

November 11, 2010

ISEKI & CO., LTD.

Supplementary Information to the Six Months of Financial Results

(April 1, 2010—September 30, 2010)

I. Six Months Consolidated Business Results

(Billions of yen, %)

	2 nd Quarter	2 nd Quarter	Variance		2 nd Quarter	Variance
	FY2010	FY2011			FY2011	
			Amount	%	Plan	Amount
Net Sales	69.7	75.4	5.7	8.2	75.0	0.4
Domestic	61.8	66.3	4.5	7.3	66.0	0.3
Overseas	7.9	9.1	1.2	14.8	9.0	0.1
Gross Profit on Sales	23.5	23.8	0.3	1.0	24.1	(0.3)
Gross Profit Margin	33.7%	31.5%	(2.2%)	—	32.1%	(0.6%)
Selling, General and Administrative Expenses	21.0	21.5	0.5	2.3	21.9	(0.4)
Operating Income	2.5	2.3	(0.2)	(9.4)	2.2	0.1
Balance of Financial Income	(0.5)	(0.5)	—	—	(0.6)	0.1
Other Non-operating Income	0.2	0.0	(0.2)	—	0.2	(0.2)
Ordinary Income	2.2	1.8	(0.4)	(19.7)	1.8	—
Extraordinary Gains	0.0	0.0	—	—	0.0	—
Extraordinary Losses	(0.1)	(1.0)	(0.9)	—	(0.4)	(0.6)
Income Before Income Taxes	2.1	0.8	(1.3)	(60.7)	1.4	(0.6)
Income taxes	(0.5)	(0.7)	(0.2)	—	(0.7)	—
Net Income	1.6	0.1	(1.5)	(95.5)	0.7	(0.6)

1) Comparison with the same period of the previous year

A. Net Sales: increased by ¥5.7 billion (up 8.2 %) compared to the same period last year.

- (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 (First quarter of consolidated domestic sales companies is January-March) and others, where domestic sales of agricultural machinery and implements increased by ¥0.7 billion and ¥1.4 billion respectively. Also due to a ¥2.0 billion increase of sales of facility construction, domestic sales in total increased by ¥4.5 billion (up 7.3%) to ¥66.3 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 ¥1.2 billion (up 14.8%) to ¥9.1 billion.

B. Operating income: decreased ¥0.2 billion (down 9.4 %) compared to the same period last year.

Ordinary income: decreased ¥0.4 billion (down 19.7 %) compared to the same period last year.

- Operating income decreased ¥0.2 billion to ¥2.3 billion compared to the same period last year in spite of increased gross income from increased amount of sales in total, due to deteriorated profitability mainly caused by sales composition, a weaker US\$/Euro, and higher material prices. Costs also increased in proportion to increased overseas sales such as distribution costs and personnel expenses.
- Ordinary income decreased ¥0.4 billion to ¥1.8 billion mainly due to a generated foreign exchange loss of ¥0.3 billion by sharp depreciation of US\$/Euro.

C. Net income: decreased ¥1.5 billion (down 95.5%) compared to the same period last year.

- Net income decreased ¥1.5 billion to ¥0.1 billion mainly due to a past year expense of ¥0.2 billion related to the adoption of an accounting standard for asset retirement obligations, and increased extraordinary losses including loss on valuation of investment securities of ¥0.6 billion.

2) Comparison with the plan

A. Net sales

- Both domestic and overseas sales were almost in line with planned figures (+¥0.4 billion).

B. Operating Income, Ordinary Income

- Both the operating income (+¥0.1 billion) and ordinary income (\pm ¥0) were almost in line with planned figures.

C. Net income

- Net income decreased ¥0.6 billion due to appropriation of evaluation loss on investment securities.

(Sales Breakdown)

	2 nd Quarter FY2010	2 nd Quarter FY2011	Variance	(Billions of yen)	
				2 nd Quarter FY2011	Variance
				Plan	Amount
Agricultural Machinery	31.4	32.1	0.7	32.3	(0.2)
Parts & Farming Implements	15.4	16.9	1.5	16.8	0.1
Construction of Facilities	1.8	3.8	2.0	3.8	-
Others Agriculture Related	13.1	13.4	0.3	13.0	0.4
Agriculture Related Business Total	61.7	66.2	4.5	65.9	0.3
Other business	0.1	0.1	-	0.1	-
Domestic Sales Total	61.8	66.3	4.5	66.0	0.3
North America	1.6	2.8	1.2	2.8	-
Europe	2.4	2.6	0.2	2.6	-
Asia	0.5	0.3	(0.2)	0.4	(0.1)
China	2.3	2.1	(0.2)	2.1	-
Australia and others	0.1	0.3	0.2	0.2	0.1
Total Product Sales	6.9	8.1	1.2	8.1	-
Parts	0.5	0.5	-	0.5	-
Others	0.5	0.5	-	0.4	0.1
Overseas Sales Total	7.9	9.1	1.2	9.0	0.1
Total	69.7	75.4	5.7	75.0	0.4

II. Revision of performance forecast for the fiscal year ending March 31, 2011.

We have revised the annual business performance forecasts for the fiscal year ending March 31, 2011 (April 1, 2010 – March 31, 2011) announced on May 14, 2010 as set out below.

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

(April 1, 2010 – March 31, 2011)

(Consolidated)						(Billions of yen, %)	
	FY2011	FY2011	Variance		FY2010	Variance	
	Previous	Latest			Actual		
	forecast	forecast	Amount	%	results		
Net Sales	151.0	151.0	—	—	149.3	1.7	
Operating Income	3.5	3.5	—	—	4.5	(1.0)	
Ordinary Income	2.6	2.3	(0.3)	(11.5)	3.6	(1.3)	
Net Income	1.1	0.1	(1.0)	(90.9)	2.3	(2.2)	

(Reason for revision)

With respect to the net sales and operating income, we have not changed the forecasted figures announced on May 14, 2010, on the basis of business performance during the second quarter consolidated cumulative period and development of the orders received from abroad.

With respect to the ordinary income and net income, we have revised downward discounting foreign exchange loss due to change of the company forex rate, as well as valuation loss on investment securities which was appropriated in the second quarter.

Meanwhile, as our company forex rate in the second half of the year, we have adopted ¥80 against the US dollar which is stronger by ¥10, and ¥110 against Euro (unchanged).

With respect to the accounting of impairment loss of investment securities at the end of the quarterly accounting period, there may be cases in which there is fluctuation in the appropriated amount or the loss is not appropriated depending on the market price at the end of period hereafter, since we have adopted a quarterly reviewing method.

(Non-consolidated)						(Billions of yen, %)	
	FY2011	FY2011	Variance		FY2010	Variance	
	Previous	Latest			Actual		
	forecast	forecast	Amount	%	results		
Net Sales	91.0	91.0	—	—	90.9	0.1	
Operating Income	0.7	0.2	(0.5)	(71.4)	1.2	(1.0)	
Ordinary Income	0.8	0.4	(0.4)	(50.0)	1.5	(1.1)	
Net Income	0.5	(0.6)	(1.1)	—	1.6	(2.2)	

(Reason for revision)

The reason for a revision of the forecast of non-consolidated business performance is more or less the same as the forecast of the consolidated business performance. However, since the impact amount of foreign exchange is big, we forecast lower figures than the initial forecast at each income level.