

KOMATSU LTD
Form 6-K
July 31, 2007
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FORM 6-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16 under
the Securities Exchange Act of 1934**

For the month of July, 2007

COMMISSION FILE NUMBER: 1-7239

KOMATSU LTD.

Translation of registrant's name into English

3-6 Akasaka 2-chome, Minato-ku, Tokyo, Japan

Address of principal executive offices

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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INFORMATION TO BE INCLUDED IN REPORT

1. Two company announcements made on July 30, 2007.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KOMATSU LTD.
(Registrant)

Date: July 31, 2007

By: /s/ Kenji Kinoshita
Kenji Kinoshita
Director and Senior Executive Officer

Table of Contents**Komatsu Ltd.**

Corporate Communications Dept.

Tel: +81-(0)3-5561-2616

Date: July 30, 2007

URL: <http://www.komatsu.com/>**Consolidated Business Results for the First Quarter****of the Fiscal Year Ending March 31, 2008 (U.S. GAAP)****1. Results for the First Quarter of the Fiscal Year Ending March 31, 2008**

(1) Consolidated Financial Results (Amounts are rounded to the nearest million yen)

Millions of yen except per share amounts

| | First quarter ended June 30, 2007 | First quarter ended June 30, 2006 | Changes Increase | | FY ended March 31, 2007 |
|--|---|---|---------------------|-------|-------------------------------|
| Net sales | 540,865 | 429,462 | 111,403 | 25.9% | 1,893,343 |
| Operating income | 79,652 | 53,617 | 26,035 | 48.6% | 244,741 |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 80,051 | 52,116 | 27,935 | 53.6% | 236,491 |
| Net income | 56,496 | 34,155 | 22,341 | 65.4% | 164,638 |
| Net income per share (Yen) | | | | | |
| Basic | ¥ 56.82 | ¥ 34.37 | ¥ 22.45 | | ¥ 165.70 |
| Diluted | ¥ 56.73 | ¥ 34.30 | ¥ 22.43 | | ¥ 165.40 |

Notes: 1) Percentages shown in net sales, operating income, income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies and net income represent the rates of change compared with the corresponding first quarter a year ago.

2) In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for the first quarter ended June 30, 2006 have been retrospectively reclassified as for the discontinued operations.

(2) Consolidated Financial Position

Millions of yen except per share amounts

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| | As of June 30, | As of June 30, | As of March 31, |
|--------------------------------------|------------------|----------------|-----------------|
| | 2007 | 2006 | 2007 |
| Total assets | 1,919,041 | 1,708,883 | 1,843,982 |
| Shareholders' equity | 850,478 | 643,349 | 776,717 |
| Shareholders' equity ratio | 44.3% | 37.6% | 42.1% |
| Shareholders' equity per share (Yen) | ¥ 854.94 | ¥ 647.22 | ¥ 781.57 |

Table of Contents**2. Projections for the Fiscal Year Ending March 31, 2008**

(From April 1, 2007 to March 31, 2008)

Millions of yen except per share amounts

| | The first half of fiscal year | | The entire fiscal year | |
|--|-------------------------------|------------|------------------------|------------|
| Net sales | 1,074,000 | (up 20.9)% | 2,180,000 | (up 15.1)% |
| Operating income | 154,000 | (up 36.8)% | 311,000 | (up 27.1)% |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 151,000 | (up 39.7)% | 302,000 | (up 27.7)% |
| Net income | 102,000 | (up 51.8)% | 198,000 | (up 20.3)% |
| Net income per share | ¥ 102.53 | | ¥ 199.04 | |

Note: Percentages shown above represent the rates of change compared with the corresponding period a year ago.

3. Others(1) Changes in Group of Entities
Consolidated subsidiariesAdded: Komatsu CIS, LLC and other 9 companies
(From affiliated companies) 1 companyRemoved: Komatsu Zenoah Co. and other 6 companies
Affiliated companies accounted for by the equity methodAdded: 2 companies
Removed: (To consolidated subsidiaries) 1 company

(2) Simplified accounting procedures: Adopted in part to calculate tax expenses.

(3) Changes in accounting procedures since the last consolidated fiscal year: None.

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[Qualitative Information, Financial Statements and Others]

1. Management Performance (Consolidated)

- Notes: 1) In accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, certain business results of the operations, which were discontinued during the fiscal year ended March 31, 2007, are reclassified retrospectively for the first quarter period of the fiscal year ended March 31, 2007.
- 2) Starting in the first quarter period of the current fiscal year under review, Komatsu changed its business segment into two, i.e., Construction and Mining Equipment, and Industrial Machinery, Vehicles and Others. The figures for the corresponding first quarter period last year are reclassified accordingly.

Consolidated net sales for the first quarter period of the fiscal year, ending March 31, 2008, reached ¥540.8 billion, up 25.9% over the corresponding first quarter period a year ago. Operating income for the first quarter period advanced to ¥79.6 billion, an increase of 48.6%. Net income for the first quarter period improved 65.4%, to ¥56.4 billion. With all these results above, Komatsu has renewed its record-high first quarter sales and profits. Operating income ratio for the first quarter period improved by 2.2 percentage points over the previous first quarter period, to 14.7%. While the Construction and Mining Equipment segment continued to enhance its business performance, the Industrial Machinery, Vehicles and Others segment steadily advanced its business results.

Note: Segment profit is obtained by subtracting cost of sales and SG&A expenses, from net sales.
Sales after elimination of internal sales are used as denominators to obtain segment profit ratio.

Construction and Mining Equipment

Consolidated net sales of construction and mining equipment advanced 27.6% over the corresponding first quarter period last year, to ¥464.6 billion for the first quarter period under review. As the market environment remained strong, the Komatsu Group expanded its production capacity with new facilities, such as the Ibaraki Plant in Japan, and through collaboration with our suppliers. We also strengthened sales and service operations by teaming up with our distributors. During the first quarter period, the Japanese yen depreciated more against the U.S. dollar and euro than the corresponding first quarter period a year ago, a positive factor for growth in sales.

Segment profit of the construction and mining equipment business for the first quarter period increased 53.4% over the corresponding first quarter period last year, to ¥75.0 billion. Segment profit ratio reached 16.2% for the first quarter period under review, up 2.8 percentage points from the previous first quarter period a year ago.

In Europe & CIS, China, Asia & Oceania, and the Middle East & Africa, the Komatsu Group focused its efforts on capturing demand for equipment from infrastructure development projects and mines, thereby boosting sales over the corresponding first quarter period last year. In the Americas, while demand declined in North America as affected by the slowdown of U.S. housing starts, sales expanded in Latin America and the Japanese yen depreciated against the U.S. dollar. As a result, sales in the Americas were comparable to the corresponding first quarter period last year. Sales in Japan were about flat from the previous first quarter period a year ago, affected in part by the withdrawal from some unprofitable businesses.

Table of Contents**Sales of Construction and Mining Equipment by Region**

Billions of yen

| | First quarter ended | First quarter ended | Changes | |
|--------------------------|---------------------|---------------------|--------------------|--------------|
| | June 30, 2007 | June 30, 2006 | | |
| | (A) | (B) | Increase(Decrease) | |
| | 1USD=¥122 | 1USD=¥114 | | |
| | 1EUR=¥164 | 1EUR=¥145 | (A)-(B) | |
| Japan | 62.3 | 62.7 | (0.3) | (0.6)% |
| The Americas | 126.1 | 127.1 | (0.9) | (0.8)% |
| Europe & CIS | 106.9 | 64.4 | 42.4 | 65.9% |
| China | 44.8 | 27.4 | 17.3 | 63.2% |
| Asia & Oceania | 77.1 | 49.3 | 27.8 | 56.3% |
| The Middle East & Africa | 47.1 | 33.0 | 14.1 | 42.8% |
| Total | 464.6 | 364.2 | 100.4 | 27.6% |

Industrial Machinery, Vehicles and Others

Consolidated net sales of industrial machinery, vehicles and other operations increased 16.8% over the corresponding first quarter last year, to ¥76.2 billion for the first quarter period under review.

Segment profit improved 41.2% over the previous first quarter period, to ¥6.9 billion. Segment profit ratio amounted to 9.1%, up 1.6 percentage points from the previous first quarter period.

Sales of large presses expanded, reflecting additional production capacity resulting from the Kanazawa Plant in Japan. Komatsu Utility Co., Ltd. increased sales of forklift trucks over the corresponding first quarter period last year.

2. Financial Conditions (Consolidated)

Total assets at the end of the first quarter period amounted to ¥1,919.0 billion, an increase of ¥75.0 billion as compared to March 31, 2007. This mainly reflects an increase in inventories resulting from expanded production in response to thriving demand for construction and mining equipment. Interest-bearing debt at the end of the first quarter period decreased by ¥3.6 billion from March 31, 2007, to ¥345.4 billion. Shareholders' equity at the end of the first quarter period grew by ¥73.7 billion from March 31, 2007, to ¥850.4 billion, due mainly to an increase in profits. As a result, shareholders' equity ratio at the end of the first quarter period translated into 44.3%, up 2.2 percentage points from March 31, 2007. Net debt-to-equity ratio* improved to 0.30 at the end of the first quarter period, as compared to 0.33 at March 31, 2007.

*NetDER = (Interest-bearing debt - Cash and cash equivalents - Time deposits)/Shareholders' equity

Table of Contents**3. Projections for the Fiscal Year Ending March 31, 2008 (Consolidated)**

(From April 1, 2007 to March 31, 2008)

With respect to the construction and mining equipment business, we anticipate that global demand will grow more than our earlier projection. More specifically, while demand in North America will decline more than our projection, as mainly affected by slowing housing starts, demand in other areas of the world will increase more.

In addition, by considering foreign exchange gains under the Japanese yen's depreciation, which we anticipate during our current interim period, we are revising our projection of interim business results which we announced on April 26, 2007.

With respect to foreign exchange rates, which are part of the assumption for our projection, we have made adjustments to our projections as follows: from ¥115 to ¥119 per US\$1 and from ¥150 to ¥161 per EUR1 as the average rates for the first half period of our current fiscal year, and from ¥150 to ¥155 per EUR1 as the average rate for the last half period. As for the average exchange rate against the US dollar for the last half period, we are keeping our earlier assumption of ¥115. For the full year, we have changed our assumptions from ¥115 to ¥117 on average per US\$1 and from ¥150 to ¥158 on average per EUR1.

(1) The first half of fiscal year

Millions of yen except per share amounts

| | Earlier projection (A) | Current projection (B) | Change (B-A) | | Interim Results for FY ended March 31, 2007 |
|--|---------------------------|---------------------------|-----------------|-------|---|
| Net sales | | 1,074,000 | | | |
| | 1,024,000 | (20.9)% | 50,000 | 4.9% | 888,491 |
| Operating income | | 154,000 | | | |
| | 134,000 | (36.8)% | 20,000 | 14.9% | 112,546 |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 130,000 | (39.7)% | 21,000 | 16.2% | 108,078 |
| Net income | | 102,000 | | | |
| | 89,000 | (51.8)% | 13,000 | 14.6% | 67,208 |
| Net income per share | ¥ 89.56 | ¥ 102.53 | ¥ 12.97 | | ¥ 67.65 |

Notes: In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

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(2) The entire fiscal year

Millions of yen except per share amounts

| | Earlier projection (A) | Current projection (B) | Change (B-A) | | Results for FY ended March 31, 2007 |
|---|---------------------------|---------------------------|-----------------|------|---|
| Net sales | | 2,180,000 | | | |
| | 2,100,000 | (15.1)% | 80,000 | 3.8% | 1,893,343 |
| Operating income | | 311,000 | | | |
| | 287,000 | (27.1)% | 24,000 | 8.4% | 244,741 |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | | 302,000 | | | |
| | 277,000 | (27.7)% | 25,000 | 9.0% | 236,491 |
| Net income | | 198,000 | | | |
| | 183,000 | (20.3)% | 15,000 | 8.2% | 164,638 |
| Net income per share | ¥ 184.14 | ¥ 199.04 | ¥ 14.90 | | ¥ 165.70 |

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as will, believes, should, projects and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

Table of Contents**Condensed Consolidated Balance Sheets**

Millions of yen

| | As of June 30, 2007 (A) | As of March 31, 2007 (B) | Changes Increase (Decrease) (A)-(B) |
|--|-------------------------------|-----------------------------------|--|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | ¥ 90,470 | ¥ 92,199 | ¥ (1,729) |
| Time deposits | 214 | 54 | 160 |
| Trade notes and accounts receivable | 483,431 | 478,063 | 5,368 |
| Inventories | 486,039 | 437,894 | 48,145 |
| Assets held for sale | | 16,321 | (16,321) |
| Other current assets | 123,031 | 119,214 | 3,817 |
| Total current assets | 1,183,185 | 1,143,745 | 39,440 |
| Long-term trade receivables | 69,566 | 73,669 | (4,103) |
| Investments | 174,910 | 155,146 | 19,764 |
| Property, plant and equipment - Less accumulated depreciation | 405,575 | 388,393 | 17,182 |
| Other assets | 85,805 | 83,029 | 2,776 |
| Total | 1,919,041 | 1,843,982 | 75,059 |
| Liabilities and Shareholders Equity | | | |
| Current liabilities: | | | |
| Short-term debt (including current maturities of long-term debt) | 181,279 | 174,734 | 6,545 |
| Trade notes and accounts payable | 358,639 | 365,065 | (6,426) |
| Income taxes payable | 28,179 | 54,933 | (26,754) |
| Liabilities held for sale | | 7,919 | (7,919) |
| Other current liabilities | 207,297 | 182,529 | 24,768 |
| Total current liabilities | 775,394 | 785,180 | (9,786) |
| Long-term liabilities | 265,363 | 262,311 | 3,052 |
| Minority interests | 27,806 | 19,774 | 8,032 |
| Shareholders equity: | | | |
| Common stock | 67,870 | 67,870 | |
| Capital surplus | 137,158 | 137,155 | 3 |
| Retained earnings | 580,314 | 541,717 | 38,597 |
| Accumulated other comprehensive income * | 67,966 | 33,501 | 34,465 |
| Treasury stock | (2,830) | (3,526) | 696 |
| Total shareholders equity | 850,478 | 776,717 | 73,761 |

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| | | | |
|--|-----------------------|------------------------|----------------------------|
| Total | ¥ 1,919,041 | ¥ 1,843,982 | ¥ 75,059 |
| | As of June 30, | As of March 31, | Changes |
| | 2007 | 2007 | Increase (Decrease) |
| *Accumulated other comprehensive income: | | | |
| Foreign currency translation adjustments | ¥ 31,699 | ¥ 9,204 | ¥ 22,495 |
| Net unrealized holding gains on securities available for sale | 51,378 | 39,807 | 11,571 |
| Pension liability adjustments - After application of SFAS No.158 | (14,319) | (15,300) | 981 |
| Net unrealized holding gains (losses) on derivative instruments | (792) | (210) | (582) |
| Short & long-term debt | ¥ 345,411 | ¥ 349,074 | ¥ (3,663) |

Note: In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, assets and liabilities held for sale in connection with the discontinued operations were classified as held for sale as of March 31, 2007.

Table of Contents**Condensed Consolidated Statements of Income**

(For three months ended June 30, 2007 and 2006)

Millions of yen

| | First quarter | First quarter | Changes | |
|--|-----------------|-----------------|---------------------|-------------|
| | ended | ended | Increase (Decrease) | % |
| | June 30, 2007 | June 30, 2006 | (A)-(B) | |
| | (A) | (B) | | |
| Net sales | ¥ 540,865 | ¥ 429,462 | ¥ 111,403 | 25.9 |
| Cost of sales | 384,503 | 306,272 | 78,231 | |
| Selling, general and administrative expenses | 74,919 | 69,770 | 5,149 | |
| Other operating income (expenses) | (1,791) | 197 | (1,988) | |
| Operating income | 79,652 | 53,617 | 26,035 | 48.6 |
| Other income (expenses) | | | | |
| Interest and dividend income | 2,924 | 2,116 | 808 | |
| Interest expense | (4,358) | (3,502) | (856) | |
| Other-net | 1,833 | (115) | 1,948 | |
| Other income (expenses) | 399 | (1,501) | 1,900 | |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 80,051 | 52,116 | 27,935 | 53.6 |
| Income taxes | 27,748 | 18,120 | 9,628 | |
| Minority interests in income of consolidated subsidiaries | (2,425) | (1,979) | (446) | |
| Equity in earnings of affiliated companies | 1,640 | 438 | 1,202 | |
| Income from continuing operations | 51,518 | 32,455 | 19,063 | 58.7 |
| Income from discontinued operations | 4,978 | 1,700 | 3,278 | 192.8 |
| Net income | ¥ 56,496 | ¥ 34,155 | ¥ 22,341 | 65.4 |

Note: In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for the first quarter ended June 30, 2006 have been retrospectively reclassified as for the discontinued operations.

Table of Contents**Business Segment Information**

(For three months ended June 30, 2007 and 2006)

Millions of yen

| | First quarter ended | | | First quarter ended | | | Changes | |
|---|---------------------|--------|--------------------------------|---------------------|--------|--------------------------------|---------------------|--------|
| | June 30, 2007 | | | June 30, 2006 | | | Increase (Decrease) | |
| | (A) Segment | | Segment Profit Ratio (%) | (B) Segment | | Segment Profit Ratio (%) | (A)-(B) Segment | |
| | Sales | Profit | | Sales | Profit | | Sales | Profit |
| Construction and Mining Equipment | 471,145 | 75,044 | 15.9 | 369,743 | 48,910 | 13.2 | 101,402 | 26,134 |
| Industrial Machinery, Vehicles and Others | 100,423 | 6,924 | 6.9 | 85,818 | 4,905 | 5.7 | 14,605 | 2,019 |
| Subtotal | 571,568 | 81,968 | 14.3 | 455,561 | 53,815 | 11.8 | 116,007 | 28,153 |
| Corporate & Elimination | (30,703) | (525) | | (26,099) | (395) | | (4,604) | (130) |
| Total | 540,865 | 81,443 | 15.1 | 429,462 | 53,420 | 12.4 | 111,403 | 28,023 |

Notes: 1) The operating results from discontinued operations for the first quarter ended June 30, 2006 have been retrospectively reclassified as for the discontinued operations.

2) Starting in the first quarter ended June 30, 2007, Komatsu changed its business segment. Certain consolidated financial results for the first quarter ended June 30, 2006 have been retrospectively reclassified according to the new business segments.

Table of Contents**Consolidated Sales by Operation**

(For three months ended June 30, 2007 and 2006)

Millions of yen

| | | First quarter ended | | | | | |
|---|----------|---------------------|--------------|---------------|----------|---|-------|
| | | First quarter ended | | June 30, 2006 | | Changes Increase (Decrease) (A)-(B) | |
| | | June 30, 2007 | | June 30, 2006 | | | |
| | | (A) | | (B) | | (A)-(B) | |
| | | Sales | Ratio(%) | Sales | Ratio(%) | Sales | (%) |
| Construction and Mining Equipment | Japan | 62,337 | 11.5 | 62,707 | 14.6 | (370) | (0.6) |
| | Overseas | 402,294 | 74.4 | 301,508 | 70.2 | 100,786 | 33.4 |
| | | 464,631 | 85.9 | 364,215 | 84.8 | 100,416 | 27.6 |
| Industrial Machinery, Vehicles and Others | Japan | 46,377 | 8.6 | 40,317 | 9.4 | 6,060 | 15.0 |
| | Overseas | 29,857 | 5.5 | 24,930 | 5.8 | 4,927 | 19.8 |
| | | 76,234 | 14.1 | 65,247 | 15.2 | 10,987 | 16.8 |
| Total | Japan | 108,714 | 20.1 | 103,024 | 24.0 | 5,690 | 5.5 |
| | Overseas | 432,151 | 79.9 | 326,438 | 76.0 | 105,713 | 32.4 |
| | | 540,865 | 100.0 | 429,462 | 100.0 | 111,403 | 25.9 |

Notes: 1) The operating results from discontinued operations for the first quarter ended June 30, 2006 have been retrospectively reclassified as for the discontinued operations.

2) The consolidated sales by operation for the first quarter ended June 30, 2006 have been retrospectively reclassified due to the change in business segment.

(end)

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Komatsu Ltd.
 Corporate Communications Dept.
 Tel: +81-(0)3-5561-2616
 Date: July 30, 2007
 URL: <http://www.komatsu.com/>

Revision of Projections for the Fiscal Year ending March 31, 2008

Komatsu Ltd. has revised the projections for consolidated and non-consolidated results for the fiscal year ending March 31, 2008, which the Company announced on April 26, 2007.

1. Revision for Interim Results for the Fiscal Year Ending March 31, 2008

(From April 1, 2007 to September 30, 2007)

(1) Consolidated [U.S.GAAP]

Millions of yen except per share amounts

| | Earlier projection (A) | Current projection (B) | Change (B-A) | | Interim Results for FY ended March 31, 2007 |
|--|------------------------------|------------------------------|-----------------|-------|---|
| | | 1,074,000 | | | |
| Net sales | 1,024,000 | (20.9)% | 50,000 | 4.9% | 888,491 |
| | | 154,000 | | | |
| Operating income | 134,000 | (36.8)% | 20,000 | 14.9% | 112,546 |
| | | 151,000 | | | |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | 130,000 | (39.7)% | 21,000 | 16.2% | 108,078 |
| | | 102,000 | | | |
| Net income | 89,000 | (51.8)% | 13,000 | 14.6% | 67,208 |
| Net income per share | ¥ 89.56 | ¥ 102.53 | ¥ 12.97 | | ¥ 67.65 |

Notes: In accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, the consolidated statements of income for the first half ended September 30, 2006 have been retrospectively reclassified as for the discontinued operations.

(2) Non-consolidated

Millions of yen except per share amounts

| | Earlier projection (A) | Current projection (B) | Change (B-A) | | Interim Results for FY ended March 31, 2007 |
|--|------------------------------|------------------------------|-----------------|--|---|
|--|------------------------------|------------------------------|-----------------|--|---|

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| | | | | | |
|----------------------|---------|----------------|--------|-------|---------|
| | | 410,000 | | | |
| Net sales | 400,000 | (15.2)% | 10,000 | 2.5% | 355,793 |
| | | 50,000 | | | |
| Operating income | 41,000 | (28.2)% | 9,000 | 22.0% | 39,001 |
| | | 64,000 | | | |
| Ordinary profit | 52,000 | (40.5)% | 12,000 | 23.1% | 45,546 |
| | | 50,000 | | | |
| Net income | 41,000 | (62.7)% | 9,000 | 22.0% | 30,725 |
| Net income per share | ¥ 41.23 | ¥ 50.23 | ¥ 9.00 | | ¥ 30.91 |

Notes: The amounts in parentheses indicate the changes from the previous fiscal year.

Table of Contents**2. Revision for the Full-Year Results for the Fiscal Year Ending March 31, 2008**

(From April 1, 2007 to March 31, 2008)

(1) Consolidated [U.S.GAAP]

Millions of yen except per share amounts

| | Earlier projection (A) | Current projection (B) | Change (B-A) | | Results for FY ended March 31, 2007 |
|--|------------------------------|------------------------------|-----------------|------|---|
| Net sales | | 2,180,000 | | | |
| | 2,100,000 | (15.1)% | 80,000 | 3.8% | 1,893,343 |
| Operating income | | 311,000 | | | |
| | 287,000 | (27.1)% | 24,000 | 8.4% | 244,741 |
| Income from continuing operations before income taxes, minority interests and equity in earnings of affiliated companies | | 302,000 | | | |
| | 277,000 | (27.7)% | 25,000 | 9.0% | 236,491 |
| Net income | | 198,000 | | | |
| | 183,000 | (20.3)% | 15,000 | 8.2% | 164,638 |
| Net income per share | ¥ 184.14 | ¥ 199.04 | ¥ 14.90 | | ¥ 165.70 |

(2) Non-consolidated

Millions of yen except per share amounts

| | Earlier projection (A) | Current projection (B) | Change (B-A) | | Results for FY ended March 31, 2007 |
|----------------------|------------------------------|------------------------------|-----------------|-------|---|
| Net sales | | 880,000 | | | |
| | 850,000 | (16.0)% | 30,000 | 3.5% | 758,529 |
| Operating income | | 105,000 | | | |
| | 91,000 | (16.1)% | 14,000 | 15.4% | 90,475 |
| Ordinary profit | | 118,000 | | | |
| | 100,000 | (20.2)% | 18,000 | 18.0% | 98,149 |
| Net income | | 85,000 | | | |
| | 72,000 | (2.6)% | 13,000 | 18.1% | 82,843 |
| Net income per share | ¥ 72.41 | ¥ 85.40 | ¥ 12.99 | | ¥ 83.34 |

Notes: The amounts in parentheses indicate the changes from the previous fiscal year.

3. Reasons for the Revision

With respect to the construction and mining equipment business, we anticipate that global demand will grow more than our earlier projection. More specifically, while demand in North America will decline more than our projection, as mainly affected by slowing housing starts, demand will increase more in Europe & CIS, China, Asia & Oceania and some other areas of the world.

In addition, by considering foreign exchange gains under the Japanese yen's depreciation, which we anticipate during our current interim period, we are revising our projection of full-year business results as follows: ¥80 billion more on consolidated net sales, ¥24 billion more on operating income, ¥25 billion more on income from continuing operations before income taxes, and ¥15 billion more on net income.

The table below shows the changes of our assumptions on foreign exchange rates.

| | Earlier projection | | | Current projection | | |
|---------|----------------------|----------------------|-----------|----------------------|----------------------|------------|
| | 1 st half | 2 nd half | Full year | 1 st half | 2 nd half | Full year |
| JPY/USD | 115 | 115 | 115 | 119 | 115 | 117 |
| JPY/EUR | 150 | 150 | 150 | 161 | 155 | 158 |

(end)

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Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as will, believes, should, projects and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.
