



Utility Tractor: M9540

Internal Combustion Engine and Machinery

		Billions of Yen				
		2007	2006	2005	2004	2003
Revenues		¥1,127.5	¥1,065.7	¥994.5	¥939.2	¥934.8
Internal Combustion Engine and Machinery		746.8	674.1	594.3	511.0	453.1
Revenues by Sector	Farm Equipment and Engines	643.2	593.5	531.0	460.2	408.3
	Construction Machinery	103.6	80.6	63.2	50.8	44.8
Revenues in Japan and Overseas	Japan	258.3	269.2	258.8	244.8	227.4
	Overseas	488.5	404.9	335.4	266.2	225.7



Combine Harvester: PRO488



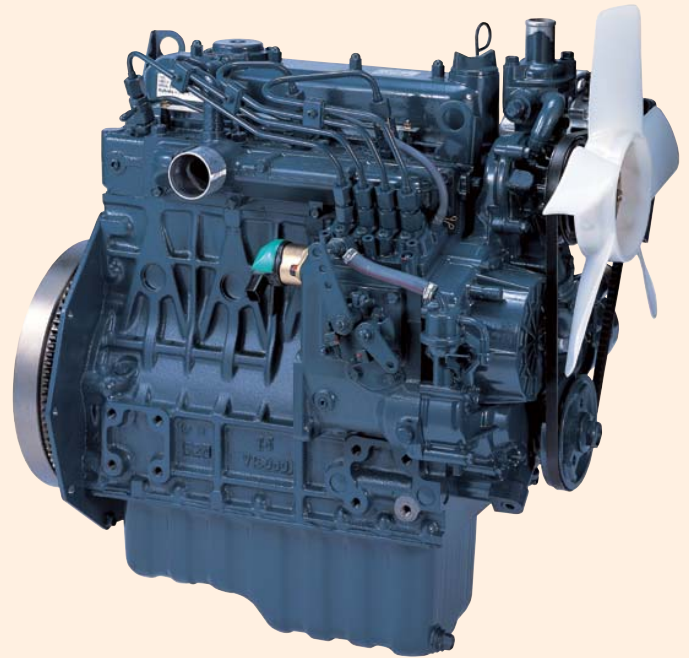
Tractor: L3408



Sub-Compact Tractor: BX24



8t-Excavator: KX080-3



Diesel Engine: V1505

Revenues in Internal Combustion Engine and Machinery were ¥746.8 billion (\$6,329 million), 10.8% higher than the prior year, comprising 66.3% of consolidated revenues. Domestic revenues decreased 4.1%, to ¥258.3 billion (\$2,189 million), and overseas revenues increased 20.7%, to ¥488.5 billion (\$4,140 million). This segment comprises farm equipment, engines, and construction machinery.

In the domestic market, sales of farm equipment declined because of lackluster market conditions. In the domestic market for farm equipment, new government agricultural policies have been introduced, and the implementation of these measures is resulting in structural changes within the agricultural sector, leading to a postponement of equipment purchases, principally among medium-sized farms. Within this market environment, to revitalize the operations, the Company implemented sales expansion policies carefully tailored to various customer groups and was able to increase its market share; however, these efforts did not compensate for the market slump. On the other hand, sales of construction machinery rose significantly due to steady demand for construction machinery, the introduction of new models, and expansion of sales to major machinery rental companies. In

addition, sales of engines, mainly to manufacturers of construction and industrial machinery, showed steady expansion.

In overseas markets, sales of tractors, the Company's core product, expanded steadily. In the United States, sales of medium-sized tractors showed marked expansion accompanying the introduction of new models, while sales of small-sized tractors weakened along with the slowdown in housing starts. In Europe, sales of tractors showed strong expansion as the Company introduced new products and implemented an active marketing program. Moreover, in Asia outside Japan, sales of tractors sustained a high rate of growth in Thailand, where demand for tractors is expanding rapidly.

Sales of construction machinery reported steady expansion in Europe, the principal overseas market of construction machinery, due to rising demand coupled with the introduction of new products. Sales of construction machinery in North America also increased. In addition, sales of engines in Europe and the United States grew steadily, and sales of combine harvesters in China increased rapidly.

Review of Operations



Ductile Iron Pipes

Revenues in Pipes, Valves, and Industrial Castings were ¥194.2 billion (\$1,646 million), 2.4% higher than the prior year, comprising 17.2% of consolidated revenues. Domestic revenues decreased 2.2%, to ¥163.4 billion (\$1,385 million), and overseas revenues increased 36.7%, to ¥30.8 billion (\$261 million). This segment comprises pipes, valves, and industrial castings.

In the domestic market, demand for ductile iron pipes and plastic pipes was lackluster, but the Company was able to slightly increase sales of plastic pipes by raising prices, while sales of ductile iron pipes declined marginally. Sales of industrial castings expanded, mainly to the private sector, such as the steel and energy industries, but sales of products to the public sector fell sharply.

In overseas markets, exports of ductile iron pipes to the Middle East were robust, and sales of industrial castings continued to increase substantially, owing to high levels of private-sector capital expenditures.

Pipes, Valves, and Industrial Castings

Billions of Yen

	2007	2006	2005	2004	2003
Revenues	¥1,127.5	¥1,065.7	¥994.5	¥939.2	¥934.8
Pipes, Valves, and Industrial Castings	194.2	189.7	170.6	175.2	177.2
Revenues by Sector					
Pipes and Valves	155.3	150.6	136.6	143.8	145.6
Industrial Castings	38.9	39.1	34.0	31.4	31.7
Revenues in Japan and Overseas					
Japan	163.4	167.2	155.5	152.5	159.0
Overseas	30.8	22.5	15.2	22.7	18.2



PVC-U Pipes and Fittings



Cracking Tubes: MERT(Mixing Element Radiant Tube)



Water Purification Plant



Pumps

		Billions of Yen				
		2007	2006	2005	2004	2003
Revenues		¥1,127.5	¥1,065.7	¥994.5	¥939.2	¥934.8
Environmental Engineering		90.6	109.9	117.3	115.7	136.4
Revenues by Sector	Environmental Engineering	90.6	109.9	117.3	115.7	136.4
Revenues in Japan and Overseas	Japan	86.5	104.9	113.5	112.3	134.5
	Overseas	4.1	5.0	3.8	3.3	1.9

Environmental Engineering

Revenues in Environmental Engineering were ¥90.6 billion (\$768 million), 17.5% lower than in the prior year, comprising 8.0% of consolidated revenues. Domestic revenues decreased 17.6%, to ¥86.5 billion (\$733 million), and overseas revenues decreased 16.8%, to ¥4.1 billion (\$35 million). This segment comprises environmental control plants and pumps.

In the domestic market, the operating environment continued to be extremely challenging because of the decline in public-sector demand and the drop in sales prices due to more intense competition. In addition, suspension of designated pre-approved suppliers due to compliance issues had a major negative impact. As a result, the Water & Sewage Engineering Division and Pumps Division suffered a substantial decline in revenues. Overseas revenues also declined due to a decrease in sales of pumps, which is the main export product in this segment.



Submerged Membrane System

Review of Operations

Revenues in Other were ¥95.8 billion (\$812 million), 4.1% higher than in the prior year, comprising 8.5% of consolidated revenues. Domestic revenues increased 4.9%, to ¥95.3 billion (\$808 million), and overseas revenues decreased 60.0%, to ¥0.5 billion (\$4 million). This segment comprises vending machines, electronic equipped machinery, air-conditioning equipment, construction, septic tanks, condominiums, and other business.

Sales of construction fell sharply because of the Company's realignment measures, including discontinuance of receiving orders from the public sector as an original contractor. Sales of vending machines, condominiums, and air-conditioning equipment increased favorably, while sales of electronic equipped machinery and septic tanks declined.



Vending Machine

Other

		Billions of Yen				
		2007	2006	2005	2004	2003
Revenues		¥1,127.5	¥1,065.7	¥994.5	¥939.2	¥934.8
Other		95.8	92.1	112.3	137.4	168.0
Revenues by Sector	Building Materials & Housing	17.2	13.5	24.9	51.8	64.4
	Other	78.6	78.6	87.4	85.6	103.7
Revenues in Japan and Overseas	Japan	95.3	90.8	111.6	135.1	164.9
	Overseas	0.5	1.2	0.7	2.3	3.2



Scales: Digital Loadcell Series



Constant Feed Weigher