

Internal Combustion Engine and Machinery

Revenues in Internal Combustion Engine and Machinery were ¥793.7 billion, 6.3% higher than in the prior year, comprising 68.7% of consolidated revenues. Domestic revenues decreased 3.9%, to ¥248.3 billion, and overseas revenues increased 11.6%, to ¥545.3 billion. This segment comprises farm equipment, engines, and construction machinery.

In the domestic market, sales of farm equipment decreased. Most farmers, centering on those with medium-sized farms, maintained the strong trend to hesitate purchasing farm equipment, while the purchasing intention among some farmers began to show signs of improvement affected by the partial revision of new government agricultural policies and the firming up of the price of rice. In these circumstances, the Company actively implemented sales expansion policies to expand its customer

base and was able to increase its market share; however, it could not overcome the effect of declining demand. Sales of construction machinery decreased due to stagnant demand resulting from the partial revision of Japan's building standards law. On the other hand, sales of engines increased steadily due to sales expansion to domestic manufacturers of construction and industrial machinery.

In overseas markets, sales of tractors, the Company's core product, increased steadily. In the United States, sales of tractors were at almost the same level as in the prior year while there were worsening subprime loan problems, the slowdown of the housing-related markets, and a serious drought in the south-eastern region. In Europe, where favorable economic situations continued, sales of tractors showed strong expansion due to the

		Billions of Yen				
		2008	2007	2006	2005	2004
Revenues		¥1,154.6	¥1,127.5	¥1,065.7	¥994.5	¥939.2
Internal Combustion Engine and Machinery		793.7	746.8	674.1	594.3	511.0
Revenues by Sector	Farm Equipment and Engines	677.1	643.2	593.5	531.0	460.2
	Construction Machinery	116.6	103.6	80.6	63.2	50.8
Revenues in Japan and Overseas	Japan	248.3	258.3	269.2	258.8	244.8
	Overseas	545.3	488.5	404.9	335.4	266.2



M40 Tractor Series

active introduction of new products and aggressive promotional sales activities. In Asia outside Japan, tractors continued to report a large sales increase in Thailand where mechanized farming is rapidly developing.

As for construction machinery in North America, sales decreased due to the deterioration of the market, but sales in Europe reported a large expansion due to rising demand resulting from favorable economic situations and sales expansion of larger-sized products, which were introduced in the prior year. Sales of engines increased mainly due to steady sales in Europe. However, sales of farm machinery decreased due to a stagnation of the market for combine harvesters in China.



Combine Harvester



Tractor



Diesel Engine V3307

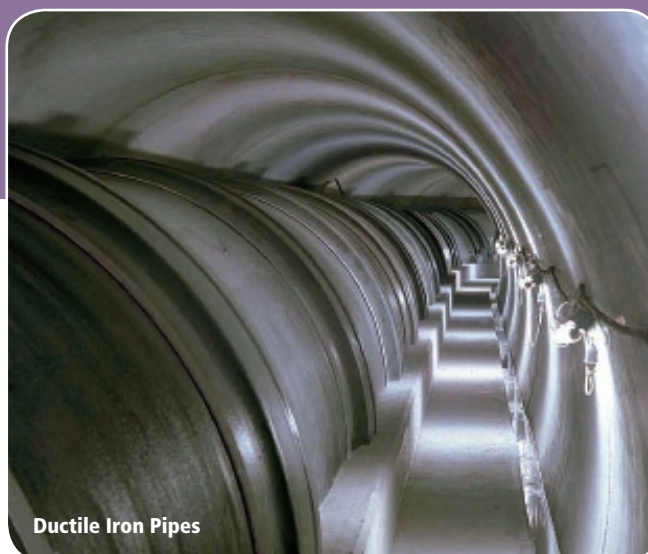


Tractor



8t Excavator

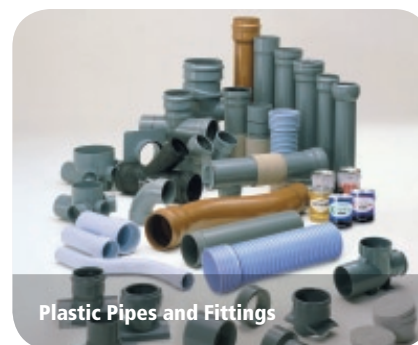
Pipes, Valves, and Industrial Castings



Revenues in Pipes, Valves, and Industrial Castings increased 3.8%, to ¥201.6 billion, from the prior year, comprising 17.5% of consolidated revenues. Domestic revenues increased 4.7%, to ¥171.0 billion, and overseas revenues decreased 0.8%, to ¥30.6 billion. This segment comprises pipes, valves, and industrial castings.

In the domestic market, although demand for ductile iron pipes and plastic pipes was lackluster, sales of these products stayed at the same level as in the prior year owing to the price hikes of these products. On the contrary, sales of industrial castings increased substantially due to sales increases of ductile tunnel segments and products for the steel and petrochemical industries.

In overseas markets, sales of industrial castings for the steel and petrochemical industries continued to increase largely owing to high levels of private-sector capital expenditures, while sales of ductile iron pipes decreased.



		Billions of Yen				
		2008	2007	2006	2005	2004
Revenues		¥1,154.6	¥1,127.5	¥1,065.7	¥994.5	¥939.2
Pipes, Valves, and Industrial Castings		201.6	194.2	189.7	170.6	175.2
Revenues by Sector	Pipes and Valves	151.8	155.3	150.6	136.6	143.8
	Construction Machinery	49.8	38.9	39.1	34.0	31.4
Revenues in Japan and Overseas	Japan	171.0	163.4	167.2	155.5	152.5
	Overseas	30.6	30.8	22.5	15.2	22.7

Environmental Engineering



Sewage Treatment Plant

Revenues in Environmental Engineering decreased 21.8%, to ¥70.9 billion, from the prior year, comprising 6.1% of consolidated revenues. Domestic revenues decreased 24.9%, to ¥64.9 billion, and overseas revenues increased 43.6%, to ¥5.9 billion. This segment consists of environmental control plants and pumps.

In the domestic market, sales of the water and sewage engineering products, the waste engineering products, and pumps decreased due to the decline in public-sector demand and the drop in sales prices accompanying more-intense competition. In addition, the suspension of a designated pre-approved supplier that resulted from compliance issues and the discontinuation of a part of operations negatively impacted revenues of this segment.

In overseas markets, sales of pumps increased substantially from the prior year.



Ceramic Membrane Filtration System



Submerged Membrane System

		Billions of Yen				
		2008	2007	2006	2005	2004
Revenues		¥1,154.6	¥1,127.5	¥1,065.7	¥994.5	¥939.2
Environmental Engineering		70.9	90.6	109.9	117.3	115.7
Revenues by Sector	Environmental Engineering	70.9	90.6	109.9	117.3	115.7
Revenues in Japan and Overseas	Japan	64.9	86.5	104.9	113.5	112.3
	Overseas	5.9	4.1	5.0	3.8	3.3

Other



Revenues in Other decreased 7.7%, to ¥88.4 billion, from the prior year, comprising 7.7% of consolidated revenues. Domestic revenues decreased 7.7%, to ¥87.9 billion, and overseas revenues increased 2.2%, to ¥0.5 billion. This segment comprises vending machines, electronic equipped machinery, air-conditioning equipment, construction, septic tanks, condominiums, and other business.

Sales of vending machines increased due to a sales increase of cigarette vending machines that incorporate an age-identification function; however, revenues from construction and sales of air-conditioning equipment and septic tanks decreased. In addition, the sales of condominiums in the second half of the fiscal year were absent because shares of a subsidiary that conducted condominium business were partially sold and the subsidiary became an affiliated company. As a consequence, total revenues of this segment decreased from the prior year.



		Billions of Yen				
		2008	2007	2006	2005	2004
Revenues		¥1,154.6	¥1,127.5	¥1,065.7	¥994.5	¥939.2
Other		88.4	95.8	92.1	112.3	137.4
Revenues by Sector	Building Materials & Housing	9.9	17.2	13.5	24.9	51.8
	Other	78.5	78.6	78.6	87.4	85.6
Revenues in Japan and Overseas	Japan	87.9	95.3	90.8	111.6	135.1
	Overseas	0.5	0.5	1.2	0.7	2.3