

Financial Statements

Consolidated The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Consolidated Balance Sheets (As of March 31, 2008)

Assets	Millions of yen	Millions of * U.S. dollars
Current assets	¥ 1,273,677	\$ 12,737
Cash and cash equivalents	102,010	1,020
Time deposits	97	1
Trade notes and accounts receivable	523,624	5,236
Inventories	518,441	5,184
Other current assets	129,505	1,295
Long-term trade receivables	89,695	897
Investments	113,938	1,139
Property, plant and equipment - less accumulated depreciation	491,146	4,911
Other assets	136,690	1,367
Total	¥ 2,105,146	\$ 21,051

Liabilities and shareholders' equity	Millions of yen	Millions of * U.S. dollars
Current liabilities	¥ 861,532	\$ 8,615
Short-term debt (including current maturities of long-term debt)	216,818	2,168
Trade notes, accounts payable and bills payable	387,104	3,871
Income taxes payable	52,453	525
Other current liabilities	205,157	2,052
Long-term liabilities	326,249	3,262
Minority interests	30,239	302
Shareholders' equity	887,126	8,871
Common stock	67,870	679
Capital surplus	138,170	1,382
Retained earnings	712,700	7,127
Accumulated other comprehensive income (loss)*	(28,779)	(288)
Treasury stock	(2,835)	(28)
Total	¥ 2,105,146	\$ 21,051

*Accumulated other comprehensive income (loss):

Foreign currency translation adjustments	¥(34,457)	\$ (345)
Net unrealized holding gains on securities available for sale	24,736	247
Pension liability adjustments	(19,208)	(192)
Net unrealized holding gains on derivative instruments	150	2

Consolidated Statements of Income (April 1, 2007 - March 31, 2008)

	Millions of yen	Millions of * U.S. dollars
Net sales	¥ 2,243,023	\$ 22,430
Cost of sales	1,590,963	15,910
Selling, general and administrative expenses	317,474	3,174
Other operating income (expenses)	(1,736)	(17)
Operating income	332,850	3,329
Other income (expenses)		
Interest and dividend income	10,265	103
Interest expense	(16,699)	(167)
Other-net	(4,206)	(42)
Other income (expenses)	(10,640)	(106)
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	322,210	3,222
Income taxes	115,794	1,158
Minority interests in income of consolidated subsidiaries	(9,435)	(94)
Equity in earnings of affiliated companies	6,845	68
Income from continuing operations	203,826	2,038
Income from discontinued operations	4,967	50
Net income	¥ 208,793	\$ 2,088

Note : * U.S. dollar amounts are converted and rounded off only for reference at a rate of ¥100=US\$1.00, the prevailing rate announced by the Federal Reserve Bank of New York on March 31, 2008.

Consolidated Statements of Shareholders' Equity (April 1, 2007 - March 31, 2008)

	Millions of yen	Millions of * U.S. dollars
Common stock		
Balance, beginning of year	¥ 67,870	\$ 679
Balance, end of year	¥ 67,870	\$ 679
Capital surplus		
Balance, beginning of year	¥ 137,155	\$ 1,372
Sales of treasury stock	417	4
Issuance and exercise of stock acquisition rights	598	6
Balance, end of year	¥ 138,170	\$ 1,382
Retained earnings, appropriated for legal reserve		
Balance, beginning of year	¥ 24,267	\$ 243
Transfer from unappropriated retained earnings	2,447	24
Balance, end of year	¥ 26,714	\$ 267
Unappropriated retained earnings		
Balance, beginning of year	¥ 517,450	\$ 5,175
Net income	208,793	2,088
Cash dividends paid	(37,810)	(378)
Transfer to retained earnings appropriated for legal reserve	(2,447)	(24)
Balance, end of year	¥ 685,986	\$ 6,860
Accumulated other comprehensive income (loss)		
Balance, beginning of year	¥ 33,501	\$ 335
Aggregate adjustment for the period resulting from translation of foreign currency financial statements	(43,661)	(437)
Net decrease in unrealized holding gains on securities available for sale	(15,071)	(151)
Adjustment for the year of pension liability	(3,908)	(39)
Net increase in unrealized holding gains on derivative instruments	360	4
Balance, end of year	¥ (28,779)	\$ (288)
Treasury stock		
Balance, beginning of year	¥ (3,526)	\$ (35)
Purchase of treasury stock	(340)	(3)
Sales of treasury stock	1,031	10
Balance, end of year	(2,835)	(28)
Total shareholders' equity	¥ 887,126	\$ 8,871
Disclosure of comprehensive income		
Net income for the year	¥ 208,793	\$ 2,088
Other comprehensive income for the year, net of tax	(62,280)	(623)
Comprehensive income for the year	¥ 146,513	\$ 1,465

Consolidated Statements of Cash Flows (April 1, 2007 - March 31, 2008)

	Millions of yen	Millions of * U.S. dollars
Operating activities		
Net income	¥ 208,793	\$ 2,088
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	75,664	757
Deferred income taxes	15,016	150
Net gain from sale of investment securities and subsidiaries	(8,045)	(80)
Net gain on sale of property	(3,169)	(32)
Loss on disposal of fixed assets	3,313	33
Impairment loss on long-lived assets held for use	2,447	24
Impairment loss on goodwill	2,870	29
Pension and retirement benefits, net	(10,782)	(108)
Changes in assets and liabilities:		
Increase in trade receivables	(83,855)	(839)
Increase in inventories	(65,884)	(659)
Increase in trade payables	12,586	126
Decrease in income taxes payable	(2,913)	(29)
Other, net	14,944	149
Net cash provided by operating activities	160,985	1,610
Investing activities		
Capital expenditures	(117,571)	(1,176)
Proceeds from sales of property	19,425	194
Proceeds from sales of available for sale investment securities	601	6
Purchases of available for sale investment securities	(4,663)	(47)
Proceeds from sale of subsidiaries, net of cash disposed	16,372	164
Acquisition of subsidiaries and equity investees, net of cash acquired	(42,717)	(427)
Collection of loan receivables	7,778	78
Disbursement of loan receivables	(6,315)	(63)
Increase in time deposits	(1,092)	(11)
Net cash used in investing activities	(128,182)	(1,282)
Financing activities		
Proceeds from long-term debt	82,791	828
Repayments on long-term debt	(48,868)	(489)
Increase in short-term debt, net	634	6
Repayments of capital lease obligations	(15,168)	(152)
Sale of treasury stock, net	691	7
Dividends paid	(37,810)	(378)
Other, net	308	3
Net cash used in financing activities	(17,422)	(174)
Effect of exchange rate change on cash and cash equivalents		
	(5,570)	(56)
Net increase in cash and cash equivalents	9,811	98
Cash and cash equivalents, beginning of year	92,199	922
Cash and cash equivalents, end of year	¥ 102,010	\$ 1,020

Note : * U.S. dollar amounts are converted and rounded off only for reference at a rate of ¥100=US\$1.00, the prevailing rate announced by the Federal Reserve Bank of New York on March 31, 2008.

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Business Segment Information (April 1, 2007 - March 31, 2008)

1. Information by Operating Segment

Millions of yen

Net sales	
Construction and mining equipment	¥ 1,923,905
Industrial machinery, vehicles and others	455,643
Elimination	(136,525)
Consolidated	¥ 2,243,023
Segment profit	
Construction and mining equipment	¥ 304,385
Industrial machinery, vehicles and others	33,727
Total	338,112
Corporate expenses and elimination	(3,526)
Consolidated segment profit	334,586
Other operating income (expenses)	(1,736)
Operating income	332,850
Interest and dividend income	10,265
Interest expense	(16,699)
Other-net	(4,206)
Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies	¥ 322,210

Identifiable assets	
Construction and mining equipment	¥ 1,612,214
Industrial machinery, vehicles and others	427,508
Corporate assets and elimination	65,424
Consolidated	¥ 2,105,146

Depreciation and amortization	
Construction and mining equipment	¥ 65,712
Industrial machinery, vehicles and others	8,916
Consolidated	¥ 74,628

Capital investment	
Construction and mining equipment	¥ 133,356
Industrial machinery, vehicles and others	12,374
Consolidated	¥ 145,730

2. Geographic Information

Net sales recognized by geographic origin and property, plant and equipment

Millions of yen

	Japan	U.S.A.	Europe and CIS	Others	Total
Net sales	¥ 813,198	¥ 526,821	¥ 420,778	¥ 482,226	¥ 2,243,023
Property, plant and equipment	363,646	65,225	36,664	25,611	491,146

Note : No individual country within Europe or other areas had a material impact on net sales or property, plant and equipment.
There were no sales to a single major external customer for the year ended March 31, 2008.

3. Supplemental Information

The following information is disclosed in the light of the disclosure requirement of Japanese Securities and Exchange Law.

a) Information by region

Millions of yen

	Japan	The Americas	Europe and CIS	Others	Total	Corporate and elimination	Consolidated
Net sales	¥1,292,314	¥ 567,243	¥ 452,222	¥ 517,887	¥ 2,829,666	¥ (586,643)	¥2,243,023
Segment profit	173,063	56,667	44,088	68,204	342,022	(7,436)	334,586
Identifiable assets	1,282,182	441,499	290,008	328,741	2,342,430	(237,284)	2,105,146

Note : Sales amount of each region includes inter-region transactions.

b) Overseas sales

Millions of yen

	The Americas	Europe and CIS	Others	Total
Overseas sales	¥ 541,160	¥ 427,679	¥ 768,999	¥ 1,737,838
Consolidated net sales	—	—	—	2,243,023
Ratio of overseas sales to consolidated net sales (%)	24.1	19.1	34.3	77.5

Notes : 1. Overseas sales represent the sales of the Company and its consolidated subsidiaries to areas other than Japan.

2. Area segments are separated by the geographic proximity.

3. Main countries or areas of each segment above are as follows:

a) The Americas : North America and Latin America b) Europe and CIS : Germany, U.K. and Russia c) Other : China, Oceania, Southeast Asia, Middle East and Africa