

Supplementary Information to the Financial Results
for the Fiscal Year Ended March 31, 2010
(April 1, 2009—March 31, 2010)

I. Consolidated Business Results

	Year Ended		Variance		(Billions of yen, %)	
	March 2009	Year Ended March 2010	Amount	%	Year Ended March 2010	Variance Amount
	Net Sales	149.6	149.3	(0.3)	(0.2)	148.0
Domestic	126.5	131.2	4.7	3.7	130.0	1.2
Overseas	23.1	18.1	(5.0)	(21.7)	18.0	0.1
Gross Profit on Sales	45.9	47.4	1.5	3.3	46.5	0.9
Gross Profit Margin	30.7%	31.7%	1.0%	—	31.4%	0.3%
Selling, General and Administrative Expenses	44.3	42.9	(1.4)	(3.2)	43.2	(0.3)
Operating Income	1.6	4.5	2.9	186.2	3.3	1.2
Balance of Financial Income	(1.1)	(1.0)	0.1	—	(1.2)	0.2
Other Non-operating Income	0.3	0.1	(0.2)	—	—	0.1
Ordinary Income	0.8	3.6	2.8	373.9	2.1	1.5
Extraordinary Gains	0.6	0.1	(0.5)	—	0.1	—
Extraordinary Losses	(0.9)	(1.0)	(0.1)	—	(0.2)	(0.8)
Income Before Income Taxes	0.5	2.7	2.2	500.6	2.0	0.7
Income taxes	(0.5)	(0.4)	0.1	—	(0.9)	0.5
Net Income	—	2.3	2.3	—	1.1	1.2

1) Comparison with the previous fiscal year

A. Net Sales: decreased by ¥0.3 billion (down 0.2%) from the previous fiscal year.

- [Domestic sales] The agricultural machinery market as a whole shifted weak by the influence of recession and restrained purchasing behavior to see direction of the agricultural policy after the government change, in spite of partial increase of demand by the supportive measure of the agricultural policy (Urgent machinery leasing support program), which resulted in decreased sales of the agricultural machinery by ¥2.1 billion. On the other hand, domestic sales in total increased by ¥4.7 billion (up 3.7%) to ¥131.2 billion, mainly due to ¥7.1 billion increase of sales of facility constructions whose orders received/completed construction were strong centering on large drying facilities.
- [Overseas sales] Chinese market remained solid with increased sales of ¥1.6 billion. However, overseas sales in total declined ¥5.0 billion (down 21.7%) to ¥18.1 billion, since sales in the other areas (North America, Europe, Australia, etc.) declined ¥6.4 billion due to recession and a prolonged trend of strong yen.

B. Operating income: increased ¥2.9 billion (up 186.2%) compared to the previous fiscal year.

Ordinary income: increased ¥2.8 billion (up 373.9%) compared to the previous fiscal year.

Net income: increased ¥2.3 billion (-) compared to the previous fiscal year.

- Operating income increased ¥2.9 billion to ¥4.5 billion due to improved profitability by the raising of retail prices which was implemented two years ago, increased sales of facility construction as well as the cost reduction effect of selling, general and administrative expenses, which more than compensated for factors to reduce earnings such as reduced agricultural machinery sales and foreign exchange loss incurred by the prolonged trend of strong yen.
- As a result of the increased operating income, ordinary income increased ¥2.8 billion to ¥3.6 billion, and net income increased ¥2.3 billion to ¥2.3 billion.

2) Comparison with the performance forecast

- A. Net sales: increased ¥1.3 billion (up 0.9%) compared to the forecast.

[Domestic sales] Sales of agricultural machinery were better than the forecast with an increase of ¥0.6 billion. Domestic sales increased ¥1.2 billion in total due to ¥0.6 billion increase which primarily came from acceleration of the completed facility construction.

[Overseas sales] Overseas sales shifted almost in line with the forecast with an increase of ¥0.1 billion in total.

- B. Operating income: increased ¥1.2 billion (up 36.8%) compared to the forecast.

Ordinary income: increased ¥1.5 billion (up 74.2%) compared to the forecast.

Net income: increased ¥1.2 billion (up 113.4%) compared to the forecast.

- Operating income increased mainly due to increased domestic sales, effect of measures to improve profitability such as reduced inventory, as well as cost reduction effect of selling, general and administrative expenses such as distribution cost.
- Both ordinary income and net income increased due to increased operating income.

(Sales Breakdown)

	Year Ended		Variance	(Billions of yen)	
	March 2009 Actual Result	Year Ended March 2010 Actual Result		March 2010 Forecast	Variance Amount
Agricultural Machinery	66.1	64.0	(2.1)	63.4	0.6
Parts & Farming Implements	29.5	30.4	0.9	30.4	—
Construction of Facilities	4.0	11.1	7.1	10.5	0.6
Others	26.9	25.7	(1.2)	25.7	—
Domestic Sales Total	126.5	131.2	4.7	130.0	1.2
North America	6.5	4.0	(2.5)	4.0	—
Europe	9.4	6.5	(2.9)	6.3	0.2
China	1.9	3.5	1.6	3.4	0.1
Asia	2.3	1.8	(0.5)	2.0	(0.2)
Australia and others	0.9	0.4	(0.5)	0.4	—
Total Product Sales	21.0	16.2	(4.8)	16.1	0.1
Others	2.1	1.9	(0.2)	1.9	—
Overseas Sales Total	23.1	18.1	(5.0)	18.0	0.1
Total	149.6	149.3	(0.3)	148.0	1.3

II. Performance forecast for the fiscal year ending March 31, 2011

(Point of view of performance forecast)

In domestic market, we forecast the demand for agricultural machinery to remain flat as it will take more time before the economy to recover, in spite of expected growing interest in purchasing by the agricultural policy towards improved food self sufficiency, in particular implementation of the system to provide income subsidy for each farming household. It coincides with 85th anniversary of inauguration of our company, and we expect increased revenue by the effect of introduction of new products in our measure of special promotion.

In overseas market, we will not only try to establish ISEKI brand in growing Chinese market, but we expect increased revenue by factoring in recovery of shipping to the North America area where we suffered a substantial decrease in the previous fiscal year.

With respect to operating income, though increased profit by increased revenue is incorporated, we expect decreased profit due to anticipated rise in the material price, further prolongation of the trend of strong yen, as well as increased selling, general and administrative expenses.

Forecasts of annual business performances for the fiscal year ending March 31, 2011

(Consolidated)	(Billions of yen)			
	Year Ended	Year Ending	Variance	
	March 2010	March 2011		
	Actual Result	Forecast	Amount	%
Net Sales	149.3	151.0	1.7	1.1
Domestic	131.2	132.0	0.8	0.6
Overseas	18.1	19.0	0.9	5.2
Operating Income	4.5	3.5	(1.0)	(22.5)
Ordinary Income	3.6	2.6	(1.0)	(28.9)
Net Income	2.3	1.1	(1.2)	(53.1)

Reference

(Non-consolidated)	(Billions of yen)			
	Year Ended	Year Ending	Variance	
	March 2010	March 2011		
	Actual Result	Forecast	Amount	%
Net Sales	90.9	91.0	0.1	0.1
Operating Income	1.2	0.7	(0.5)	(41.6)
Ordinary Income	1.5	0.8	(0.7)	(47.5)
Net Income	1.6	0.5	(1.1)	(68.9)

* Foreign exchange rates: ¥90 against the US dollar and ¥120 against the Euro.