

# Review of Operations

## FARM & INDUSTRIAL MACHINERY

Revenues in Farm & Industrial Machinery were ¥616.7 billion, 18.3% lower than the prior year, comprising 66.2% of consolidated revenues. Domestic revenues decreased 2.3%, to ¥229.6 billion, and overseas revenues decreased 25.5%, to ¥387.1 billion. This segment comprises farm equipment, engines and construction machinery.

In the domestic market, sales of farm equipment and engines decreased ¥2.2 billion (1.0%) from the prior year, and sales of construction

machinery decreased ¥3.3 billion (16.4%) from the prior year. Demand for farm equipment in the first half of the year under review was sluggish due to the economic slump and uncertainty over the agricultural policy of national government. In addition, farmers' investment for farm equipment decreased due to decreasing nonagricultural income of part-time farmers, which comprise a large percentage of the agricultural population in Japan. On the one hand, demand for farm equipment in the latter half of the year under review was brisk due to implementation of additional governmental subsidies for

leasing agricultural machinery. The application for this subsidy started in July 2009 and the payment ended on March 31, 2010. At the same time, market condition of construction machinery remained severe with a lack of recovery of investment in construction. In this circumstance, the Company actively introduced new products and implemented promotional sales activities, and sales of tractors and farm machinery increased. However, sales of engine and construction machinery decreased substantially.

Combine Harvester  
(Conventional-type)





In overseas markets, sales of farm equipment and engines decreased ¥107.9 billion (23.6%) from the prior year and sales of construction machinery decreased ¥24.2 billion (38.5%) from the prior year. Sales of tractors decreased significantly. In Asia outside Japan, although tractor unit sales were steady in terms of quantity, revenues from tractor sales decreased due to the appreciation of the yen. Moreover, sales of tractors

in North America and Europe decreased substantially due to a stagnation of the markets and the appreciation of the yen. Sales of construction machinery and engines decreased substantially owing to a sharp decline of demand in North America and

Europe. On the other hand, sales of combine harvesters and rice transplanter increased owing to significant increase in sales in China and Thailand.

Rice Transplanter



Vertical Water-Cooled Diesel Engine



Lawn Mower



Tractor



Excavator



Compact Truck Loader

■ Breakdown of Revenues

Billions of Yen	Total	Farm & Industrial Machinery	By Sector		By Geographic Segment	
			Farm Equipment and Engines	Construction Machinery	Japan	Overseas
2010	¥ 930.6	¥616.7	¥561.2	¥ 55.6	¥229.6	¥387.1
2009	1,107.5	754.4	671.3	83.1	235.2	519.3
2008	1,154.6	793.7	677.1	116.6	248.3	545.3
2007	1,127.5	746.8	643.2	103.6	258.3	488.5
2006	1,065.7	674.1	593.5	80.6	269.2	404.9

# WATER & ENVIRONMENT SYSTEMS

Revenues in Water & Environment Systems decreased 4.8%, to ¥222.9 billion from the prior year, comprising 24.0% of consolidated revenues. Domestic revenues decreased 9.0%, to ¥198.1 billion, and overseas revenues increased 49.1%, to ¥24.9 billion. This segment comprises pipe-related products (ductile iron pipes, plastic pipes, valves, and other products) and environment-related products (environmental control plants, pumps and other products).

In the domestic market, sales of pipe-related products such as ductile iron pipes and plastic pipes decreased 10.3%, to ¥127.7 billion from the prior year due to shrinkage of public investments and sluggish demand in housing market. Sales of environment-related products also decreased 6.4%, to ¥70.4 billion from the prior

year mainly due to a decrease in sales of waste engineering products.

In overseas markets, export sales of ductile iron pipes to the Middle East favorably increased and sales of valves and pumps also increased steadily.

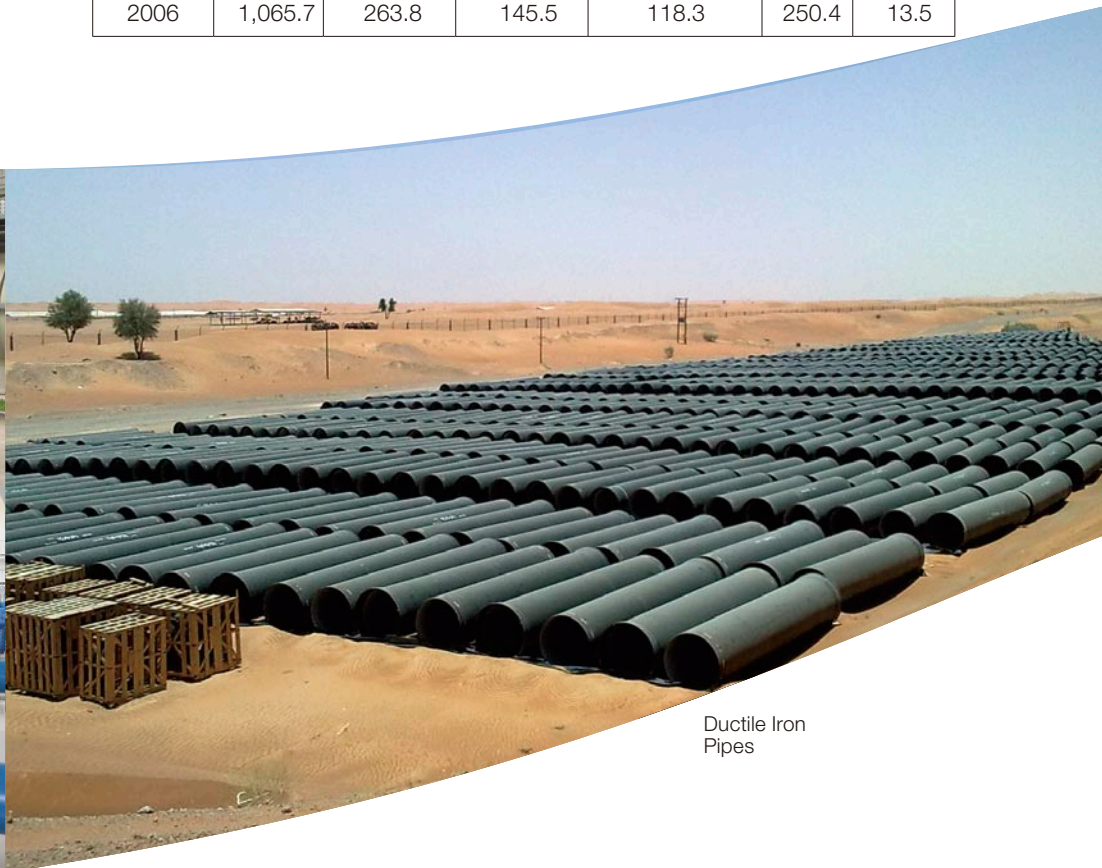
## ■ Breakdown of Revenues

Billions of Yen	Total	Water & Environment Systems	By Sector		By Geographic Segment	
			Pipe-Related Products	Environment-Related Products	Japan	Overseas
2010	¥ 930.6	¥222.9	¥144.5	¥78.5	¥198.1	¥24.9
2009	1,107.5	234.3	153.5	80.8	217.6	16.7
2008	1,154.6	224.7	146.8	77.9	212.4	12.3
2007	1,127.5	245.9	147.2	98.7	230.0	16.0
2006	1,065.7	263.8	145.5	118.3	250.4	13.5

Wastewater Treatment Tanks



Pumps



Ductile Iron Pipes



# SOCIAL INFRASTRUCTURE

Revenues in Social Infrastructure decreased 26.8%, to ¥63.3 billion from the prior year, comprising 6.8% of consolidated revenues. Domestic revenues decreased 28.3%, to ¥47.0 billion, and overseas revenues decreased 22.1%, to ¥16.3 billion. This segment consists of industrial castings, spiral welded steel pipes, vending machines, electronic-equipped machinery, and air-conditioning equipment.

In the domestic market, sales of all products in this segment, primarily industrial castings and spiral welded

steel pipes, decreased affected by substantial declines in capital spending. In overseas markets, sales of industrial castings largely decreased.

## ■ Breakdown of Revenues

Billions of Yen	Total	Social Infrastructure	By Geographic Segment	
			Japan	Overseas
2010	¥ 930.6	¥63.3	¥47.0	¥16.3
2009	1,107.5	86.5	65.6	20.9
2008	1,154.6	96.9	72.6	24.4
2007	1,127.5	88.0	68.9	19.1
2006	1,065.7	78.4	64.1	14.3

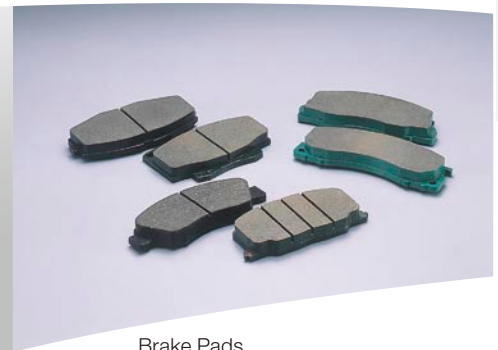
Vending Machine



Cracking Tubes



Air-Conditioning Equipment



Brake Pads  
(made from Titanic Acid Composed)

# OTHER

Revenues in Other decreased 14.3%, to ¥27.7 billion from the prior year, comprising 3.0% of consolidated revenues. Domestic revenues decreased 12.7%, to ¥26.9 billion, and overseas revenues decreased 47.9%, to ¥0.8 billion. This segment comprises construction, services and other businesses.

Construction sales decreased due to sluggish investment in construction and sales in other businesses in this segment largely decreased.

## ■ Breakdown of Revenues

Billions of Yen	Total	Other Revenues	By Geographic Segment	
			Japan	Overseas
2010	¥ 930.6	¥27.7	¥26.9	¥0.8
2009	1,107.5	32.3	30.8	1.5
2008	1,154.6	39.3	39.0	0.3
2007	1,127.5	46.7	46.4	0.3
2006	1,065.7	49.4	48.4	1.0