

**Supplementary Explanation to the Financial Results  
for the Fiscal Year Ended  
(April 1, 2005 – March 31, 2006)**

I . Consolidated Full Year Performance	(Billions of yen %)					
	Year Ended Mar.31, 2005 Actual	Year Ended Mar.31, 2006 Actual	Variance Amount %		Forecasted Business Results	Variance from Forecast
Net Sales	157.4	<b>161.7</b>	4.3	2.7	163.0	(1.3)
Domestic	141.5	<b>141.2</b>	(0.3)	(0.2)	146.0	(4.8)
Overseas	15.9	<b>20.5</b>	4.6	(29.2)	17.0	3.5
Operating Income	6.5	<b>7.4</b>	0.9	(14.5)	8.5	(1.1)
Balance of Financial Income	(1.4)	<b>(1.1)</b>	0.3		(1.3)	0.2
Other Non-operating Income	0.2	<b>0.5</b>	0.3		0.3	0.2
Ordinary Income	5.3	<b>6.8</b>	1.5	(29.8)	7.5	(0.7)
Extraordinary Gains	0.8	<b>0.9</b>	0.1		0.7	0.2
Extraordinary Losses	(1.1)	<b>(1.9)</b>	(0.8)		(1.4)	(0.5)
Income Before Income Taxes and Minority Interests	5.0	<b>5.8</b>	0.8	(15.2)	6.8	(1.0)
Income taxes & Deferred taxes	(2.0)	<b>(2.1)</b>	(0.1)		(2.8)	0.7
Net Income	3.0	<b>3.7</b>	0.7	(26.7)	4.0	(0.3)

**A. Comparison with the Previous Fiscal Year**

1. Sales:

Sales increased ¥4.3 billion (up 2.7%) over the previous fiscal year.

a. Domestic sales declined ¥0.3 billion (down 0.2%).

- Agricultural machinery sales were virtually unchanged. Overall sales declined ¥0.3 billion due to reduced sales of facility construction work.

b. Overseas sales increased ¥4.6 billion (up 29.2%)

- In the European and North American markets, sales of tractors and lawn mowers contributed to the increased sales.
- In the Chinese market, sales of combine harvesters and rice transplanters were initiated.

## 2. Operating income:

Income increased ¥0.9 billion (up 14.5%) over the previous fiscal year

- a. Operating income increased as rising raw material prices and overseas distribution costs were more than offset by increased gross income and cost cuts.

## 3. Ordinary income:

Income increased ¥1.5 billion (up 29.8%) over the previous fiscal year.

- a. The increase in profits was greater than the last year, mainly due to improved financial revenue and expense (¥0.3 billion) and foreign exchange gains.

## 4. Net income:

Net income increased ¥0.7 billion (up 26.7%) over the previous fiscal year.

- a. Because of temporary increase of extraordinary losses such as impairment loss of fixed assets (¥0.5 billion) and losses incurred from the disposal of a subsidiary (¥0.5 billion), the amount of increased net income for the current fiscal year was a modest ¥0.7 billion.

## **B. Comparison with the Performance Forecast**

### 1. Sales:

Compared with the forecast, there was a ¥1.3 billion shortfall.

- a. Domestic sales was short by ¥4.8 billion. Overall, overseas sales increased ¥3.5 billion reflecting far higher than anticipated sales in the European markets.

### 2. Operating income:

Compared with the forecast, there was a ¥1.1 billion shortfall.

- a. Operating income did not meet the forecasted amount, and was short by ¥1.1 billion mainly due to less than expected sales of the main domestic agricultural machinery, within which, the impact of unattained sales of the domestic agricultural machinery sales plan in the January to March period was ¥0.4 billion.

### 3. Ordinary income:

Compared with the forecast, actual income was ¥0.7 billion short.

- a. Due to the improved performance of non-operating revenue and expenditure including financial revenue and expenditure, the unattained amount of ordinary income was limited to ¥0.7 billion.

**Sales Breakdown**

				(Billions of yen)	
	Year Ended Mar.31, 2005 Actual	Year Ended Mar.31, 2006 Actual	Variance Amount	Forecasted Business Results	Variance from Forecast
Agricultural Machinery	74.1	<b>74.0</b>	(0.1)	78.1	(4.1)
Parts and farming implements	30.1	<b>30.5</b>	0.4	30.3	0.2
Constructions of Facilities	6.9	<b>5.1</b>	(1.8)	5.8	(0.7)
Others	30.4	<b>31.6</b>	1.2	31.8	(0.2)
Domestic total	141.5	<b>141.2</b>	(0.3)	146.0	(4.8)
Overseas total	15.9	<b>20.5</b>	4.6	17.0	3.5
<b>Total</b>	<b>157.4</b>	<b>161.7</b>	<b>4.3</b>	<b>163.0</b>	<b>(1.3)</b>

**II. Consolidated Financial Position**

Financial indices such as D/E ratio and shareholders' equity to assets ratio improved thanks to the effect of reduced interest bearing liabilities etc.

	(Billions of yen)		
	Year Ended Mar.31, 2005 Actual	Year Ended Mar.31, 2006 Actual	Variance
Total capital	184.5	<b>183.8</b>	(0.7)
Shareholders' equity	51.7	<b>58.6</b>	6.9
Retained earnings	6.8	<b>9.7</b>	2.9
Interest bearing liabilities	61.2	<b>55.4</b>	(5.8)
Shareholders' equity to total assets	28.0%	<b>31.9%</b>	3.9%
Ratio of interest bearing liabilities / shareholders' equity (D/E ratio)	1.2 times	<b>0.9 times</b>	(0.3 times)
Net Income / shareholders' equity (ROE)	5.9%	<b>6.8%</b>	0.9%

### III. Forecast of the Full Year Financial Performance

(Billions of yen, %)

	Year Ended	Year Ended	Variance	
	Mar. 31. 2006	Mar. 31. 2007	Amount	%
	Actual	Forecast		
Net Sales	161.7	<b>164.0</b>	2.3	1.4
Domestic	141.2	<b>143.0</b>	1.8	1.3
Overseas	20.5	<b>21.0</b>	0.5	2.4
Operating Income	7.4	<b>6.5</b>	(0.9)	(12.2)
Ordinary Income	6.8	<b>6.0</b>	(0.8)	(11.8)
Net Income	3.7	<b>3.5</b>	(0.2)	(5.4)

#### A. Sales:

Sales are expected to increase ¥2.3 billion (up 1.4%) over the previous year.

There are uncertainties ahead in the domestic agricultural machinery market, and we expect sales of agricultural machinery will remain more or less unchanged from the previous period.

Overall increase in overseas sales will be very small, but in the Chinese market, we expect an expansion of sales.

#### B. Operating income:

Operating income is expected to fall ¥0.9 billion (down 12.2%)

We expect ordinary income will be reduced, reflecting uncertain factors of additional price hike of materials and foreign exchange fluctuations, coupled with expected increase in expenditures for stepping up of productive facilities and betterment of service facilities belonging to our service subsidiaries. In this forecast, we assume applicable foreign exchange rates as follow:

US\$1= ¥105, Euro1= ¥125

#### C. Ordinary income:

Ordinary income is expected to fall ¥0.8 billion (down 11.8%)

We expect non-operating income or expenses will remain virtually unchanged, taking into consideration of higher interest rates.

#### D. Net income:

Net income is expected to fall by ¥0.2 billion (down 5.4%) over the previous fiscal year.

The magnitude of reduced profit will be smaller due to reduced extraordinary losses.