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(Thursday)

Part 1: FY2007 Interim Financial Summary and FY2007 Projections

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Executive Vice President and CFO**

Current Term Performance Evaluation

Summary

- Higher earnings for fifth straight year (mid-term net income)
- New records for orders received, sales, operating income, ordinary income and mid-term net income

Performance

- Orders received: JPY 343.8 billion (forecasted: JPY 330 billion)
- Sales: JPY 305.1 billion (forecasted: JPY 300 billion)
- Operating income: JPY 35 billion (forecasted: JYP 30 billion)
- Ordinary income: JPY 35 billion (forecasted: JYP 29 billion)
- Mid-term net income: JPY 20.2 billion (forecasted: JYP 17 billion)

* Forecasts are figures published in May 2007.

Financial Summary for the 1st half of FY2007

Unit: JPY billion

Orders received
Amount of orders received increased in four market segments, except for environmental.

Sales
Amount of sales increased in all market segments.
Industrial machinery and construction machinery provided particularly significant contributions.

Operating income
Considerable increases in operating incomes achieved in all market segments except for standard and mass-produced machinery market segments.

	1 st half of FY2007	1 st half of FY2006	Change
Orders received	343.8	322.4	21.4
Sales	305.1	273.4	31.7
Operating income	35.0	26.8	8.2
Operating income ratio	11.5%	9.8%	1.7%
Ordinary income	35.0	27.7	7.3
Ordinary income ratio	11.5%	10.1%	1.4%
Extraordinary income or loss	-2.2	-1.6	-0.6
Mid-term net income	20.2	16.7	3.5
Mid-term net income ratio	6.6%	6.1%	0.5%

Operating Income by Segment

Unit: JPY billion

Standard and mass-produced machinery

PTC and plastics machinery experienced increases.

Precision and other machinery experienced a slump.

Environmental protection facilities, plants and others

Energy-related facilities performed favorably.

Ship, steel structure and other specialized equipment

New ship building, as well as steel structure and equipment continued to perform favorably.

Industrial machinery

Material handling systems, turbines and pumps performed favorably.

Construction machinery

Hydraulic excavators and mobile crane businesses in the United States performed favorably.

	1 st half of FY2007	1 st half of FY2006	Change
Standard & mass-production machinery	12.7	14.0	-1.3
Environmental protection facilities, plants & others	1.9	-0.1	2.0
Ship, steel structure and other specialized equipment	5.7	2.3	3.5
Industrial machinery	5.5	3.8	1.7
Construction machinery	9.0	6.6	2.4
Total	35.0	26.8	8.2

Balance Sheet

Unit: JPY billion

	September FY2007	March FY2007	Change		September FY2007	March FY2007	Change
Current assets	336.5	332.5	4.0	Liabilities	385.6	394.9	-9.3
Cash and deposits	33.4	48.2	-14.8	Notes and accounts payable	149.7	150.9	-1.2
Notes and accounts receivable	154.2	158.4	-4.2	Advance payments	51.4	40.5	10.9
Inventories	120.7	100.5	20.2	Interest-bearing debt	75.5	88.0	-12.6
Others	28.3	25.5	2.9	Others	109.0	115.5	-6.4
Fixed assets	274.6	268.4	6.2	Net assets	225.6	206.0	19.6
Tangible assets	189.7	185.1	4.5	Common equity	172.8	155.3	17.5
Intangible assets	6.5	6.3	0.2	Variations in estimates and exchanges	51.0	49.3	1.7
Investments and other assets	78.4	77.0	1.5	Minority interests	1.8	1.3	0.5
Total	611.2	600.9	10.3	Total	611.2	600.9	10.3
				Ratio of interest - bearing debt	12.3%	14.7%	-2.3%
				Stockholders' equity ratio	36.6%	34.1%	2.6%

Statements of Cash Flow

Unit: JPY billion

Category	1 st half of FY2007	1 st half of FY2006	Change
Operating activities	11.5	23.4	-12.0
Working capital	-6.2	9.9	-16.2
Operating income before interest payment	38.6	31.0	7.6
Other	-20.9	-17.5	-3.4
Investing activities	-11.4	-2.5	-8.9
Free cash flow	0	20.9	-20.9
Financing activities	-15.2	-32.1	16.8
Increase or decrease in cash and cash equivalents	-14.9	-10.5	-4.4
Cash and cash equivalents at end of year	32.8	33.6	-0.8

Current Term Performance Forecasts

Summary

- Higher earnings forecasted for fifth straight year and increased profits (current term profits) forecasted for seventh straight year.
- New records for orders received, sales, operating income, ordinary income and current net income forecasted.

Performance

- Orders received: JPY 730 billion (forecasted: JPY 700 billion)
- Sales: JPY 660 billion (forecasted: JPY 650 billion)
- Operating income: JPY 77 billion (forecasted: JPY 74 billion)
- Ordinary income: JPY 75 (forecasted: JPY 73 billion)
- Current net income: JPY 43 billion (forecasted: JPY 43 billion)

* Forecasts are figures published in May 2007.

FY2007 Forecast of Operating Results

Unit: JPY billion

	1 st half of FY2007 Actual	1 st half of FY2006 Actual	FY2007 Forecast	FY2006 Actual
Orders received	343.8	322.4	730.0	707.4
Sales	305.1	273.4	660.0	600.3
Operating income	35.0	26.8	77.0	64.2
Operating income ratio	11.5%	9.8%	11.7%	10.7%
Ordinary income	35.0	27.7	75.0	65.3
Ordinary income ratio	11.5%	10.1%	11.3%	10.9%
Extraordinary income or loss	-2.2	-1.6	-3.5	-2.4
Net income	20.2	16.7	43.0	37.4
Net income ratio	6.6%	6.1%	6.5%	6.2%
Dividends	JPY5	JPY3.5	JPY10	JPY7
ROIC (after tax)			13.7%	12.2%
Projected exchange rate (US dollar)			JPY 115	

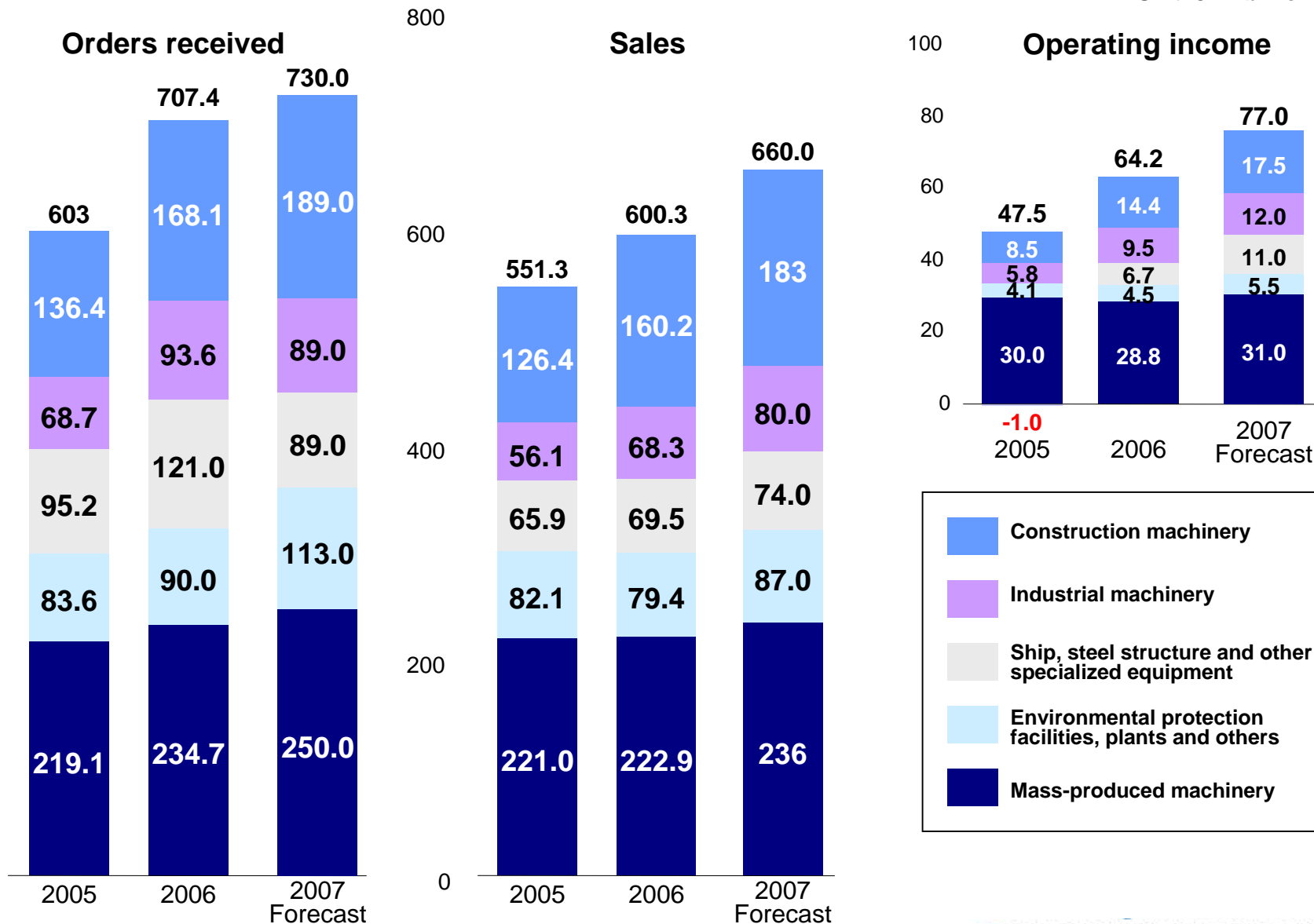
FY2007 Forecast of Sales and Operating Income by Segment

Unit: JPY billion

		1 st half of FY2007 Actual	1 st half of FY2006 Actual	Change	FY2007 Forecast	FY2006 Actual	Change
Mass-produced machinery	Sales	110.2	107.4	2.9	236.0	222.9	13.1
	Operating income	12.7	14.0	-1.3	31.0	28.8	2.2
	Operating income ratio	11.5%	13.0%	-1.5%	13.1%	12.9%	0.2%
Environmental protection facilities, plants and others	Sales	35.3	31.6	3.7	87.0	79.4	7.6
	Operating income	1.9	0.1	2.0	5.5	4.5	1.0
	Operating income ratio	5.4%	-0.2%	5.6%	6.3%	5.6%	0.7%
Ship, steel structure and other specialized equipment	Sales	31.1	29.3	1.8	74.0	69.5	4.5
	Operating income	5.7	2.3	3.5	11.0	6.7	4.3
	Operating income ratio	18.5%	7.8%	10.7%	14.9%	9.7%	5.2%
Industrial machinery	Sales	38.5	28.9	9.6	80.0	68.3	11.7
	Operating income	5.5	3.8	1.7	12.0	9.5	2.5
	Operating income ratio	14.3%	13.3%	1.0%	15.0%	14.0%	1.0%
Construction machinery	Sales	89.9	76.2	13.7	183.0	160.2	22.8
	Operating income	9.0	6.6	2.4	17.5	14.4	3.1
	Operating income ratio	10.0%	8.7%	1.3%	9.6%	9.0%	0.6%
Total	Sales	305.1	273.4	31.7	660.0	600.3	59.7
	Operating income	35.0	26.8	8.2	77.0	64.2	12.8
	Operating income ratio	11.5%	9.8%	1.7%	11.7%	10.7%	1.0%

FY2007 Forecast of Orders Received and Sales by Segment

Unit: JPY billion



Part 2: Management Strategy

Progress of Medium-term Management Plan

“Leap to Excellence ’07”

**Yoshinobu Nakamura,
President and CEO**

Medium-Term Management Plan

“Leap to Excellence '07” Progress of FY2007

Aiming to “Grow and Expand by Raising Levels of Top Line Growth Incomes”

Medium-term targets

- Evolving into a “**company that systematically creates knowledge**” and provides top quality products - Launching products for a leap to excellence in markets
- Vertically integrated business model – **Convergence of PTC and mechatronics**
- Expansion and enhancement of key component businesses

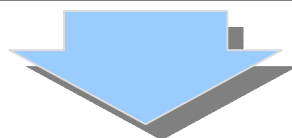
- Initial numerical targets (for end FY2007)

ROIC: **10% or more**

Operating income: **JPY 60 billion or more**

Interest-bearing debt: **JPY 150 billion or less**

JPY 74 billion (reforecasted in May 2007)



All targets achieved one year ahead of schedule

Anticipating achievement of stretched targets

Record for FY2006

Forecast for FY2007

ROIC: **12.2%**

Operating income: **JPY 64.2 billion**

Interest-bearing debt: **JPY 88 billion**

13.7%

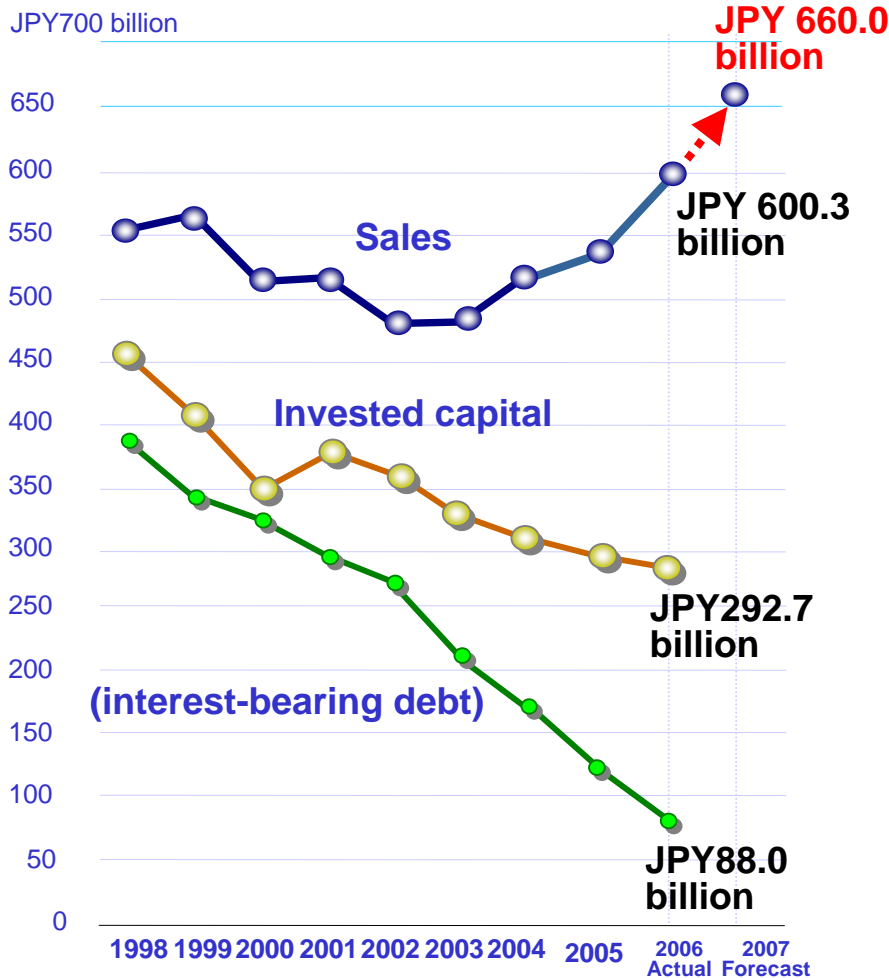
JPY 77 billion

JPY 90 billion

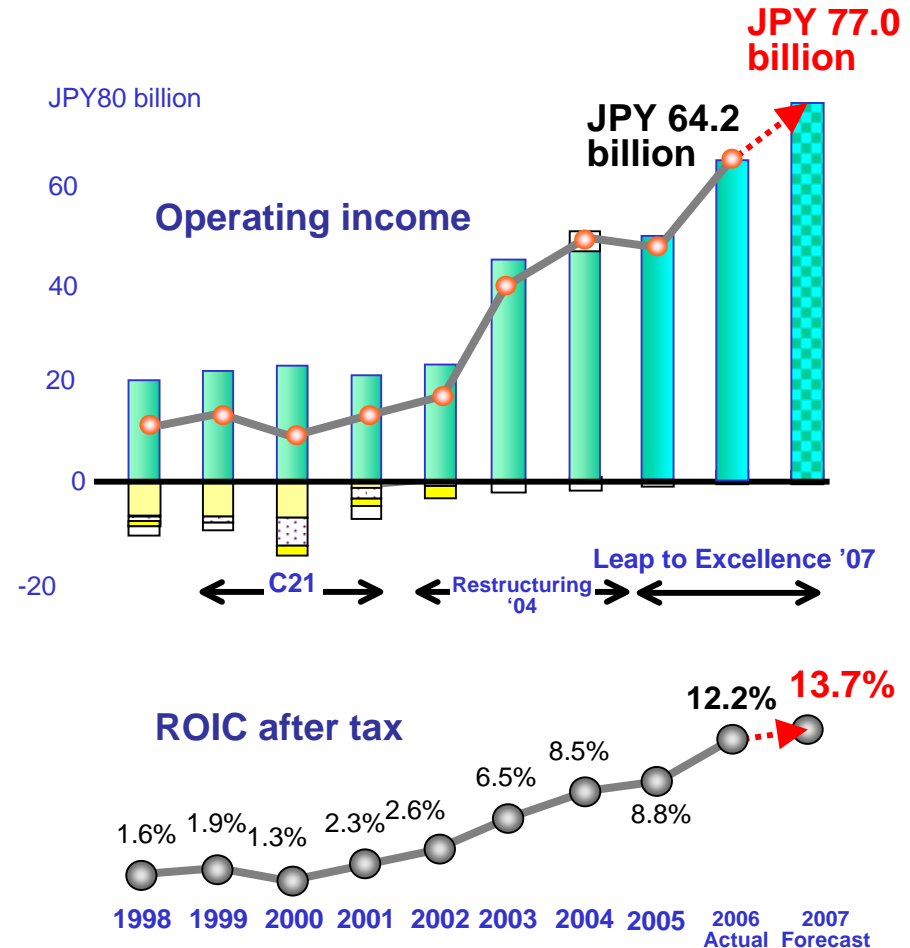
Performance Transition

Upward revision of forecasts for FY2007: Sales of JPY 660 billion and operating income of JPY 77 billion

Sales & invested capital










Operating income & ROIC



Implementation Status by Segment

Unit: JPY billion

Segment		1st half o FY2007 Actual		Market	Strategy	FY2007 Forecast	
		Sales	Operating income			Sales	Operating income
Mass-produced machinery	Power transmission & control	47.7	12.7		<ul style="list-style-type: none"> Expand sales to China and Europe. Enhance capacities of overseas production locations. Enhance precision power transmission products. 	100.0	31.0
	Plastic machinery	28.3			<ul style="list-style-type: none"> Increase market share of general-use plastic injection molding machines. Expand sales of medium-size machines for automotive industries and office use. 	58.0	
	Precision control machinery & others	34.2		 Recovery of market for LCD delayed.	<ul style="list-style-type: none"> Launch of cyclotron for PET in Asia Expand cryo-pump business. Expand mechatronics components business. 	78.0	
	Subtotal	110.2				236.0	
Environmental protection facilities, plants & others		35.3	1.9		<ul style="list-style-type: none"> Increase sales relating to products for new energies in Asia. Increase sales in private sector water treatment systems. 	87.0	5.5
Ship & steel structures		31.2	5.8		<ul style="list-style-type: none"> Enhance material cost control. Reduce costs by serial ship building. Enhance capacities for manufacturing reactor vessels. 	74.0	11.0
Industrial machinery		38.5	5.5		<ul style="list-style-type: none"> Cranes: Developing clientele in ship building and blast furnace manufacturers. Establish global presence of small steam turbines. Enhance forging press business for automotive industries. 	80.0	12.0
Construction machinery		89.9	9.0		<ul style="list-style-type: none"> Increase sales of third gas emission control compatible machines. Increase sales in markets of China and Asia. Expand sales of mobile cranes. 	183.0	17.5
Total		305.1	34.9		Total	660.0	77.0

Topics

Favorable number of orders taken for medium to large power transmissions



Seisa: Large power transmission unit



Gear box

Medium to large size reduction gears performing favorably

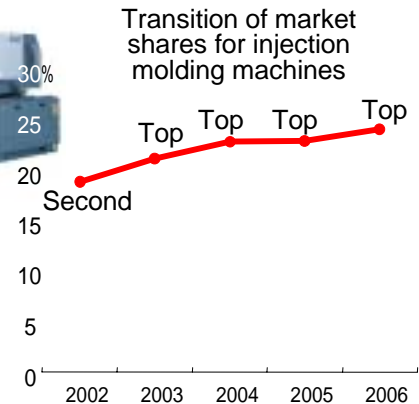
- Medium to large size reduction gear products performing favorably and overseas sales increasing due to the globally increasing demand for resources.
- Increased speed of overseas implementation and investments for enhancement of production capabilities in the reduction gear business.

Increased market share of injection molding machines

Product for Leap to Excellence



SE-HD series product for the automotive industry



Injection molding machines continue to increase sales and sustain top market share in domestic market

- Market share increasing with products for the automotive industry.
- Market implementation of new products (ultrahigh-speed injection molding machines for IT industry) in the market.

Topics

Specializing in standardized ships for serial ship building



Aflamax-type oil tanker

Orders for large cranes stacking up favorably



Goliath crane

Responding to increasing volumes through efficient production

- Improve quality and increase volume through implementation of the Toyota Production System and facility investment effects.
- Aim to become the top ship building yard in the world with Aflamax-type oil tankers.

Favorable condition continues with ship building and blast furnace segments

- Orders for large cranes intended for ship building continue to stack up. Large-scale Goliath cranes and jib cranes, in particular, are sustaining top market shares in domestic markets.
- Favorable amount of orders are being received for products intended for iron and steel industries, primarily with specialized cranes.

Topics

Favorable sales of superior LEGEST

Product for Leap to Excellence



LEGEST

Mobile cranes performing well in North American market



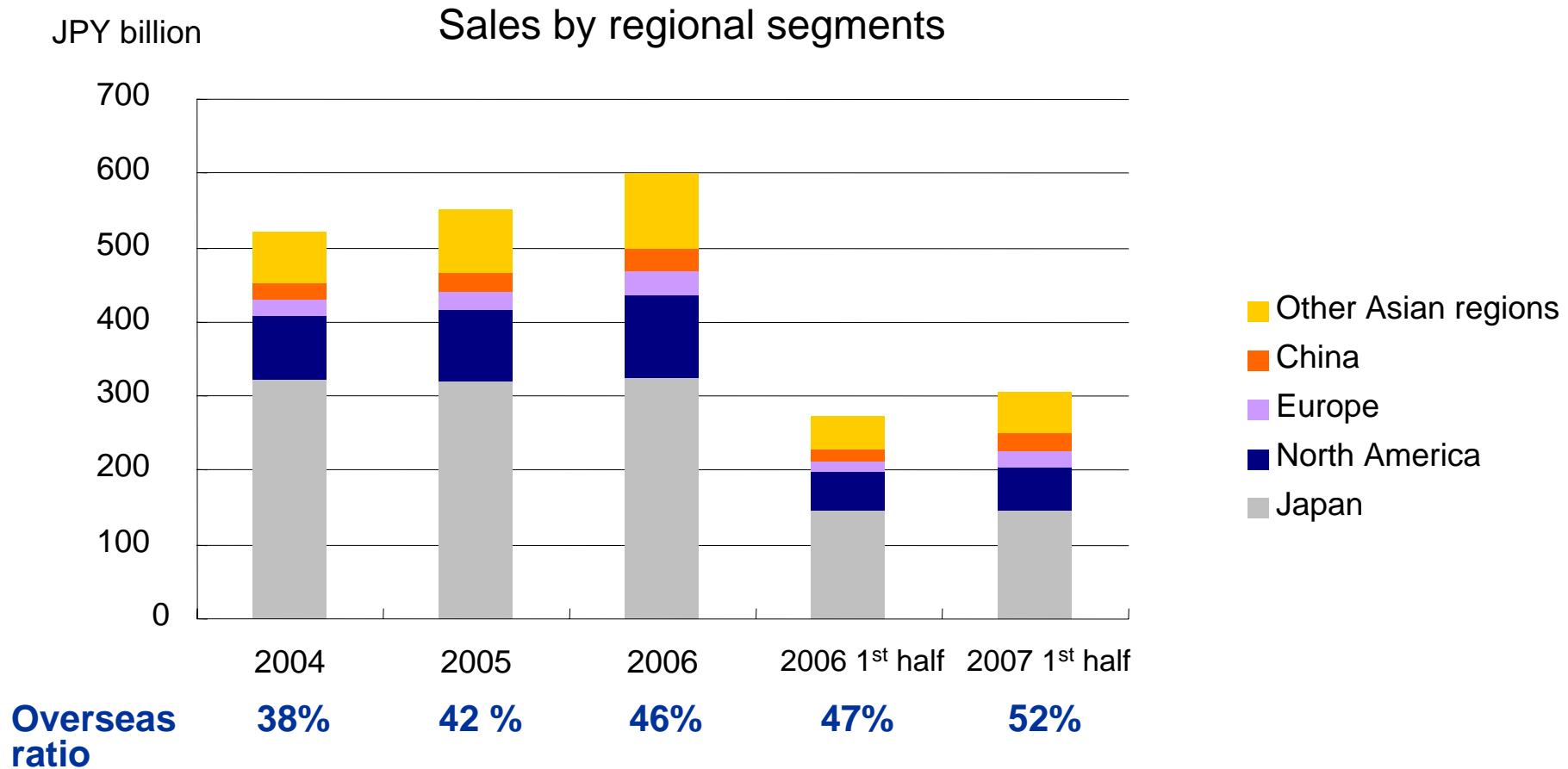
Equipment that complies with third gas emissions regulations receives the “Good Design” award

- Realization of superior durability and fuel efficiency (20% reduction).
- Reduction of maintenance costs and time.
- Surpassing dynamic capabilities.

Enhancement of supply capacity and available product lineup

- Innovative production at crane manufacturing plant in the United States and enhanced performance enhancing investments.
- Further enhanced product line through implementation of new product models.
- Full-scale global implementation of mobile cranes.

Overseas Sales



- Overseas: Growth particularly with products bound for China and Asian markets
- Japan: Growth is leveling out

Overseas Location Strategies

Promotion of new establishment and enhancement of overseas locations

- Design location
- Manufacturing location
- Major sales and service location

July 2007 (Russia)
Reduction gear service location established (St. Petersburg)

April 2007 (Vietnam)
Expanded manufacturing plant for motors used with reduction gears.

May 2006 (Tianjin, China)
Local production of reduction gear enhanced.

June 2007 (Kentucky)
Enhancement on production capacity at mobile crane manufacturing plant started.



Mobile crane

August 2006 (Pennsylvania)
Cryogenics-related affiliates in North America integrated.

November 2006 (Shanghai, China)
Molding technology center opened, while user support and sales services were enhanced.



Plastic injection molding machine

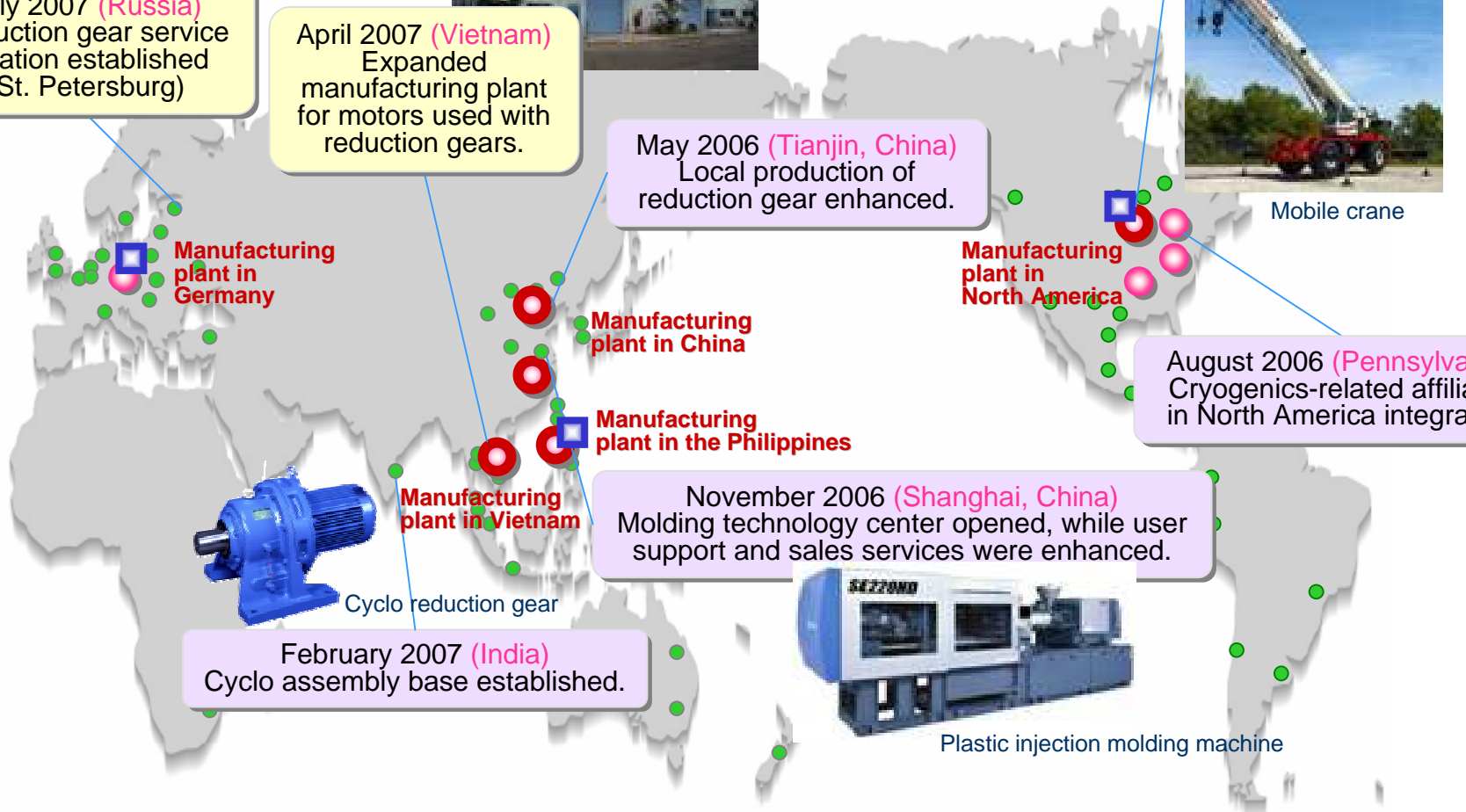


Cyclo reduction gear

February 2007 (India)
Cyclo assembly base established.



Manufacturing plant in Vietnam



Manufacturing plant in Germany

Manufacturing plant in China

Manufacturing plant in North America

Manufacturing plant in the Philippines

Manufacturing plant in Vietnam