Midterm (September 30)	Third quarter (December 31)	Fiscal year-end (March 31)	Full fiscal year
Fiscal 2006	(Yen) 7.00	(Yen) 8.00	(Yen) 8.00	(Yen) 15.00	(Yen) 38.00
Fiscal 2007	10.00				Note
Fiscal 2007 (forecast)		10.00	10.00	Note	

Note: In consideration of the brisk earnings trend to date, we have revised up our dividend plans, versus those issued on April 26, 2007, for the first quarter, the midterm, and the third quarter of the fiscal year ending March 31, 2008. The fiscal year-end dividend will be determined at a Board of Directions meeting to be held in April 2008, based on dividend payout ratio target of 30% and various factors such as future business plans, business results and financial conditions.

3. Consolidated Forecasts for Fiscal Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(For the full fiscal year, % changes are increases/decreases from the prior fiscal year-end; for the midterm, % changes are increases/decreases from the prior midterm end.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Yen)
Midterm	87,000	17.3	10,500	16.2	10,400	16.6	6,800	5.8	65.84
Full fiscal year	165,000	7.8	20,500	6.7	20,000	4.8	12,600	-3.6	121.73

Note: Of the forecasts for business performance released on April 26, 2007, only the midterm forecasts have been revised up.

4. Others

- (1) Changes in the classification of material subsidiaries during the period (changes regarding specific subsidiaries which result in a change in the scope of consolidation): No
- (2) Adoption of simplified procedures in accounting methods: Yes
- (3) Changes in accounting methods from the most recent consolidated fiscal year: No

Note: Please see "4. Other Items" of the "Commentary on Financial Statements" section on page 4 for more details on the aforementioned points.

Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

In this release, only the midterm forecasts for business performance have been revised. Please refer to "3. Commentary Pertaining to Our Consolidated Forecasts" of the "Commentary on Financial Statements" section on page 3 for more specifics regarding our interim forecast revisions and assumptions we used for our forecasts.

The forecasts shown above and other forward-looking statements are based on information available at the time they were prepared and certain assumptions we consider reasonable. Actual consolidated performance may differ sharply from our forecasts owing to a wide range of factors, including shifts in economic conditions in major markets, changes in foreign currency exchange rates, and changes in raw material prices.

Commentary on Financial Statements

1. Commentary on Our Consolidated Business Results

The following is a breakdown by geographical region of our performance in the first quarter of the fiscal year ending March 31, 2008.

In North America, while the trend at U.S. home center sales routes was solid, sales of pneumatic tools, a mainstay category for dealerships, did not fully recover from the flagging trend caused by the deceleration in U.S. housing investment. As a result, North American sales dropped 10% compared with the same quarter of the previous fiscal year. In Europe, sales for the entire region increased 53%, driven by strong growth in Russia and Eastern European countries. In Japan, the brisk trend in lithium-ion battery-powered tools and power tool accessories resulted in a 6% increase in sales. In Asia and other regions, sales rose 37% thanks to brisk sales in India and the Middle East.

As a result, the Company recorded consolidated net sales of ¥42,872 million, up 16% year on year, in the first quarter of fiscal 2008. Meanwhile, operating income climbed 23%, to ¥5,089 million, ordinary income increased 26%, to ¥5,168 million, and net income advanced 16%, to ¥3,387 million. As for the engine and gardening tools business, for which the Hitachi Koki Group assumed management control in the previous fiscal year, its impact on business performance in the first quarter was modest since it was added to consolidated accounts in May 2007.

2. Commentary on Our Consolidated Financial Position

Net cash used for operating activities in the first quarter came to ¥757 million, despite income before income taxes of ¥5,168 million and other sources of cash flow, due to corporate income tax payments of ¥4,430 million and other cash expenditures. Net cash used for investing activities came to ¥2,583 million due to outlays of ¥1,786 million for the acquisition of the engine and gardening tools business and other factors. Moreover, net cash used for financing activities came to ¥3,373 million due to the repayment of ¥1,824 million in short-term borrowings and ¥1,512 million in dividend payments. Consequently, cash and cash equivalents on June 30, 2007, were ¥24,437 million, representing a decrease of ¥6,537 million from the balance at the end of the previous fiscal year.

3. Commentary on Our Consolidated Performance Forecasts

Looking at the current economic environment, although the adverse impact on the U.S. economy from the U.S. housing market correction is expected to persist, we think the Japanese economy will continue to rebound mildly and the European economy will remain firm. Against this backdrop, we expect net sales for the midterm of fiscal 2008 to increase, driven, in particular, by continued momentum in Europe as well as growth in Japan and elsewhere in Asia, and we have revised up our midterm consolidated forecasts for net sales to ¥87.0 billion, operating income to ¥10.5 billion, ordinary income to ¥10.4 billion, and net income to ¥6.8 billion. Our previous midterm consolidated forecasts, which we issued on April 26, 2007, were for net sales of ¥80.0 billion, operating income of ¥9.7 billion, ordinary income of ¥9.5 billion, and net income of ¥6.0 billion. The Company's midterm forecasts are predicated on foreign currency rates of ¥121 for the U.S. dollar and ¥163 for the euro.

We have not revised our consolidated forecasts for business performance in fiscal 2008, in view of the substantial uncertainty of trends such as the persistence of the U.S. housing market correction, foreign currency exchange rates, and high prices for crude oil and raw materials. However, after closely

examining earnings trends and changes in the operating environment going forward, we intend to review our consolidated forecasts for fiscal 2008 at the end of the midterm.

4. Other Items

(1) Changes in the classification of material subsidiaries during the period (changes regarding specific subsidiaries which result in a change in the scope of consolidation): No

(2) Adoption of simplified procedures in accounting methods: Yes

We used a simplified procedure based on an estimate of the effective corporate tax rate for our accounting treatment of corporate income taxes.

(3) Changes in accounting methods from the most recent consolidated fiscal year: No