

Supplementary Information for the Three Months of Financial Results
(April 1, 2010—June 30, 2010)

I. Three Months Consolidated Business Results

(Billions of yen, %)

	1 st Quarter- FY2010	1 st Quarter- FY2011	Variance		1 st Quarter FY2011 Plan	Variance Amount
			Amount	%		
Net Sales	29.5	33.2	3.7	12.9	33.0	0.2
Domestic	26.0	29.2	3.2	12.5	29.0	0.2
Overseas	3.5	4.0	0.5	15.8	4.0	—
Gross Profit	10.7	11.8	1.1	11.2	11.5	0.3
Gross Profit Margin	36.1%	35.5%	(0.6%)	—	34.8%	0.7%
Selling, General and Administrative Expenses	10.3	10.5	0.2	2.4	10.7	(0.2)
Operating Income	0.4	1.3	0.9	250.1	0.8	
Balance of Financial Income	(0.3)	(0.3)	—	—	(0.3)	—
Other Non-operating Income	0.3	0.0	(0.3)	—	0.1	(0.1)
Ordinary Income	0.4	1.0	0.6	162.8	0.6	0.
Extraordinary Gains	0.0	0.1	0.1	—	0.1	—
Extraordinary Losses	0.0	(0.6)	(0.6)	—	(0.3)	(0.3)
Income Before Income Taxes	0.4	0.5	0.1	26.7	0.4	0.1
Income taxes	0.0	0.3	0.3	—	(0.3)	0.6
Net Income	0.4	0.8	0.4	111.2	0.1	0.7

1) Comparison with the same period of the previous year

A. Net Sales: increased by ¥3.7 billion (up 12.9 %) compared to the same period last year.

(First quarter of the consolidated domestic sales subsidiaries is January-March.)

- (Domestic) Through the effect of the urgent machinery-leasing support program which was implemented last year, there was an increase in net sales during January-March and others, where domestic sales of agricultural machinery and implements increased by ¥0.7 billion and ¥1.7 billion respectively. Also due to a ¥0.5 billion increase of sales of facility construction, domestic sales in total increased by ¥3.2 billion (up 12.5%) to ¥29.2 billion.
- (Overseas) Mainly helped by recovery of orders received from our OEM partner in North America due to its progress in an inventory adjustment, overseas sales in total increased by ¥0.5 billion (up 15.8%) to ¥4.0 billion.

B. Operating income: increased ¥0.9 billion (up 250.1%) compared to the same period last year.

Ordinary income: increased ¥0.6 billion (up 162.8%) compared to the same period last year.

Quarterly Net Income: increased ¥0.4 billion (up 111.2%) compared to the same period last year.

- Operating income increased ¥0.9 billion to ¥1.3 billion mainly due to increased gross income from increased revenue, notwithstanding some erosion of profits because of the stronger yen.
- Ordinary income and quarterly net income increased by ¥0.6 billion to ¥1.0 billion, and by ¥0.4 billion to ¥0.8 billion respectively, reflecting appropriation of foreign exchange loss and evaluation loss of investment securities, while operating income increased.

2) Comparison with the plan

A. Net sales

- Both domestic and overseas sales were almost in line with planned figures with a modest increase of ¥0.2 billion.

B. Operating Income, Ordinary Income, Quarterly Net income

- Operating income increased ¥0.5 billion compared with the plan, mainly due to increased gross income from increased revenue and a favorable turn of gross profit margin.
- Both ordinary income and quarterly net income increased, in spite of foreign exchange loss and evaluation loss of investment securities.

(Sales Breakdown)

	1 st Quarter		Variance Amount	(Billions of yen)	
	1 st Quarter	1 st Quarter		1 st Quarter	Variance
	FY2010	FY2011		FY2011	Amount
				Plan	Amount
Agricultural Machinery	14.6	15.3	0.7	15.3	—
Parts & Farming Implements	5.5	7.3	1.8	7.1	0.2
Construction of Facilities	0.3	0.8	0.5	0.8	—
Others	5.6	5.8	0.2	5.8	—
Domestic Sales Total	26.0	29.2	3.2	29.0	0.2
North America	0.8	1.4	0.6	1.4	—
Europe	1.1	1.2	0.1	1.2	—
Asia	0.3	0.2	(0.1)	0.2	—
China	0.7	0.6	(0.1)	0.6	—
Australia and others	0.1	0.1	—	0.1	—
Total Product Sales	3.0	3.5	0.5	3.5	—
Parts	0.2	0.3	0.1	0.3	—
Others	0.3	0.2	(0.1)	0.2	—
Overseas Sales Total	3.5	4.0	0.5	4.0	—
Total	29.5	33.2	3.7	33.0	0.2

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

In the first quarter under review, while both revenue and income increased mainly because of the contribution of the net sales during January-March which reflected the urgent machinery leasing support program implemented last year, there are concerns at the business environment surrounding ISEKI Group such as slow economic recovery both inside and outside the country, prolonged strong yen trend and further increase in raw material prices. In view of many uncertainties in forecasting our business performance, we dare not revise the business performance forecast announced on May 14, 2010.

Forecasts of cumulative business performance for the second quarter of the fiscal year ending March 31, 2011. (April 1, 2010 – September 30, 2010).

	(Billions of yen, %)			
	2 nd Quarter	2 nd Quarter	Variance	
	FY2010	FY2011		
	Cumulative	Cumulative	Amount	%
Actual	Forecast			
Net Sales	69.7	75.0	5.3	7.6
Operating Income	2.5	2.2	(0.3)	(13.0)
Ordinary Income	2.2	1.8	(0.4)	(18.1)
Net Income	1.6	0.7	(0.9)	(56.2)

Forecasts of annual business performance for the fiscal year ending March 31, 2011. (April 1, 2010-March 31, 2011)

	(Billions of yen, %)			
	FY 2010	FY 2011	Variance	
	Actual	Forecast	Amount	%
Net Sales	149.3	151.0	1.7	1.1
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)

• Company forex rate from the second quarter: ¥90/US\$1, ¥110/Euro1