

November 10, 2011

ISEKI &amp; CO., LTD.

## Supplementary Information for the Six Months of Financial Results

(Apr. 1, 2011 – Sep. 30, 2011)

## I. Six Months Consolidated Business Results

	2 <sup>nd</sup> Quarter		2 <sup>nd</sup> Quarter		Variance		(Billions of yen, %)	
	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter	Variance		2 <sup>nd</sup> Quarter	Variance	2 <sup>nd</sup> Quarter	Variance
	FY2011	FY2012	Amount	%	FY2012	Amount	Forecast	Amount
Net Sales	75.4	<b>72.4</b>	(3.0)	(4.0)	72.5	(0.1)		
Domestic	66.3	<b>61.1</b>	(5.2)	(7.9)	61.0	0.1		
Overseas	9.1	<b>11.3</b>	2.2	23.7	11.5	(0.2)		
Gross Profit on Sales	23.8	<b>23.4</b>	(0.4)	(1.3)	23.2	0.2		
Gross Profit Margin	31.5%	<b>32.4%</b>	0.9%	—	32.0%	0.4%		
Selling, General and Administrative Expenses	21.5	<b>20.8</b>	(0.7)	(3.1)	21.3	(0.5)		
Operating Income	2.3	<b>2.6</b>	0.3	15.1	1.9	0.7		
Balance of Financial Income	(0.5)	<b>(0.4)</b>	0.1	—	(0.5)	0.1		
Other Non-operating Income	0.0	<b>0.2</b>	0.2	—	0.3	(0.1)		
Ordinary Income	1.8	<b>2.4</b>	0.6	38.2	1.7	0.7		
Extraordinary Gains	0.0	<b>0.0</b>	0.0	—	0.0	0.0		
Extraordinary Losses	(1.0)	<b>(0.3)</b>	0.7	—	(0.3)	0.0		
Income Before Income Taxes and Minority Interests	0.8	<b>2.1</b>	1.3	—	1.4	0.7		
Income taxes	(0.7)	<b>(0.3)</b>	0.4	—	(0.4)	0.1		
Net Income	0.1	<b>1.8</b>	1.7	—	1.0	0.8		

## 1) Comparison with the same period of the previous fiscal year

## A. Net Sales: Decreased ¥3.0 billion (down 4.0%) to ¥72.4 billion.

- **Domestic sales decreased ¥5.2 billion (down 7.9%) to ¥61.1 billion.**
- Of this, besides ¥2.3 billion decrease of construction of facilities compared with the same period of the previous year, agricultural machinery decreased ¥1.4 billion and farming implements decreased ¥1.2 billion. These were due to reactive decline to concentrated sales in the same period of the previous year, Jan.~ Mar. related to the urgent machinery leasing support program (first quarter of consolidated domestic sales companies is Jan. ~ Mar.), as well as decreased sales in the Tohoku district by the Great East Japan Earthquake. However, sales of both agricultural machinery and farming implements almost recovered to the level of sales of the previous year in the second quarter of consolidated domestic sales companies (Apr.~ Jun.).
- **Overseas sales increased ¥2.2 billion (up 23.7%) to ¥11.3 billion.**  
By region, sales for China increased by ¥2.2 billion due to substantially increased sales of rice transplanters, sales for North America/Oceania was unchanged, sales for Europe increased by ¥0.4 billion, and sales for Asia decreased by ¥0.4 billion including sales of engines.

**B. Operating income: Increased ¥0.3 billion (up 15.1%) to ¥2.6 billion.****Ordinary income: Increased ¥0.6 billion (up 38.2%) to ¥2.4 billion.**

- Operating income increased ¥0.3 billion to ¥2.6 billion mainly due to reduction of expenses, in spite of factors to squeeze profits such as reduced gross income by reduced sales and worsened foreign exchange and a rise in raw material price.
- Ordinary income increased ¥0.6 billion to ¥2.4 billion mainly due to reduced foreign exchange losses and favorable turn of non-operating income.

**C. Income before tax: Increased ¥1.3 billion to ¥2.1 billion.****Net income: Increased ¥1.7 billion to ¥1.8 billion.**

- Income before tax increased ¥1.3 billion to ¥2.1 billion due to decreased occurrence of extraordinary losses such as loss on valuation of investment securities and loss on asset retirement obligations.
- Net income increased ¥1.7 billion to ¥1.8 due to reduced tax burden.

**2) Comparison with the forecast****A. Net sales: Decreased ¥0.1 billion**

- Net sales were almost in line with the plan both for domestic sales (up ¥0.1 billion) and overseas sales (down ¥0.2 billion).

**B. Operating income: Increased ¥0.7 billion.****Ordinary income: Increased ¥0.7 billion.**

- Operating income increased ¥0.7 billion mainly due to progressed reduction of cost.
- Ordinary income increased ¥0.7 billion mainly due to favorable turn of financial income in spite of occurrence of foreign exchange losses.

**C. Net income: Increased ¥0.8 billion**

- Net income increased ¥0.8 billion due to reduced tax burden.

(Reference: Sales Breakdown)

	2 <sup>nd</sup> Quarter FY2011	2 <sup>nd</sup> Quarter FY2012	Variance	(Billions of yen)	
				2 <sup>nd</sup> Quarter FY2012 Forecast	Variance Amount
Agricultural Machinery	32.1	<b>30.7</b>	(1.4)	30.7	0.0
Parts & Farming Implements	16.9	<b>15.6</b>	(1.3)	15.4	0.2
Construction of Facilities	3.8	<b>1.5</b>	(2.3)	1.6	(0.1)
Other Agriculture Related	13.4	<b>13.2</b>	(0.2)	13.2	0.0
Agriculture Related business Total	66.2	<b>61.0</b>	(5.2)	60.9	0.1
Other business	0.1	<b>0.1</b>	0.0	0.1	0.0
Domestic Sales Total	66.3	<b>61.1</b>	(5.2)	61.0	0.1
North America	2.8	<b>2.8</b>	0.0	2.8	0.0
Europe	2.6	<b>3.0</b>	0.4	3.0	0.0
Asia	0.3	<b>0.1</b>	(0.2)	0.1	0.0
China	2.1	<b>4.3</b>	2.2	4.4	(0.1)
Oceania	0.3	<b>0.3</b>	0.0	0.3	0.0
Product Sales Total	8.1	<b>10.5</b>	2.4	10.6	(0.1)
Repair Parts	0.5	<b>0.5</b>	0.0	0.5	0.0
Engine and Others	0.5	<b>0.3</b>	(0.2)	0.4	(0.1)
Overseas Sales Total	9.1	<b>11.3</b>	2.2	11.5	(0.2)
Total	75.4	<b>72.4</b>	(3.0)	72.5	(0.1)

## II. Revision of the forecasts for the fiscal year ending March 31, 2012

- We have revised the business performance forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 – March 31, 2012) announced on May 12, 2011 as follows.

### [Forecasts of consolidated business performances for the fiscal year ending March 31, 2012]

(Billions of yen, %)

	Previous forecast	Latest forecast	Variance		FY2011	Variance Amount
			Amount	%		
Net Sales	147.0	<b>144.5</b>	(2.5)	(1.7)	147.8	(3.3)
(Domestic)	125.5	<b>124.0</b>	(1.5)	(1.2)	128.7	(4.7)
(Overseas)	21.5	<b>20.5</b>	(1.0)	(4.7)	19.1	1.4
Operating Income	2.9	<b>2.9</b>	—	—	2.8	0.1
Ordinary Income	2.2	<b>2.2</b>	—	—	2.0	0.2
Net Income	0.9	<b>0.9</b>	—	—	(0.9)	1.8

(Reason of revision)

With respect to the net sales, we made downward revision (-¥1.5 billion in Japan centering on construction of facilities, -¥1.0 billion in overseas and - ¥2.5 billion in total) mainly in view of recent orders received and trends of foreign exchange situation.

Meanwhile, we have adopted ¥75 against the US dollar and ¥105 against Euro, each higher than previous rate by ¥5 as our company rate to apply for the second half of the fiscal year.

Operating income, ordinary income and net income remain unchanged.