Annual Report 2012

Year ended March 31, 2012

Improving Agricultural Environments around the World

ISEKI & CO., LTD.

Contents

Cautionary Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements in which certain risks and uncertainties are inherent and actual performance may differ materially from the expectations indicated herein. Readers are therefore cautioned not to rely exclusively on these statements, which take into account the best information that is available to management at the time. The Company undertakes no responsibility to disclose revisions to these statements owing to future developments, which may reflect changes in the environment and unexpected climatic events.

The illustrations in this Annual Report

The illustrations in this annual report and on the front cover are of drawings that won prizes in our annual Sanae National Children's Drawing Contest, the theme of which was "Farming Families." Iseki places great importance on family relationships and is committed to encouraging families in the agricultural business.

This annual report is a literal translation into English of a section of the *Yukashoken-Hokokusho* ("Securities Report") for the year ended March 31, 2012.

Ⅰ. **Overview of the Company**

1. Developments Regarding Major Management Indicators, etc.

Consolidated management indicators, etc.

Ordinary business term	84th business term	85th business term	86th business term	87th business term	88th business term
For the year ended	March 2008	March 2009	March 2010	March 2011	March 2012
Net sales (millions of yen)	144,714	149,601	149,314	147,826	145,252
Ordinary income (millions of yen)	34	771	3,657	2,006	3,898
Net income (loss) (millions of yen)	(1,466)	2	2,347	(918)	2,727
Comprehensive income (millions of yen)	—	—	—	(979)	3,577
Net assets (millions of yen)	52,556	51,694	55,604	54,617	58,189
Total assets (millions of yen)	173,198	171,002	171,044	169,168	172,554
Net assets per share (yen)	225.76	222.44	235.46	231.13	246.77
Net income (loss) per share (yen)	(6.49)	0.01	10.29	(4.00)	11.87
Net income per share after adjustment for dilutive securities (yen)	—	0.01	10.21	—	—
Equity ratio (%)	29.4	29.4	31.6	31.4	32.9
Return on equity (%)	—	0.0	4.5	—	5.0
Price earnings ratio (times)	—	23,800.00	26.92	—	17.78
Net cash provided by (used in) operating activities (millions of yen)	3,861	8,960	7,326	7,060	8,580
Net cash provided by (used in) investing activities (millions of yen)	(2,904)	(3,507)	(4,320)	(5,674)	(5,234)
Net cash provided by (used in) financing activities (millions of yen)	(412)	(5,603)	(2,080)	(2,515)	(2,141)
Cash and cash equivalents at end of period (millions of yen)	5,687	5,609	6,614	5,585	6,952
Number of employees (persons)	6,513 [739]	6,514 [887]	6,435 [928]	6,404 [957]	6,295 [1,050]

Notes:
1. Net sales above do not include consumption tax, etc.
2. Net income per share after adjustment for dilutive securities for the 84th business term was not stated because there was a net loss per share.
3. Net income per share after adjustment for dilutive securities for the 87th business term was not stated because there was a net loss per share and there were no dilutive securities.
4. Net income per share after adjusting for dilutive securities for the 88th business term was not stated because there were no dilutive securities.
5. The return on equity and price earnings ratios for the 84th and 87th business term were not stated because a net loss was posted for that term.
6. The number of employees is the number of people gainfully occupied and the figure in brackets represents the average number of temporary employees hired, which is not included in the number of people gainfully occupied.

2. Main Business

The main business of the Iseki Group is the development, manufacture and sale of agricultural machinery for rice and vegetable farming, among other related areas.

The structure of the Group's business operations is as follows:

Agriculture-related Business Segment

The Company and its associated companies engage in agriculture-related business encompassing three divisions: Development and Production, Sales and Others.

[Development and Production]

This division mainly develops and designs agricultural machinery, and eight consolidated subsidiaries and one equity method affiliate manufacture agricultural machinery and related components.

Main associated companies

Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd., Iseki-Niigata Mfg. Co., Ltd., Iseki-Hoei Mfg. Co., Ltd., Iseki-Changzhou Mfg. Co., Ltd (China) and Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd. (China)

[Sales]

In Japan, sales are conducted through 13 sales companies nationwide. In overseas markets, sales are conducted through associated companies as well as local distributors, etc.

Main associated companies

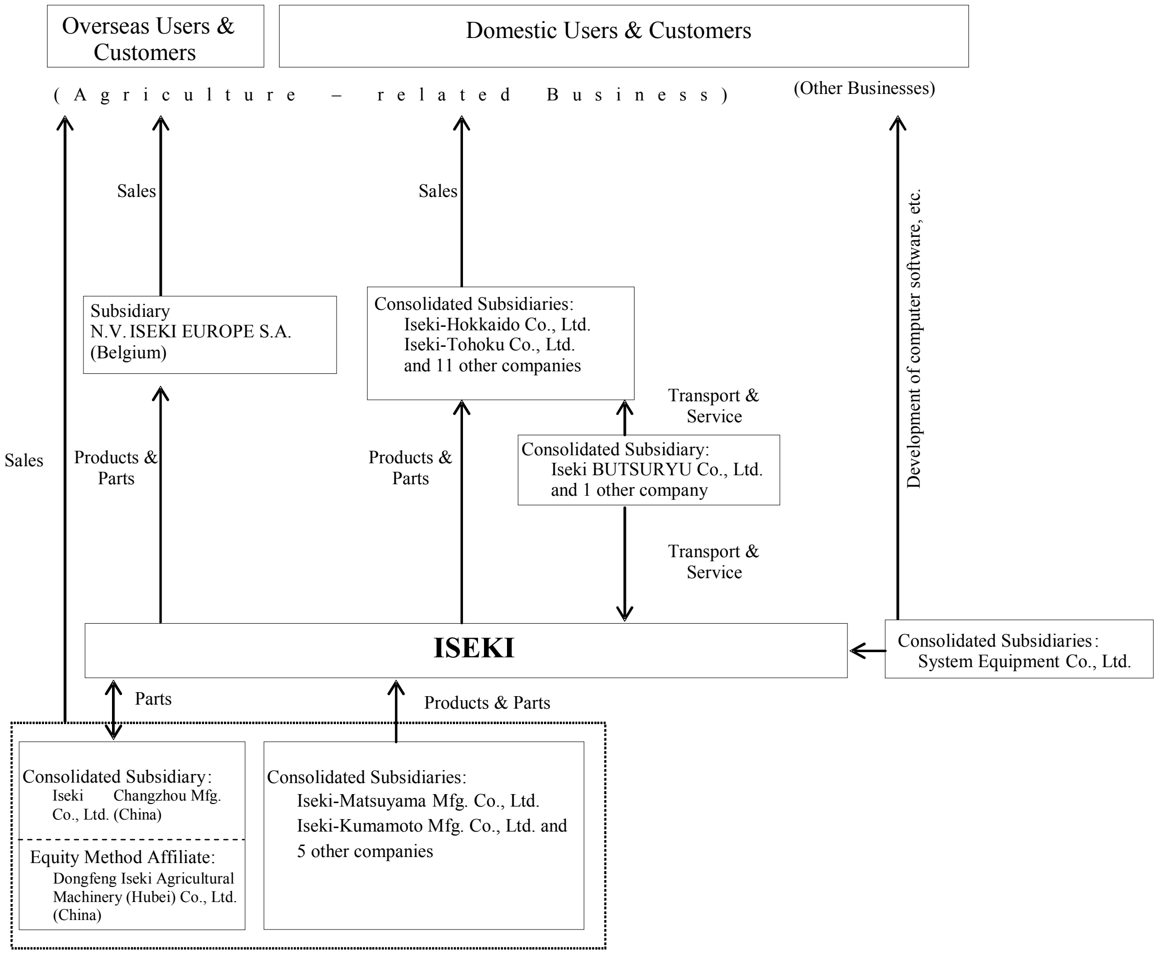
Japan............Iseki-Hokkaido Co., Ltd., Iseki-Tohoku Co., Ltd., Iseki-Kanto Co., Ltd., Iseki-Shinetsu Co., Ltd., Iseki-Hokuriku Co., Ltd., Iseki-Tokai Co., Ltd., Iseki-Kansai Co., Ltd., Iseki-Chugoku Co., Ltd., Iseki-Shikoku Co., Ltd. and Iseki-Kyushu Co., Ltd.

Overseas......N.V. ISEKI EUROPE S.A. (Belgium), Iseki-Changzhou Mfg. Co., Ltd. (China) and Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd. (China)

Other Business Segment

System Equipment Co., Ltd. is engaged in various businesses including the development of computer software.

The following is a schematic diagram of the Iseki Group



Ⅱ. Management Performance

1. Analysis of Management Performance

(1) The Fiscal Period in Review

During the fiscal year under review, Japan’s economy remained sluggish in the first half due to stagnant economic activities, resulting mainly from the Great East Japan Earthquake, and a shortage of electricity in the wake of the nuclear power plant accident, coupled with worsening profitability among export industries caused by the continued appreciation of the yen after the summer. In the second half of the fiscal year, there were signs of recovery, primarily thanks to restoration demand and recovery of production. Then, however, the pace of global economic growth slowed due to the flooding in Thailand and financial problems in European nations and other factors.

Under such circumstances, the ISEKI Group adopted the slogan “Cheering Squad Supporting the Dream of Agriculture! ISEKI,” and developed aggressive marketing activities by extending the range of its new products in response to diversifying customer needs.

(Consolidated business performance of the year under review)

In the fiscal year ended March 31, 2012, net sales decreased ¥2,574 million from a year earlier to ¥145,252 million (down 1.7% year on year). Domestic sales decreased ¥4,844 million from a year earlier to ¥123,859 million (down 3.8% year on year), and overseas sales increased ¥2,270 million to ¥21,393 million (up 11.9% year on year).

Operating income increased ¥1,427 million from a year earlier to ¥4,231 million (up 50.9% year on year). This is mainly because reduction of expenses and other covered a decline in profit, following a decrease in revenue, the effects of the yen’s appreciation and an increase in price of raw materials. Ordinary income increased ¥1,892 million from a year earlier to ¥3,898 million (up 94.3% year on year). Net income increased ¥3,646 million from a year earlier to ¥2,727 million.

(Non-consolidated business performance of the year under review)

In the fiscal year under review, net sales totaled ¥87,341 million (down 3.6% year on year), operating income was ¥438 million (up 172.0% year on year), and ordinary income amounted to ¥2,034 million (up 75.1% year on year). The Company recorded a net income of ¥1,848 million.

Business performance by segment is as follows.

1) Agriculture-related business

Sales in the agriculture-related business in Japan declined due to a decrease in the construction of facilities, though sales of agricultural machinery, which remained weak in the first half of the fiscal year, affected by the Great East Japan Earthquake, but recovered in the second half, remained almost unchanged from the previous year. Overseas, overall sales increased due to the brisk sales of rice transplanters in China and an increase in sales for European countries, which were large enough to offset decreases in sales for North America and Asia, excluding China.

Sales by product are as follows.

[Domestic]

Sales of cultivating & mowing machinery (tractors, high-clearance multipurpose vehicles, etc.) amounted to ¥27,434 million (up 2.8% year on year), and sales of planting machinery (rice transplanters and vegetable transplanters) totaled ¥10,385 million (down 10.2% year on year). Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥25,928 million (up 1.7% year on year). Moreover, sales of spare parts and farming implements reached ¥30,465 million (down 1.7% year on year), while sales of other agriculture-related business (including construction of facilities, etc.)

declined to ¥29,518 million (down 12.7% year on year)

[Overseas]

Sales of cultivating & mowing machinery (tractors, etc.) increased to ¥13,116 million (up 0.2% year on year), and sales of planting machinery (rice transplanters, etc.) amounted to ¥5,162 million (up 104.7% year on year). Sales of harvesting and processing machinery (combine harvesters, etc.) declined to ¥1,187 million (down 25.4% year on year). Sales of spare parts and farming implements totaled ¥1,025 million (down 6.5% year on year), while sales of other agriculture-related business were ¥900 million (up 9.9% year on year).

As a result, sales in the agriculture-related business segment totaled ¥145,125 million (down 1.7% year on year).

2) Other Business

The Company develops, sells, and operates computer software in the “other business” segment. Sales in the other business segment amounted to ¥127 million (down 11.7% year on year).

(2) Cash Flows

The balance of cash and cash equivalents at the end of the fiscal year increased ¥1,367 million year on year, to ¥6,952 million.

(Net cash provided by (used in) operating activities)

Net cash provided by (used in) operating activities provided a net cash inflow of ¥8,580 million (up ¥1,519 million year on year), comprised principally of income before income taxes of ¥3,715 million and depreciation and amortization of ¥5,933 million.

(Net cash provided by (used in) investment activities)

Net cash provided by (used in) investment activities resulted in a net cash outflow of ¥5,234 million (down ¥440 million year on year), comprised principally of capital investment expenditures of ¥5,324 million and proceeds from sales of investment securities of ¥395 million.

(Net cash provided by (used in) financing activities)

Net cash provided by (used in) financing activities amounted to a net cash outflow of ¥2,141 million (down ¥374 million year on year), due primarily to the repayment of interest-bearing liabilities.

2. Production, Orders & Sales

(1) Production

Production result by business segment/products for the fiscal year under review is as follows:

Product/Segment	FY2012 (April 1, 2011–March 31, 2012)	
	Amount (millions of yen)	Change yoy (%)
Cultivating & mowing machinery	42,412	2.3
Planting machinery	19,818	36.3
Harvesting and processing machinery	25,240	(13.1)
Parts and farming implements	2,555	9.7
Other agriculture-related business	5,735	(41.5)
Agriculture-related business segment total	95,763	(1.5)
Other business segment total	—	—
Total	95,763	(1.5)

Note: Amounts are based on sales prices and do not include consumption tax, etc.

(2) Orders

We operate a system whereby production is based mostly on projected demand. We hardly ever produce on order. Accordingly, the number of orders received is not presented.

(3) Sales

Sales result by business segment/products for the fiscal year under review is as follows:

Product/Segment	FY2012 (April 1, 2011–March 31, 2012)	
	Amount (millions of yen)	Change yoy (%)
Cultivating & mowing machinery	40,551	2.0
Planting machinery	15,547	10.4
Harvesting and processing machinery	27,115	0.1
Parts and farming implements	31,491	(1.9)
Other agriculture-related business	30,418	(12.2)
Agriculture-related business segment total	145,125	(1.7)
Other business segment total	127	(11.7)
Total	145,252	(1.7)

Notes: 1. Intersegment transactions are offset and therefore eliminated.

2. Net sales to major customer and as percentage of total sales

Customer	FY2011 (April 1, 2010–March 31, 2011)		FY2012 (April 1, 2011–March 31, 2012)	
	Amount (millions of yen)	Percentage of total sales (%)	Amount (millions of yen)	Percentage of total sales (%)
ZEN-NOH (National Federation of Agricultural Co-operative Associations)	18,370	12.4	17,545	12.1

3. Amounts above do not include consumption tax, etc.

3. Issues to Be Addressed

To realize future development in a rapidly changing business environment, we will increase the focus on the following challenges with all the strength of the ISEKI Group.

1) Enhance initiatives proposing low-cost agriculture

With competition in the market getting keener, we will continue to raise customer satisfaction levels by providing high-quality and low-cost products and services that support energy conservation and low-cost agriculture from the viewpoints of customers.

We will launch “new products that support low-cost agriculture,” including products that help reduce materials expenses, products incorporating low-priced agricultural technologies and products designed to save labor, by precisely grasping the needs of markets and planning products in a timely manner.

We will strive to expand domestic sales by further improving customer satisfaction in the domestic market through efficient sales promotion and strengthening sales service capabilities, leveraging the fortes of flexible wide-area sales companies.

Also, we will continue to support areas affected by the Great East Japan Earthquake toward a full recovery.

2) Strengthen promotion of global development

We position Europe, North America, and Asia as the three major overseas markets.

With regard to North America, Europe, and other markets, we will further expand the markets by launching “new strategic products” that satisfy customer needs.

In addition, we will proactively expand our businesses in the Chinese market, where mechanization of agriculture is rapidly advancing, with Iseki–Changzhou Mfg. Co., Ltd. and Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd. as the core bases, and endeavor to expand sales and establish the ISEKI brand in the Southeast Asian market, which is expected to grow in the future, by developing products for the market.

To meet diversifying market needs, we will enhance our development, production, sales, and service structures to develop businesses from a locally oriented standpoint.

Also, we will proceed with localization of development, the expansion of overseas production, and the appointment of local employees as executives, while striving to ensure the necessary human resources by carrying out exchanges, language training and other educational programs.

3) Enhance product capability and promote cost structure reforms

Our first priority lies with products that gamer a high reputation among customers, as we are improving our development process in the pursuit of zero defects. Our development and manufacturing operations are working together to improve production processes and establish a framework that guarantees product quality.

As needs for low-priced products are growing both domestically and overseas, the Company established the Cost Structure Reform Committee to make company-wide efforts toward cost structure reform as of April 1.

We will strongly drive ahead with cost structure reform, comprised of low-cost design, low-cost production” and low-cost procurement, with the Cost Structure Reform Dept., general manager of each engineering department, the president of each manufacturing company and general manager of the Purchasing Dept. serving as structure reform leaders.

4. Risks Which Could Affect Our Business

Latent risks and uncertainties which could affect our future financial performance are exemplified as below. Recognizing the possibility of these risks occurring, the Group will make every effort to prevent such occurrence and to ensure an appropriate response should such risks occur. It should be noted that the matters concerning the future stated herein are those that the Company judged to be applicable as of the end of the consolidated fiscal year under review.

1) Economic Conditions and Changes in the Environment of Agriculture
Sluggishness of domestic and/or overseas economic conditions and any change in the agriculture policy may negatively affect our financial performance through reduced demand for agricultural machinery.

2) Exchange Rate Fluctuation
There is a possibility that fluctuation of foreign exchange may negatively affect our financial performance.

3) Price Hike of Raw Materials, Difficulty in Procurement, and Confusion in the Supply Chain

As we procure raw materials and parts from numerous suppliers, their prices suddenly increasing more rapidly than expected and a prolonged tightening of supplies may negatively affect our business performance.

In addition, a fall in production activities due to damage caused by the Great East Japan Earthquake, including restrictions on electricity supplies, and disruptions in the supply chain resulting from the flooding in Thailand may harm the ISEKI Group’s business performance and financial position.

4) Dependency on Specific Customers or Suppliers
Any change of business policy, business depression and failure of our specific customers or suppliers may harm our financial performance.

5) Competition with Other Companies
We are involved in fierce competition with other companies in the market, and unless overall product competitiveness, including relevant services, is maintained, there is the possibility of a decline in our performance.

6) Serious Defects in Products and Services
The occurrence of serious defects in our products or services may negatively affect our financial performance.

7) Stock Market Fluctuation
As we hold securities, stock price declines may harm our business performance and financial position.

8) Government Regulation on Environmental Issues, etc., and Occurrence of Related Difficulties
Substantial costs may be incurred related to our products or business activities due to necessitated responses to public regulation of environmental issues, etc., corrective measures undertaken upon the occurrence of troubles, lawsuits and other situations which could lead to a deterioration of our financial performance.

9) Risks Derived from International Business
Unexpected changes in tax and legal systems or political unrest of any particular country may cause harm to our financial performance.

10) Risk of Legal Violation

We are making group-wide efforts to accomplish complete legal compliance and drive home the code of ethical behavior by establishing the “ISEKI Group Code of Ethical Behavior” and preparing an internal control system. In spite of such efforts, if any of our directors and/or employees should conduct themselves in any way that violates laws and regulations, there is a possibility that the business activities of the Group will be restrained and the business performance will be deteriorated.

11) Risk of Natural Disasters and Accidents

Natural disasters such as earthquakes, typhoons, flood or unexpected accidents may occur, which may harm our financial performance.

12) Business Alliances, Joint Ventures and Strategic Investment with Other Companies

We will possibly form business alliances and joint ventures and carry out strategic investment with other companies as necessary. We believe that these measures are an effective means for the effective utilization of the management resources of both parties and for the timely development, production and sales of products.

However, should a conflict of interests occur between the parties concerned in business alliances or joint ventures due to financial position or other reasons, we would not be able to maintain the alliances. With regard to strategic investment, including acquisitions, there is a possibility that the expected results and/or effects will not be obtained in the integration of business, technologies, products and human resources, or that more time and expenses than expected will be required. Accordingly, the success or failure of these measures may seriously affect the ISEKI Group's business and may harm our business performance and financial position.

13) Debt

We have concluded syndicate loan or commitment line contracts with financial institutions. Should any of the financial conditions of these contracts be triggered, we could face obligations to pay back some or all of these loans, which could negatively affect the financial position of the ISEKI Group.

There is the possibility that a hike in interest rate on borrowing may harm our financial performance.

5. Research and Development Activities

Based on the corporate philosophy of providing “products appreciated by customers,” the Group has continued its research and development activities under the maxim of offering attractively priced and timely products that provide customer satisfaction. To meet customer needs, the Group has made efforts not only to reduce costs at the early stages of product development, based on thorough research, but also to take ambitious steps to achieve energy savings and low-cost agriculture, while considering environmental conservation and the safety of farming activities.

In Japan, the Group focuses on rice cultivation machinery, which is its core product, as well as mechanization in the areas of arable farming and vegetable farming, where there is strong demand for labor savings. Overseas, the Group has aggressively developed products for new markets, such as new products for gardening in North America and Europe, and combine harvesters and rice transplanters for the rapidly growing Chinese market. In addition, the Group is proceeding with joint research on new technologies and new fields through tie-ups with universities and research institutions.

Research and development expenses for the entire Group in the fiscal year under review totaled ¥3,858 million, and major research results are as follows:

<u>Agriculture-related Business</u>

[Tractors]

- To meet market demand for lower production costs, reflecting declines in rice prices in recent years and sharp increases in prices of fuel and fertilizers, we developed a product that supports low-cost agriculture and launched it as the ATK300, which is offered at a lower price while maintaining high basic performance. We also added a semi-crawler model, featuring excellent wet paddy performance, to the 43 horsepower class of the Geas ATK Series to enhance the lineup.
- Considering the increasing number of people entering agriculture and the aging of existing farmers, we added TQ17 with a 17.5 horsepower engine to the TQ Series, which features safety, security, and ease of use, and has been favorably received by small farms. The new series makes work more comfortable through improved workability and visibility at night, equipment that makes work safer, and improved ride comfort achieved by an easy-to-handle compact body and reduced vibration.

[Combine Harvesters]

- We marketed the Frontier HFC330 full three-reaping row combine harvester, which features high efficiency and compactness, as a combine harvester for midsize farms. The new model has an operating speed of 1.31 m/s (the industry’s fastest operating speed as of December 2011, according to an investigation conducted by the Company) and a working efficiency of 16 min/10a (theoretical value), with a compact body featuring a large-displacement, high-output engine, Twin-flapper sorting controller, and new twin eight stretcher threshing unit, which makes high-speed operation possible.
- To meet market demand to work very efficiently at low cost in a harsh environment resulting from continued low rice prices and skyrocketing prices of fuel and agricultural materials, we added the Frontier Z HFZ472, which features high horsepower, high efficiency, and low-cost, to the HFZ Series, targeting large farms. Equipped with a high-output 72 horsepower engine, the new model has an operating speed of 1.80 m/s (the industry’s fastest operating speed for four-reaping row combines as of December 2011, according to an investigation conducted by the Company) and a working efficiency of 9 min/10a (theoretical value).

[Rice Transplanters]

- We marketed the low-priced Sanae PZ3 Series for midsize and large farms by completely redesigning the Sanae PZ Series high-clearance rice planters for the first time in five years. Features include automatic operation when turning and new Z Function. The new series is equipped with: Electric Sanae Z Seeding Rail, which enables both operators and assistants to easily supply seedlings because the seedling frame quickly becomes flat at a touch of a switch; Sanae Z Turn, an automatic turning function, which allows operators to easily and simply turn by operating the steering wheel; NEW Sanae Z Shift, with which an operator can handle the main gear shift and the planting unit using a lever; and, advanced Z Function of New Sanae Z Rotor, which features further improved performance achieved by improving the drive method and forming a two-step rotor.

[Other Products]

- With regard to grain dryers, which require a long time for drying and face sharp rises in fuel prices and electricity charges, we developed and released the Dry Boy GML Series to reduce drying time and agricultural expenses, and to respond to other challenges. The new series incorporates Far Infrared Heat Recycle, a low-cost technology (the industry's first such technology as of December 2011, according to an investigation conducted by the Company). Because "Heat Recycle" technology reuses hot air generated by burning kerosene, which was previously disposed of outside the dryer after having been applied to unhulled rice, the new series helps to significantly shorten working hours and sharply reduce consumption of kerosene and electricity compared to conventional models.

From the standpoint of initiatives for environmental conservation as a corporation involved in agriculture, we established our original environmentally friendly design standards in November 2011 and started operation of the Eco Product Certification System, under which an environmental label is used for products that have cleared the standards. Products are evaluated using our evaluation indicators, which include preventing global warming, recycling resources, and reducing environmentally hazardous substances. Products that clear the standards are certified as eco products, which are classified into Super Eco Products and Eco Products according to the level of environmental consideration. Frontier HFC330, mentioned above, is certified as an Eco Product, while the Dry Boy GML Series, also mentioned above, is certified as a Super Eco Product.

Since fiscal 2004, we have disclosed the conceptual approach and activities of the Group's research and development and its use of intellectual property in the "Intellectual Property Report." According to the Japan Patent Office Annual Report 2011, we had the highest patent approval rate of all industries (for the seventh consecutive year), and also ranked No. 1 for the number of published patents in the "other specialty machinery sector" for three consecutive years from 2007 through 2009.

As a result of changes made to the classification of industry sectors from 2009 in the Japan Patent Office Annual Report, the "agriculture and fishery sector" is now grouped under "other specialty machinery sector." We were ranked No. 1 for seven consecutive years, from 2000 through 2006, in the "agriculture and fishery sector" before the changes to the classification were made. Accordingly, we were ranked No. 1 for 10 consecutive years in aggregate.

6. Analysis of Financial Position, Management Performance and Cash Flows

The forecasts herein are those of the Company as of the end of the consolidated fiscal year under review.

(1) Significant Accounting Policies and Forecasts

The Company's consolidated financial statements are prepared on the basis of generally accepted accounting principles in Japan. When preparing these consolidated financial statements, the Company continued to make forecasts and judgments based on significant accounting policies about the valuation of assets and liabilities and recognition of revenues and expenses. Actual results may differ from forecasts due to forecast-specific uncertainty. In particular, the Company recognizes that allowance for doubtful accounts, provision for retirement benefits, income taxes, etc., could have a material impact on forecasts and judgments used when preparing its consolidated financial statements.

(2) Analysis of Management Performance of the Consolidated Fiscal Year under Review

1) Financial results

The breakdown of domestic and overseas sales of goods for net sales of ¥145,252 million is as shown in the summary of performance, etc. The main factors underlying the increase of ¥1,427million of operating income are as follows:

(a) Increase of gross profit due to decreased fixed expenses, etc. ¥225 million

(b) Decrease of selling, general and administrative expenses ¥1,202 million

Main factors underlying the increase of ordinary income of ¥1,892 million are as follows:

(a) Increase of operating income ¥1,427 million

(b) Improvement of non-operating balance due to decrease of foreign exchange losses, improvement of financial account balance, etc. ¥464 million

Main factors underlying the increase of net income of ¥3,646 million are as follows:

(a) Increase of ordinary income ¥1,892 million

(b) Increase of extraordinary income attendant upon increase of gain on sale of investment securities ¥225 million

(c) Decrease of extraordinary loss, including loss on valuation of investment securities, loss on adjustment for changes of accounting standard for asset retirement obligations and loss on disaster ¥1,395 million

(d) Decrease of income taxes ¥116 million

2) Financial position

Total assets at the end of the fiscal year increased ¥3,385 million year on year, to ¥172,554 million. Looking at the breakdown, current assets increased ¥4,174 million year on year. The main change was from a ¥1,356 million increase in cash and deposits and a ¥1,877 million increase in inventories. Noncurrent assets decreased ¥789 million from a year earlier. The main change was from a ¥771 million decrease in investments and other assets. Total liabilities decreased ¥186 million year on year, primarily due to increases in notes and accounts payable-trade of ¥1,717 million and declines in short-term and long-term loans payable of ¥1,405 million. Net assets increased ¥3,572 million year on year to ¥58,189 million, due primarily to the posting of net income. The equity ratio was 32.9%.

3) Analysis of cash flows

An analysis of cash flows is shown on page 5.

Ⅲ. Equipment and Facilities

1. Summary of Capital Investments, etc.

The Group (the Company and its consolidated subsidiaries) has made investments mainly for the purpose of strengthening its production/development capabilities and enhancing its production facilities to improve quality and business service networks. The total amount invested during the consolidated fiscal year under review was ¥5,521 million (the figure is based on property, plant and equipment data, and the amount excludes consumption tax, etc.). Major investments are as follows:

Agriculture-related Business

[Development and production divisions of agricultural machinery]

The Group made capital investments of ¥2,205 million, including those by its consolidated subsidiaries (Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd. and six others), in new product development and production start-up facilities, for the renewal of production facilities, in facilities for rationalization and saving labor, and in facilities for saving resources and energy.

Meanwhile, the Company posted a loss on sales and retirement of ¥15 million with regard to the ongoing renewal of production facilities and obsolete production facilities.

[Sales division of agricultural machinery]

The Group made total capital investments of ¥2,980 million, including investments by the Company, in addition to those made mainly by sales companies (Iseki-Hokkaido Co., Ltd. and 12 others), for establishing and renovating sales offices, in service maintenance factories and in product warehouses, as well as for the acquisition of sales promotion machinery related to the release of new products.

The Group posted a loss on sales and retirement of ¥104 million with regard to the ongoing renewal of facilities and the renovation of sales offices and service maintenance factories.

Ⅳ. Corporate Information

1. Status of Shares, etc.

(1) Total Number of Shares, etc.

(i) Total number of shares

Class of shares	Total number of authorized shares
Common shares	696,037,000
Total	696,037,000

(ii) Outstanding shares

Class of shares	Number of shares outstanding as of the fiscal year-end (March 31, 2012) (shares)	Number of shares outstanding as of the date of submission (June 27, 2012) (shares)	Name of listed financial instruments exchange or registered admitted Financial Instruments Firms Association	Content
Common shares	229,849,936	229,849,936	Tokyo Stock Exchange (First Section)	The number of share trading unit is 1,000 shares.
Total	229,849,936	229,849,936	—	—

(2) Status of Subscription Rights to Shares, etc.

There were no applicable items.

(3) Exercise Status of Moving Strike Bonds with Subscription Rights to Shares, etc.

There were no applicable items.

(4) Details of Rights Plan

There were no applicable items.

(5) Changes in Total Number of Shares Outstanding, Capital Stock, etc.

Fiscal year	Increase (decrease) of total number of shares outstanding (shares)	Balance of total number of shares outstanding (shares)	Increase (decrease) in capital stock (millions of yen)	Balance of capital stock (millions of yen)	Increase (decrease) in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
April 1, 2009–March 31, 2010 (Note)	3,313,607	229,849,936	559	23,344	559	11,554

Note: The increases are caused by exercising subscription rights to shares in convertible bond-type bonds with subscription rights to shares.

(6) Shareholding Status by Shareholder

As of March 31, 2012

Category	Status of shares (The share trading unit is 1,000 shares.)								Status of shares below stock trading unit (shares)
	Central and local governments	Financial institutions	Financial instrument business operators	Other legal entities	Foreign corporations, etc.		Individuals and other	Total	
					Other than individual	Individuals			
Number of shareholders	0	53	68	353	89	11	21,297	21,871	—
Number of shares held (unit of shares)	0	87,825	2,813	41,009	9,469	40	88,019	229,175	674,936
Shareholding ratio (%)	0.0	38.3	1.2	17.9	4.2	0.0	38.4	100.0	—

Notes:
1. 90,379 treasury shares are included in "Individuals and other" (90 units) and in "Status of shares below stock trading unit" (379 shares). The actual number of treasury shares held as of the fiscal year-end was 89,379 shares.
2. In "other legal entities," 23 units in the name of the Japan Securities Depository Center, Inc. (JASDEC) were included.

(7) Status of Major Shareholders

As of March 31, 2012

Name or corporate name	Address	Number of shares held (thousands of shares)	Shareholding ratio to total number of shares outstanding (%)
Mizuho Corporate Bank, Ltd.	1-3-3, Marunouchi, Chiyoda-ku, Tokyo	10,708	4.65
The Chuo Mitsui Trust and Banking Company, Limited	3-33-1, Shiba, Minato-ku, Tokyo	10,600	4.61
The Norinchukin Bank	1-13-2 Yurakucho, Chiyoda-ku, Tokyo	8,687	3.77
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	8,668	3.77
Iseki kabushiki hoyukai (Company's Stockholding Co-op.)	5-3-14, Nishi-nippori, Arakawa-ku, Tokyo	5,973	2.59
The Iyo Bank, Ltd.	1, Minami-horibata-cho, Matsuyama, Ehime	5,800	2.52
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo	5,737	2.49
Sompo Japan Insurance Inc.	1-26-1, Nishi-shinjuku, Shinjuku-ku, Tokyo	5,431	2.36
Mitsui Sumitomo Insurance Co., Ltd.	2-27-2, Shinkawa, Chuo-ku, Tokyo	4,858	2.11
Kyoei Fire & Marine Insurance Co., Ltd.	1-18-6, Shinbashi, Minato-ku, Tokyo	3,527	1.53
Total	—	69,991	30.45

Notes:

1. The Chuo Mitsui Trust and Banking Company, Limited merged with The Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Company, Limited to become Sumitomo Mitsui Trust Bank, Limited as of April 1, 2012.
2. Of the above, the number of shares in relation to fiduciary business is as follows:
   Japan Trustee Services Bank, Ltd. (Trust account) 8,668 thousand shares
3. Based on the report on large shareholdings (change report) submitted by Mizuho Corporate Bank on May 22, 2009, we received a report to the effect that the said Bank jointly held the following shares as of May 15, 2009. However, we were not in a position to confirm the actual number of shares held by them as of the year-end of the fiscal year under review; therefore, we did not take it into consideration in the "Status of major shareholders." The details of the said report on large shareholdings (change report) are as follows:

Name or corporate name	Address	Number of shares held (thousands of shares)	Shareholding ratio to total number of shares outstanding (%)
Mizuho Corporate Bank, Ltd.	1-3-3, Marunouchi, Chiyoda-ku, Tokyo	10,708	4.73
Mizuho Securities Co., Ltd.	1-5-1, Otemachi, Chiyoda-ku, Tokyo	379	0.17
Mizuho Trust & Banking Co., Ltd.	1-2-1, Yaesu, Chuo-ku, Tokyo	2,532	1.12

4. Based on the report on large shareholdings (change report) submitted by Sumitomo Mitsui Trust Holdings, Inc. on March 22, 2012, we received a report to the effect that the said company jointly held the following shares as of March 15, 2012. However, we were not in a position to confirm the actual number of shares held by them as of the year-end of the fiscal year under review; therefore, we did not take it into consideration in the "Status of major shareholders" above. The details of the said report on large shareholdings (change report) are as follows:

Name or corporate name	Address	Number of shares held (thousands of shares)	Shareholding ratio to total number of shares outstanding (%)
The Sumitomo Trust and Banking Co., Ltd.	4-5-33, Kitahama, Chuo-ku, Osaka	3,476	1.51
Chuo Mitsui Asset Trust and Banking Company, Limited.	3-23-1, Shiba, Minato-ku, Tokyo	3,380	1.47
The Chuo Mitsui Trust and Banking Company, Limited	3-33-1, Shiba, Minato-ku, Tokyo	10,600	4.61
Chuo Mitsui Asset Management Co., Ltd.	3-23-1, Shiba, Minato-ku, Tokyo	238	0.10
Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	420	0.18

2. Dividend Policy

We recognize that the method for determining dividends to be paid to shareholders is one of the most important policies to be made. Our basic policy is to keep steady and improved dividend distribution, taking into consideration, not just consolidated financial results, but our Group's financial position and future business movements. We have made it a basic policy to pay end-of-year dividends once a year. The decision-making body on dividends is the general meeting of shareholders.

With respect to dividends for the fiscal year ended March 31, 2012, we resolved to pay 1.50 yen per share.

Dividends for which the date of record belongs to the fiscal year ended March 31, 2012 are as follows:

Resolution date	Total amount of dividend paid (millions of yen)	Dividend per share (yen)
Regular meeting of shareholders on June 26, 2012	344	1.50

3. Corporate Governance

(1) Overview of Internal Control System

1) Basic thoughts for internal control system

The main purpose of our management system is to respond quickly and accurately to changes in the business climate and to maintain fair business operations. Stable growth of shareholder value is another top priority of management. We are enhancing corporate governance to maintain positive relations with our stakeholders, including shareholders, customers, business partners, members of regional communities, and employees.

The Board of Directors makes decisions on basic managerial matters, as well as matters specified in laws and regulations and the Articles of Incorporation, and holds regular meetings of the Board of Directors to make decisions promptly, and extraordinary meetings as necessary. With regard to the execution of business, all directors serve as corporate officers, who fulfill responsibilities inherent to the duties for which they are responsible, as decided by the Board of Directors, and implement sound management by discussing and reporting the appropriate development of business, existence of risk, and measures to prevent and avoid such risks, while sharing the latest information with one another through twice-monthly meetings of the Directors' Operations Committee, which comprises all directors concurrently serving as corporate officers, corporate officers designated by the president, and the deputy general manager of each division, etc.

Also, to ensure transparent disclosure of information, we have established an internal control system that provides stakeholders with important information in a timely manner, and have also established administrative rules, reporting structure, etc., for all Group companies to maintain fair business practices and share information.

The Board of Auditors is composed of five corporate auditors, of whom four are outside corporate auditors (of whom one is a lawyer). Corporate auditors attend all meetings of the Board of Directors and the Management Supervisory Committee, independently decide audit policies, audit the business and assets of the Company and its subsidiaries in cooperation with the internal audit division and an independent public accounting firm, and strictly examine important proposals of the Directors' Operation Committee, etc., and the status of business execution by directors.

As can be seen from the above, we deem this structure, which functions to sufficiently supervise management and ensure effective corporate governance, to be the most rational at present.

2) Details of corporate structure and progress with internal control system

(a) Compliance-oriented management

Positioning the firm establishment of the Group internal control system as one of the priory issues of management policy, we have determined a fundamental policy for our internal control system, based on which we have established an internal control system and revised it as necessary. Regarding the internal control system, to ensure the efficient execution of directors' duties, we have not merely prepared various regulations and systems such as job assignment and internal control regulations. Rather, important issues are discussed multilaterally and are reviewed at meetings attended by management. Furthermore, we have a system in place that properly oversees any information related to job execution, such as minutes of Board of Directors' meetings and approval documents in accordance with the Board of Directors Regulations and the Document Control Regulations.

In terms of a compliance system, a companywide "compliance team" under the supervision of the director in charge of compliance endeavor to prevent any occurrence of injustice and misconduct by ensuring a full understanding of compliance on the part of all directors and employees by continuously holding compliance seminars under the direction of compliance team.

As an organization concerned with internal control, we created a "Management Control Section" under the control of the Head of the Development & Production Division in 2007, which assumed the ordinary monitoring function of our manufacturing subsidiaries. Thus, we intend to strengthen the control function of our manufacturing subsidiaries.

Sales and other subsidiaries handle internal auditing on their own, as each Group company has a separate internal auditing function. Furthermore, we created a "Management Control Section" under the Head of the Business Division in 2007, which inspects the degree of implementation of internal auditing and gives guidance when necessary.

We also created a “Management Supervisory Committee” in 2007, with the Chairman as chairperson, the directors as members and all auditors as observers, so that we can follow the discussion of various measures and their level of progress, as well as check the degree of thoroughness of compliance.

(b) Rejection of antisocial forces

We actively work against any possibility of a relationship with antisocial forces or groups, manifesting the policy in the “ISEKI Group Code of Ethical Behavior.” To establish the corporate ethics of Iseki and the Group companies, we show action guidelines regarding antisocial forces in the “Iseki Group Code of Ethical Behavior,” and we have prepared systems to reject antisocial forces and relevant activities.

3) Status of internal audit and audit by corporate auditors

Internal audits of the Company are organized by the Operation Supervising Department with a staff of seven, which is independent of business execution divisions and sections. Based on internal audit rules, the department carries out accounting, business, and compliance audits of associated companies and each business division and section to ascertain whether businesses of the Group as a whole are executed appropriately and efficiently.

The Board of Auditors is composed of five corporate auditors, including four outside corporate auditors. In accordance with auditing policies, the audit plan, etc., established by the Board of Auditors, corporate auditors attend meetings of the Board of Directors and the Management Supervisory Committee, and other meetings deemed important, listen to Directors on the execution of their duties, peruse documents based on which important decisions are made, and audit the status of the businesses and assets of associated companies and each business division and section. They also cooperate with the Operation Supervising Department and the independent public audit firm through periodic exchanges of opinions and information, meetings held as necessary, and other means.

Masaharu Kamekawa, who is a full-time corporate auditor, has long been in charge of accounting affairs of the Company and has extensive knowledge of finance and accounting.

4) Outside directors and outside corporate auditors

The Company has elected four outside corporate auditors.

In cooperation with full-time corporate auditors, each outside corporate auditor discusses and decides audit policies, audit plans, division of duties, etc., at meetings of the Board of Auditors. In accordance with these decisions, each corporate auditor attends meetings of the Board of Directors, the Management Supervisory Committee, and other meetings deemed important, peruses documents based on which important decisions were made, and audits the status of the businesses and assets of associated companies and each business division and section. Outside corporate auditors also share information with an independent public audit firm at meetings held periodically.

Although we have no outside directors, we are strengthening the monitoring of management functions by enhancing and reinforcing the corporate auditing structure with five corporate auditors, including four outside corporate auditors. We have designated two outside corporate auditors as independent officers, and we believe governance with objectivity and neutrality functions is achieved under our structure without electing outside directors because audits are carried out by outside corporate auditors from an independent and fair standpoint.

We have not established standards or policies on independence for the election of independent directors/auditors. We refer to the judgment standards of the stock exchange for the independence of independent officers when electing them.

Norio Yasunaga, an outside corporate auditor, previously worked for The Iyo Bank, Ltd. We elected him as outside corporate auditor because we can expect his extensive knowledge and experience, obtained while holding various posts, including those of branch manager and general manager of division, at the said bank, will be leveraged for the auditing structure of the Company. Katsuhisa Ishida, an outside corporate auditor, formerly worked for The Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited). We elected him as outside corporate auditor because we expect that his extensive knowledge and experience, obtained while holding various posts, including those of general manager of division, at the said bank, will be leveraged for the auditing structure of the Company. Toshifumi Tsukitani, an outside corporate auditor, previously worked for The Norinchukin Bank. We elected him as outside corporate auditor because we expect his extensive knowledge and experience, obtained while he held various posts, including those of manager of overseas branch and general manager of division, at the said bank, will be leveraged for the auditing structure of the Company. All three outside corporate auditors are not considered to be influenced by the banks where they were formerly employed because five years or more have passed since they resigned from the respective banks. Because the Company deals with plural financial institutions, its dependence on respective financial institutions for borrowings is not significant, which means of each financial institution has little influence on the Company. Therefore, we judge that there are no conflicts of interests with general shareholders.

Shoji Tanaka, an outside corporate auditor, is a lawyer. We elected him as outside corporate auditor because we expect that his expertise, experience, etc., obtained while working as a lawyer, will be leveraged for the auditing structure of the Company.

We have also designated and reported Norio Yasunaga and Shoji Tanaka, both of whom are outside corporate auditors, as independent officers pursuant to the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

5) Independent public auditing

The Company has appointed Ernst & Young ShinNihon LLC as its independent public audit firm. There are no special relationships between the Company and Ernst & Young ShinNihon LLC that would represent a conflict of interest. The Company and Ernst & Young ShinNihon LLC have signed an audit agreement, based on which Ernst & Young ShinNihon LLC receives compensation. The Company's corporate auditors and the audit firm regularly hold liaison meetings, at which they exchange information related to the audit plan, scope, and other relevant matters. Other than their regular liaison meetings, the corporate auditors and Ernst & Young ShinNihon LLC meet as necessary to share information on audit examination items and processes.

Certified Public Accountants Assigned to the Company

Kenji Nishihara (Ernst & Young ShinNihon LLC)
Yoshiaki Ito (Ernst & Young ShinNihon LLC)
Tomohide Otani (Ernst & Young ShinNihon LLC)

Since all of the CPAs have been assigned to the Iseki & Co., Ltd. account for 7 years or less, the number of consecutive years they have been working on the account is not noted here. Ernst & Young Shin Nihon has voluntarily agreed not to assign any of its employees to work on the account for more than a fixed number of years.

Composition of Ernst & Young ShinNihon LLC Auditing Team
13 CPAs
9 Other

6) Establishing a risk management system

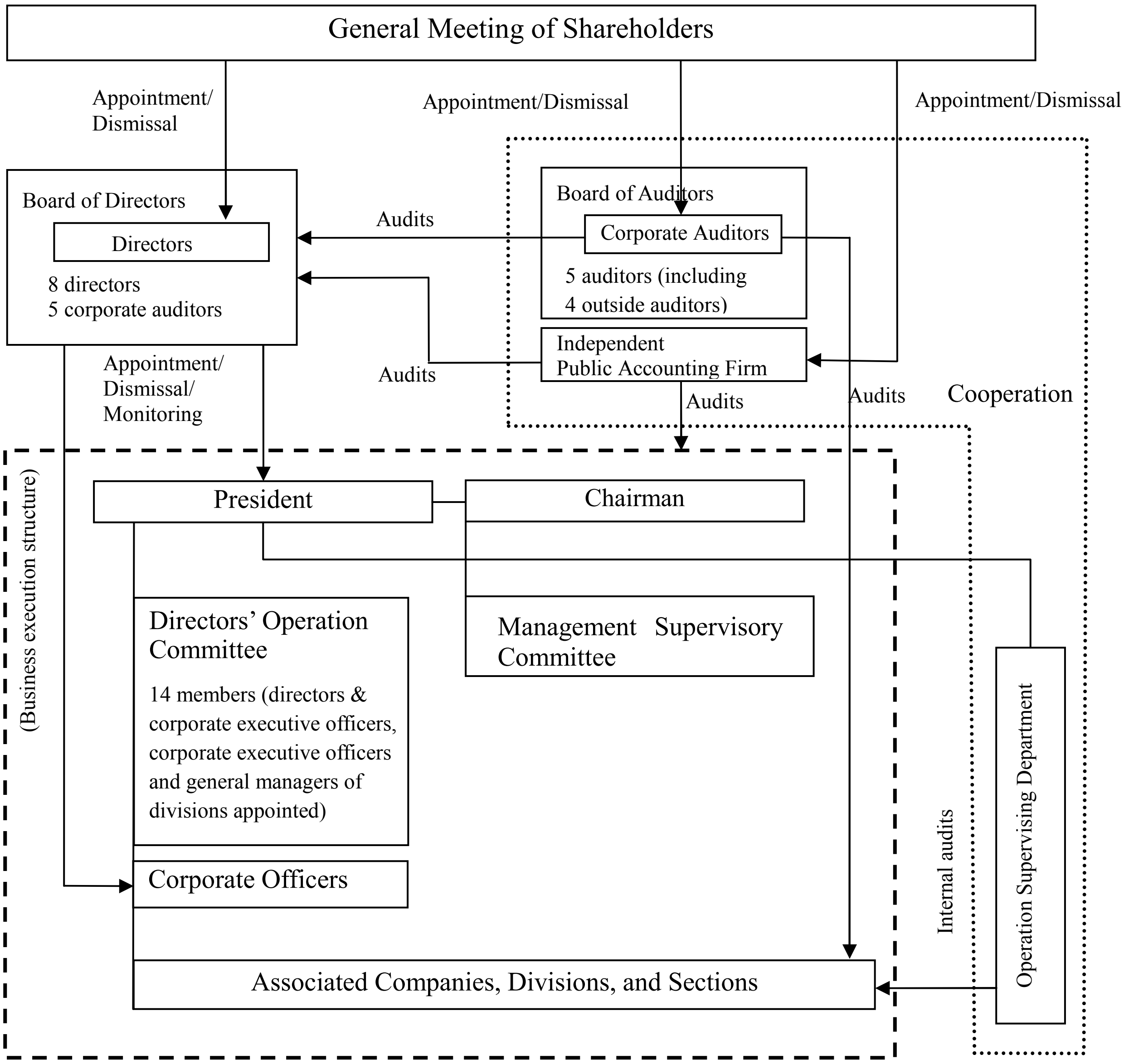
Addressing the overall risk exposure of the Group, the Company has set up risk management standards and rules as well as monitoring and response systems to prevent avoidable risk and to minimize losses.

7) Actions taken to improve corporate governance during the previous year

We, Iseki, believe that the timely disclosure of information is essential to building a good relationship with stakeholders. To that end, we endeavor to proactively disclose information, actively holding information meetings on quarterly performance.

The Company also addresses environmental issues. It regularly publishes an environmental report (last published August 2011). The entire Group works together actively on environmental programs and has been assessed by an independent institution as an organization that "is recognized as being particularly advanced in its environmental activities." We also publish an intellectual property report (last published August 2011) disclosing our research and development activities and strategies for strengthening our intellectual assets.

8) Diagram illustrating the Company's corporate governance structure



9) Stipulated number of members of Board of Directors

The Company's articles of incorporation stipulate that the Board of Directors shall comprise no more than 10 directors.

10) Requirement for election of directors

The articles of incorporation stipulate that directors of the Company shall be elected by a majority of votes by shareholders at the general meeting of shareholders, where the shareholders present represent one-third or more of the total voting rights of shareholders. The articles of incorporation also stipulate that directors may not be elected by cumulative voting.

11) Items that may be decided by the Board of Directors instead of resolution of the general meeting of shareholders, and their purpose

(a) Acquisition of treasury stock

As prescribed in the provisions of Article 165, Paragraph 2, of the Companies Act, the articles of incorporation stipulate that the Company may acquire treasury stock based on a decision by the Board of Directors. This provision allows the systematic pursuit of funding strategies.

(b) Absolution of directors from liability

As provided for in Article 426, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may absolve directors (including past directors) from liability, as defined in Article 423, Paragraph 1, of the same Act under the limit of the Act based on a decision by the Board of Directors provided that the directors have acted in good faith and have not been excessively negligent in their duties. This provision enables directors to pursue their duties to the full extent of expectations.

(c) Absolution of corporate auditors from liability

As provided for in Article 426, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may absolve corporate auditors (including past corporate auditors) from liability, as defined in Article 423, Paragraph 1, of the same Act under the limit of the Act based on a decision by the Board of Directors, provided that the corporate auditors have acted in good faith and have not been excessively negligent in their duties. This provision enables corporate auditors to pursue their duties to the full extent of expectations.

(d) Absolution of outside corporate auditors from liability

As provided for in Article 427, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may conclude an agreement to limit the liabilities of outside corporate auditors defined in Article 423, Paragraph 1, of the same Act. The Company has concluded an agreement with one part-time corporate auditor, who is an outside corporate auditor, to limit the liabilities of outside corporate auditors defined in Article 423, Paragraph 1, of the Companies Act. The limit of liability pursuant to the said agreement is the amount specified by the law. The said limit of liabilities shall be approved provided the said outside corporate auditors act in good faith and are not unreasonably negligent in the execution of their duties, which is the source of liability. This provision enables the Company to appoint appropriate persons as outside corporate auditors into the future and enables outside corporate auditors to pursue their duties to the full extent of expectations.

(e) Absolution of independent public audit firm from liability

As provided for in Article 426, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may absolve the independent public audit firm (including past independent public audit firms) from liability, as defined in Article 423, Paragraph 1, of the same Act under the limit of the Act based on a decision by the Board of Directors, provided that the independent public audit firm has acted in good faith and has not been excessively negligent in its duties. This provision enables the independent public audit firm to pursue its duties to the full extent of expectations.

12) Requirements for approving a special resolution of the general meeting of shareholders

The articles of incorporation stipulate that special resolutions as provided for in Article 309, Paragraph 2, of the Companies Act may be decided by a majority of two-thirds or more of votes by shareholders at the general meeting of shareholders, where the shareholders present represent one-third or more of the total voting rights of shareholders. This provision enables the smooth proceedings of general meetings of shareholders by lowering the quorum requirement.

(2) Remuneration for Independent Public Audit Firm

1) Remuneration for certified public accountants and others of independent public audit firm

(Millions of yen)

	Previous fiscal year		Fiscal year under review	
	Remuneration for audit certification services	Remuneration for non-audit services	Remuneration for audit certification services	Remuneration for non-audit services
Audited company	75	—	68	6
Consolidated subsidiaries	7	—	7	—
Total	82	—	75	6

2) Other remuneration

Not applicable

3) Details of non-audit services performed by certified public accountants of independent public audit firm for audited company

During the consolidated fiscal year under review, the Company sought consultations regarding the shift to International Financial Reporting Standards, which is designated as services (non-audit services) other than those provided for in Article 2, Paragraph 1, of the Certified Public Accountants Act, and paid remuneration. There was no matter applicable thereto in the previous consolidated fiscal year.

4) Policy for determining remuneration for public audit firm

Remuneration is determined with the approval of the Board of Auditors by taking the number of auditing days, services performed, and other factors into overall consideration.

V. Accounting Status

1. Method of Preparing Consolidated Financial Statements and Financial Statements

(1) The Company's consolidated financial statements are prepared on the basis of "Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements" (Finance Ministry Order No. 28 of 1976).

(2) The Company's financial statements are prepared on the basis of the "Regulation for Terminology, Forms and Preparation of Financial Statements, etc." (Finance Ministry Order No. 59 of 1963).

2. Audit Certification

Based on the provision of Article 193-2, Paragraph 1, of the "Financial Instruments and Exchange Act," the Company received an audit by Ernst & Young ShinNihon LLC of its consolidated financial statements for the consolidated fiscal year (from April 1, 2011 through March 31, 2012) and its financial statements for the fiscal year (from April 1, 2011 through March 31, 2012).

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

To ensure the appropriateness of its consolidated financial statements, etc., the Company joined the Financial Accounting Standards Foundation (FASF) and has taken part in its seminars, etc., with the aim of properly understanding the content of accounting standards and putting in place a system that can respond to changes, etc., in accounting standards, etc., in an appropriate manner.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2011 (As of March 31, 2011)	**FY2012** (As of March 31, 2012)
Assets		
Current Assets:		
Cash and deposits	5,696	7,052
Notes and accounts receivable—trade	28,688	*6 28,703
Short-term investment securities	19	19
Merchandise and finished goods	37,216	38,168
Work in process	2,569	3,295
Raw materials and supplies	1,180	1,380
Deferred tax assets	632	1,021
Others	2,720	3,243
Allowance for doubtful accounts	(60)	(45)
Total Current Assets	78,665	82,840
Noncurrent Assets:		
Property, plant and equipment		
Buildings and structures, net	14,909	14,965
Machinery, equipment and vehicles, net	7,291	6,983
Tools, furniture and fixtures, net	2,113	1,601
Land	*7 50,173	*7 50,263
Lease assets, net	4,863	4,970
Construction in progress	521	1,042
Other, net	18	14
Total property, plant and equipment	*1, *2 79,890	*1, *2 79,840
Intangible assets	948	981
Investments and other assets		
Investment securities	*3 5,186	*3 5,159
Long-term loans receivable	180	151
Deferred tax assets	781	706
Other	*3 3,951	*3 3,278
Allowance for doubtful accounts	(436)	(403)
Total investments and other assets	9,663	8,892
Total Noncurrent Assets	90,503	89,714
Total Assets	169,168	172,554

(Millions of yen)

	FY2011 (As of March 31, 2011)	FY2012 (As of March 31, 2012)
Liabilities		
Current Liabilities:		
Notes and accounts payable—trade	41,950	*6 43,667
Short-term loans payable	*1 17,883	*1 17,174
Current portion of long-term loans payable	*1 11,220	*1 8,147
Lease obligations	1,603	1,672
Accrued consumption taxes	516	390
Income taxes payable	463	803
Deferred tax liabilities	4	—
Accrued expenses	3,332	4,004
Provision for bonuses	821	236
Provision for loss on disaster	174	—
Other	*1 3,319	*1*6 3,659
Total Current Liabilities	81,290	79,756
Noncurrent Liabilities:		
Bonds payable	100	100
Long-term loans payable	*1 14,277	*1 16,653
Lease obligations	3,771	3,736
Deferred tax liabilities	397	252
Deferred tax liabilities for land revaluation	*7 7,593	*7 6,644
Provision for retirement benefits	5,225	5,485
Provision for directors' retirement benefits	134	116
Asset retirement obligations	294	257
Negative goodwill	2	—
Other	*1 1,465	*1 1,361
Total Noncurrent Liabilities	33,261	34,608
Total Liabilities	114,551	114,364
Net Assets		
Shareholders’ equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	5,160	7,887
Treasury stock	(19)	(22)
Total Shareholders’ Equity	41,939	44,664
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	366	265
Deferred gains or losses on hedges	—	3
Revaluation reserve for land	*7 10,867	*7 11,816
Foreign currency translation adjustment	(65)	(51)
Total valuation and translation adjustments	11,169	12,034
Minority interests	1,508	1,490
Total Net Assets	54,617	58,189
Total Liabilities and Net Assets	169,168	172,554

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	FY2011 (April 1, 2010– March 31, 2011)	**FY2012** (April 1, 2011– March 31, 2012)
Net sales	147,826	145,252
Cost of sales	*1, *2 101,639	*1, *2 98,839
Gross profit	46,187	46,412
Selling, general and administrative expenses		
Advertising expenses	1,208	891
Packing and transportation expenses	3,422	3,364
Directors' compensations, salaries and allowances	18,404	18,017
Bonuses	2,483	2,320
Retirement benefit expenses	1,830	1,987
Provision for directors' retirement benefits	23	21
Depreciation	1,340	1,457
Other	14,671	14,119
Total selling, general and administrative expenses	*2 43,383	*2 42,181
Operating income	2,803	4,231
Non-operating income		
Interest income	206	192
Dividends income	102	175
Amortization of negative goodwill	9	4
Subsidies received	107	68
Rent income	147	146
Sales of scrap	145	143
Other	413	464
Total non-operating income	1,133	1,194
Non-operating expenses		
Interest expenses	891	796
Sales discounts	115	104
Foreign exchange losses	329	1
Loss on abandonment of inventories	296	301
Other	296	323
Total non-operating expenses	1,930	1,527
Ordinary income	2,006	3,898

(Millions of yen)

	FY2011 (April 1, 2010– March 31, 2011)	FY2012 (April 1, 2011– March 31, 2012)
Extraordinary income		
Gain on sales of noncurrent assets	*3 67	*3 36
Gain on sale of investment securities	1	256
Other	—	0
Total extraordinary income	68	293
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	*4 201	*4 138
Impairment loss	*5 62	*5 29
Loss on valuation of investment securities	602	6
Loss on valuation of golf club membership	3	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	218	—
Loss on disaster	*6 760	12
Retirement benefit expenses	—	252
Cost of measures for product recall	23	37
Other	0	0
Total extraordinary losses	1,872	477
Income before income taxes	202	3,715
Income taxes—current	825	1,100
Income taxes for prior periods	55	257
Income taxes—deferred	233	(359)
Total income taxes	1,115	998
Income (loss) before minority interests	(912)	2,716
Minority interests in income (loss)	6	(11)
Net income (loss)	(918)	2,727

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY2011 (April 1, 2010– March 31, 2011)	**FY2012** (April 1, 2011– March 31, 2012)
Income (loss) before minority interests	(912)	2,716
Other comprehensive income		
Valuation difference on available-for-sale securities	(9)	(105)
Deferred gains or losses on hedges	—	3
Revaluation reserve for land	—	949
Foreign currency translation adjustment	(57)	7
Share of other comprehensive income of affiliates accounted for using equity method	—	6
Total Other comprehensive income	(66)	*1 860
Comprehensive income	(979)	3,577
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(994)	3,593
Comprehensive income attributable to minority interests	15	(15)

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY2011 (April 1, 2010– March 31, 2011)	**FY2012** (April 1, 2011– March 31, 2012)
Shareholders' Equity		
Capital Stock		
Balance at the beginning of period	23,344	23,344
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	23,344	23,344
Capital Surplus		
Balance at the beginning of period	13,454	13,454
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of period	13,454	13,454
Retained Earnings		
Balance at the beginning of period	6,076	5,160
Changes of items during the period		
Net income (loss)	(918)	2,727
Reversal of revaluation reserve for land	2	—
Total changes of items during the period	(916)	2,727
Balance at the end of period	5,160	7,887
Treasury Stock		
Balance at the beginning of period	(13)	(19)
Changes in items during the period		
Purchase of treasury stock	(6)	(3)
Total changes of items during the period	(6)	(3)
Balance at the end of period	(19)	(22)
Total Shareholders' Equity		
Balance at the beginning of period	42,862	41,939
Changes of items during the period		
Net income (loss)	(918)	2,727
Purchase of treasury stock	(6)	(3)
Reversal of revaluation reserve for land	2	—
Total changes of items during the period	(922)	2,724
Balance at the end of period	41,939	44,664

(Millions of yen)

	FY2011 (April 1, 2010– March 31, 2011)	FY2012 (April 1, 2011– March 31, 2012)
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities		
Balance at the beginning of period	385	366
Changes of items during the period		
Net changes in items other than shareholders' equity	(18)	(101)
Total changes of items during the period	(18)	(101)
Balance at the end of period	366	265
Deferred gains or losses on hedges		
Balance at the beginning of period	—	—
Changes of items during the period		
Net changes in items other than shareholders' equity	—	3
Total changes of items during the period	—	3
Balance at the end of period	—	3
Revaluation Reserve for Land		
Balance at the beginning of period	10,869	10,867
Changes of items during the period		
Net changes in items other than shareholders' equity	(2)	949
Total changes of items during the period	(2)	949
Balance at the end of period	10,867	11,816
Foreign Currency Translation Adjustment		
Balance at the beginning of period	(7)	(65)
Changes of items during the period		
Net changes in items other than shareholders' equity	(57)	13
Total changes of items during the period	(57)	13
Balance at the end of period	(65)	(51)
Total Accumulated Other Comprehensive Income		
Balance at the beginning of period	11,247	11,169
Changes of items during the period		
Net changes in items other than shareholders' equity	(78)	865
Total changes of items during the period	(78)	865
Balance at the end of period	11,169	12,034
Minority Interests		
Balance at the beginning of period	1,494	1,508
Changes of items during the period		
Net changes in items other than shareholders' equity	13	(17)
Total changes of items during the period	13	(17)
Balance at the end of period	1,508	1,490
Total Net Assets		
Balance at the beginning of period	55,604	54,617
Changes in items during the period		
Net income (loss)	(918)	2,727
Purchase of treasury stock	(6)	(3)
Reversal of revaluation reserve for land	2	—
Net changes in items other than shareholders' equity	(64)	847
Total changes of items during the period	(987)	3,572
Balance at the end of period	51,617	58,189

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2011 (April 1, 2010– March 31, 2011)	FY2012 (April 1, 2011– March 31, 2012)
Net Cash Provided by (Used in) Operating Activities:		
Income before income taxes	202	3,715
Depreciation and amortization	5,666	5,933
Impairment loss	62	29
Amortization of negative goodwill	(9)	(4)
Increase (decrease) in provision for retirement benefits	140	260
Increase (decrease) in provision for loss on disaster	174	(174)
Loss (gain) on sales of investment securities	(0)	(255)
Loss on evaluation of golf club memberships	3	—
Interest and dividend income	(309)	(367)
Interest expenses	891	796
Foreign exchange losses (gains)	(169)	(154)
Loss (gain) on sales of property, plant and equipment and intangible assets	133	102
Decrease (increase) in notes and accounts receivable—trade	631	(14)
Decrease (increase) in inventories	503	(1,878)
Increase (decrease) in notes and accounts payable—trade	176	1,717
Loss on adjustment for changes of accounting standard for asset retirement obligations	218	—
Other	611	375
Subtotal	8,928	10,080
Interest and dividends income received	309	368
Interest expenses paid	(891)	(804)
Income taxes paid	(1,404)	(1,328)
Income taxes refund	118	265
Net cash provided by (used in) operating activities	7,060	8,580
Net Cash Provided by (Used in) Investment Activities:		
Purchase of short-term investment securities	(19)	(19)
Proceeds from sales of short-term investment securities	19	19
Purchase of property, plant and equipment and intangible assets	(5,364)	(5,324)
Proceeds from sales of property, plant and equipment and intangible assets	279	199
Purchase of investment securities	(529)	(325)
Proceeds from sales of investment securities	11	395
Decrease (increase) in loans receivable	2	26
Decrease (increase) in time deposits	(20)	10
Payments for investments in capital of subsidiaries and affiliates	—	(239)
Other	(54)	24
Net cash provided by (used in) investment activities	(5,674)	(5,234)
Net Cash Provided by (Used in) Financing Activities:		
Increase (decrease) in short-term loans payable, net	2,063	(709)
Proceeds from long-term loans payable	10,135	11,870
Repayment of long-term loans payable	(13,972)	(12,567)
Proceeds from issuance of bonds	100	—
Redemption of bonds	(1,060)	—
Proceeds from sell and leaseback transactions	1,491	997
Repayments of lease obligations	(1,255)	(1,718)
Purchase of treasury stock	(6)	(3)
Other	(11)	(11)
Net cash provided by (used in) financing activities	(2,515)	(2,141)
Effect of Exchange Rate Change on Cash and Cash Equivalents	100	162
Net Increase (Decrease) in Cash and Cash Equivalents	(1,028)	1,367
Cash and Cash Equivalents at Beginning of Period	6,614	5,585
Cash and Cash Equivalents at End of Period	5,585	6,952

[Notes Regarding the Going Concern Assumption]

Not applicable

[Important Basic Items for Preparing Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 24 companies

(including Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd., Iseki-Hokkaido Co., Ltd. and Iseki-Tohoku Co., Ltd.)

(2) Names of major non-consolidated subsidiaries

N.V. ISEKI EUROPE S.A.

Because the non-consolidated subsidiary is small in scale and none of its total assets, net sales, net income (or loss), or retained earnings (the amount corresponding to the equity interest), etc., has a material impact on the consolidated financial statements, it is removed from the scope of consolidation.

2. Scope of the equity- method companies

(1) Number of affiliates to which the equity method is applied: 1

Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd.

Effective as of the fiscal year ended March 31, 2012, the affiliated company is accounted for by the equity method as a result of an investment made in the company.

(2) Names of major non-consolidated subsidiaries and affiliates to which the equity method is not applied.

N.V. ISEKI EUROPE S.A.

Because the company to which the equity method is not applied has a minor effect on net income (or loss), retained earnings, etc., and is of no importance as a whole, it is removed from the scope of the equity- method companies.

3. Consolidated accounting period

Of the consolidated subsidiaries, 14 companies (including Iseki-Hokkaido Co., Ltd.) use an end-of-period balance sheet date of December 31. Ten companies (including Iseki-Matsuyama Mfg. Co., Ltd.) use a balance sheet date of March 31.

With regard to the preparation of the consolidated financial statements, the financial statements as of the balance sheet dates of respective companies are used. And necessary adjustments at consolidation are made for any significant transactions that occurred between the consolidated balance sheet date and these dates.

4. Accounting policies

(1) Valuation basis and methods of important assets

(i) Inventories

Mainly recorded at cost using the gross average method (Balance sheet amounts for items with reduced profitability have been adjusted downward accordingly)

(ii) Securities

(a) Held-to-maturity debt securities

Recorded at amortized cost (Straight-line method)

(b) Available-for-sale securities

- Securities with fair market value

Recorded at market value, based on the fair market price at the closing date of the consolidated reporting period (Any estimate variance is credited or debited to Shareholders' Equity, and cost of sales is calculated using the moving-average method.)

- Securities without fair market value

Mainly recorded at cost, based on the moving-average method

(iii) Derivatives

Recorded using the market value method

(2) Depreciation methods for material depreciable assets

(i) Property, plant and equipment (excluding lease assets)

The straight-line method is used mainly for tools and new buildings (not including buildings and accompanying facilities) acquired on or after April 1, 1998, and the declining-balance method is used for other property, plant and equipment.

(Principal useful lives)

Buildings and structures	3 through 50 years
Machinery, equipment and vehicles	2 through 17 years
Tools, furniture and fixtures	2 through 20 years

Depreciation of minor tangible fixed assets whose acquisition costs were ¥100 thousand or more, but less than ¥200 thousand, is computed principally by the straight-line method over a period of 3 years.

Depreciation for property, plant and equipment acquired on or before March 31, 2007 has been computed based on a salvage value of 5% of acquisition cost. The amount between the salvage value and memorandum value is depreciated from the year following the year in which the book value of the asset reaches 5% of its acquisition cost by the straight-line method over a period of 5 years.

(ii) Intangible assets (excluding lease assets)

Straight-line method is applied. However, software for internal use is depreciated using the straight-line method over an expected useful life within the company of five years, while software for marketing is depreciated using the straight-line method over an expected marketable period of three years.

(iii) Lease assets

Lease assets derived from finance leases other than those leases which transfer the ownership of the assets to the lessee are amortized using straight-line method with no residual value over the lease period, which is deemed the useful life.

Among finance leases that do not involve transfer of ownership to lessee, leases that began before April 1, 2008 are accounted for as normal operating leases.

(3) Allowances and reserves

(i) Allowance for doubtful accounts

A likely unrecoverable amount is calculated by applying the historical bad debt ratio to common receivables. For specific receivables, such as doubtful debt receivables, allowances are made by individually evaluating the likelihood of them being collected.

(ii) Provision for bonuses

To provide for future bonus payments to employees, a provision for bonuses is booked based on estimated future payments.

(iii) Provision for loss on disaster

To provide for expenditures necessary for restoring assets damaged by the Great East Japan

Earthquake, the provision for loss on disaster is based on the estimated amount at the end of the consolidated accounting period.

(iv) Provision for retirement benefits

Provision for retirement benefits is recorded as at the end of the consolidated accounting period, and is principally based on the amounts for the obligation for employees' retirement benefits and pension plan assets.

Disparities arising out of changes to accounting standards are expensed pro rata over 15 years. Past service liabilities are amortized using the straight-line method over the average of the estimated remaining years of service. Actuarial differences are amortized using the straight-line method over the average of the estimated remaining years of service calculated in the respective consolidated fiscal periods when the differences are arisen, with the first expense being recognized in the following consolidated fiscal period.

(v) Provision for directors' retirement benefits

Some of the Company's consolidated subsidiaries record the directors' retirement benefits to provide for directors' retirement benefits in an amount as required by companies' internal regulations.

(4) Accounting standards for revenues and expenses

Accounting standards for the value and cost of completed construction contracts

The percentage-of-completion method is applied for construction in progress up to the end of the consolidated accounting period, for which the outcome can be estimated reliably (the proportional cost method is applied for estimating the percentage of progress of the construction). The completed-contract method is applied for other constructions.

(5) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Gains or losses resulting from the translation are credited or charged to income.

Balance sheet accounts (except for shareholders' equity) and revenue and expense accounts of the overseas subsidiary are translated into yen at the rates of exchange in effect at the balance sheet dates. Differences arising from translation are presented as "Foreign currency translation adjustment" and "Minority interests" in shareholders' equity and financial statements.

(6) Hedge accounting

(a) Hedge accounting

Recorded in accordance with deferred hedge accounting.

Such receivables and payables, which are denominated in foreign currencies and for which forward exchange contracts have been entered, are recorded using the forward exchange rates.

(b) Hedging instruments and hedged items

- Hedging instruments......Forward exchange contracts and interest rate swap agreements
- Hedged items......Receivables and payables denominated in foreign currencies, scheduled transactions denominated in foreign currencies, and borrowings

(c) Hedging policy

The Company hedges the risks associated with fluctuations in foreign currencies exchange rates and interest rates.

As for the risks associated with fluctuations in foreign currencies exchange rates in transactions in foreign currencies that occur when carrying out export and import businesses, the Company makes it its policy to balance export exchange with import exchange, and for interest-rate fluctuation risk on borrowings, the Company makes it its policy to hedge against variable interest rate borrowings with the aim mainly of spreading interest payments.

(d) Method of assessing effectiveness of hedging

The Company assesses the effectiveness of hedging by comparing the respective changes in total amount of cash flows regarding hedging instruments and hedged items.

(e) Other risk management method regarding hedge accounting

Transactions are conducted under the internal policies which include procedures and authorization processes. To assess the effectiveness of risk hedging, etc., the Company makes it a rule that it should be verified by the finance divisions on a regular basis.

(7) Amortization method and amortization period of goodwill

Goodwill is amortized equally over a period of no longer than 20 years after the fiscal year in which the goodwill arises.

(8) Cash and cash equivalents

When preparing the consolidated statements of cash flows, cash-on-hand, demand deposits, and short-term, high-liquidity investments with maturities not exceeding three months, which can be easily converted into cash and involve little risk of fluctuations of value, are considered to be cash and cash equivalents.

(9) Other notes pertaining to the preparation of the Consolidated Financial Statements

Accounting treatment of consumption tax

Consumption tax and local consumption taxes are accounted for using a tax-exclusive method.

[Changes in Presentation of Financial Statements]

(Consolidated Statements of Income)

Effective the consolidated accounting period, “Income taxes for prior periods,” which was included in “Income taxes-current” in the previous fiscal year, is presented separately because its importance has increased. The consolidated financial statements of the previous fiscal year were rearranged in order to reflect this change to presentation.

Accordingly, “Income taxes for prior periods” (¥881 million) represented in the consolidated statements of income in the previous fiscal year is reclassified to “Income taxes for prior periods” (¥826 million) and “Income taxes-current” (¥55 million.)

[Additional information]

(Application of Accounting Standard for Accounting Changes and Error Corrections)

For accounting changes and corrections of prior period errors made on or after the beginning of the fiscal year under review, the Company adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Implementation Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009).

[Notes]

(Consolidated Balance Sheets Information)

*1 Assets provided as collateral

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
I Property, plant and equipment		
Buildings and structures	¥2,213 million	¥2,137 million
Land	¥6,973 million	¥7,144 million
Total	¥9,187 million	¥9,281 million
II Liabilities to the above items		
Short-term loans payable	¥4,585 million	¥4,780 million
Current portion of long-term loans payable	¥1,161 million	¥1,129 million
Other (accounts payable)	¥9 million	¥9 million
Long-term loans payable	¥1,865 million	¥1,795 million
Other (long-term accounts payable)	¥49 million	¥39 million
Total	¥7,671 million	¥7,754 million

*2 Accumulated depreciation of property, plant and equipment

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Accumulated depreciation	¥94,005 million	¥96,979 million

*3 Investment and other assets invested in non-consolidated subsidiaries and affiliates

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Investment securities (shares)	¥75 million	¥75 million
Other (investments in capital)	¥13 million	¥259 million
(Of which, amount of investment in jointly controlled entity)	¥— million	¥246 million

4 Guaranteed liabilities

FY2011 (as of March 31, 2011)		FY2012 (as of March 31, 2012)	
Higashi Nihon Agricultural Equipment Cooperative Union	¥3,725 million	Higashi Nihon Agricultural Equipment Cooperative Union	¥2,998 million
Nishi Nihon Agricultural Equipment Cooperative Union	¥2,187 million	Nishi Nihon Agricultural Equipment Cooperative Union	¥1,760 million
Kinki Agricultural Equipment Cooperative Union	¥1,361 million	Kinki Agricultural Equipment Cooperative Union	¥1,096 million
Tokai Agricultural Equipment Cooperative Union	¥927 million	Tokai Agricultural Equipment Cooperative Union	¥746 million
Other	¥286 million	Other	¥235 million
Total	¥8,486 million	Total	¥6,835 million

5 Notes receivable less discount—trade and endorsed notes receivable—trade

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Notes receivable less discount—trade	¥12 million	¥— million
Endorsed notes receivable—trade	¥371 million	¥317 million

*6 Bills due on the last day of the consolidated fiscal year

Bills due on the last day of the period are deemed to have been settled on the due date.

Because the last day of the consolidated fiscal year under review was a holiday of financial institutions, the following bills due on the last day of the period are included in balance at the end of the period.

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Notes receivable	—	¥47 million
Notes payable	—	¥1,722 million
Others (bills payable for facilities)	—	¥19 million

*7 Revaluation of land for business use

The Company, which submitted its consolidated financial statements, has revalued its land for business use pursuant to the law (Law No. 19, announced on March 31, 2001), which revises parts of the law relating to the revaluation of land. The equivalent tax related to the change in the said revaluation has been recorded in the liabilities as a "Deferred tax liabilities for land revaluation" and the deducted amount has been recorded in the assets as a "Revaluation reserve for land".

- Revaluation method

The revaluation of land has been determined using a reasonable adjustment to the assessed value of the noncurrent assets as stipulated in Paragraph 3, Article 2, of the enforcement order (Government ordinance number 119, announced on March 31, 1998).

- Revaluation date

March 31, 2001

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Variance between the market value of the revalued land at the end of the period and the revalued book value	¥ (10,632) million	¥ (11,152) million

8 Commitment line contract

The Company has concluded a commitment line contract with certain banks to reduce its interest-bearing liabilities and improve efficient financing and financial account balance.

Unused portion of commitments on the lending commitment as of the year-end of the consolidated fiscal year under review is as follows:

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Aggregate amount of lending commitment	¥20,030 million	¥20,030 million
Used portion of commitments	¥500 million	¥500 million
Balance unused	¥19,530 million	¥19,530 million

(Consolidated Statements of Income Information)

*1 Inventory at the end of the fiscal year represents the amount adjusted downward for items with reduced profitability and the following loss on valuation of inventories is included in cost of sales.

FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
¥ (13) million	¥37 million

*2 Research and development expenses included in selling, general and administrative expenses and current manufacturing expenses

FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
¥3,883 million	¥3,858 million

*3 Gain on sales of noncurrent assets

	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Buildings and structures	¥28 million	¥— million
Machinery, equipment and vehicles	¥26 million	¥15 million
Land	¥0 million	¥0 million
Intangible assets	¥10 million	¥19 million
Other	¥0 million	¥0 million
Total	¥67 million	¥36 million

*4 Loss on sales and retirement of noncurrent assets

	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Buildings and structures	¥74 million	¥71 million
Machinery, equipment and vehicles	¥82 million	¥54 million
Tools, furniture and fixtures	¥32 million	¥8 million
Land	¥11 million	¥1 million
Other	¥0 million	¥3 million
Total	¥201 million	¥138 million

*5 Impairment loss

FY2011 (April 1, 2010–March 31, 2011)

The Company recorded impairment loss of ¥62 million (¥1 million for buildings and ¥60 million for land).

Usage	Type	Location	Amount (Millions of yen)
Idle property	Buildings, land	Saihaku-gun, Tottori Pref.	4
Property loaned out	Land	Goshogawara, Aomori Pref.	57
Total			62

(Background)

The Company recorded an impairment loss on the above assets. This is because idle properties are not being used and have no prospect for use in the future. In addition, the market price of land is declining for idle properties and properties loaned out.

(Grouping method)

We group our assets at each unit, which manages receipts and payments independently. We also group idle properties and properties loaned out individually.

(Measurement of recoverable amount)

Recoverable amount is measured using net selling price. In case of land, the price is determined by applying reasonable adjustments to the assessed value of noncurrent assets for property tax.

FY2012 (April 1, 2011–March 31, 2012)

The Company recorded an impairment loss of ¥29 million (¥29 million for buildings and ¥0 million for land) on the following assets.

Usage	Type	Location	Amount (Millions of yen)
Idle property	Buildings, land	Soma, Fukushima Pref.	1
	Buildings and structures	Nasushiobara, Tochigi Pref.	28
Total			29

(Background)

The Company recorded an impairment loss on the above assets. This is because idle properties are not being used and have no prospect for use in the future. In addition, the market price of land is declining for idle properties.

(Grouping method)

We group our assets at each unit, which manages receipts and payments independently. We also group idle properties and properties loaned out individually.

(Measurement of recoverable amount)

Recoverable amount is measured using net selling price. In case of land, the price is determined by applying reasonable adjustments to the assessed value of noncurrent assets for property tax.

*6 Loss on disaster

FY2011 (April 1, 2010–March 31, 2011)

The Company and some of its subsidiaries recorded a ¥760 million loss on the Great East Japan

Earthquake.

Provision for loss on disaster	¥174 million
Loss on valuation of inventories	¥418 million
Loss on retirement of noncurrent assets	¥104 million
Provision of allowance for doubtful assets	¥58 million
Other	¥3 million

(Consolidated Statements of Comprehensive Income Information)

FY2012 (April 1, 2011–March 31, 2012)

*1 Reclassification and tax effect relating to other comprehensive income

Valuation difference on available-for-sale securities	
Amount arising during fiscal year under review	¥43 million
Reclassification	¥(255) million
Before tax effect adjustment	¥(211) million
Tax effect	¥105 million
Valuation difference on available-for-sale securities	¥(105) million
Deferred gains or losses on hedges	
Amount arising during fiscal year under review	¥12 million
Adjustment of asset acquisition cost	¥(6) million
Before tax effect adjustment	¥5 million
Tax effect	¥(2) million
Deferred gains or losses on hedges	¥3 million
Revaluation reserve for land	
Tax effect	¥949 million
Foreign currency translation adjustment	
Amount arising during fiscal year under review	¥7 million
Share of other comprehensive income of affiliates accounted for using equity method	
Amount arising during fiscal year under review	¥6 million
Total other comprehensive income	¥860 million

(Consolidated Statements of Changes in Net Assets Information)

FY2011 (April 1, 2010–March 31, 2011)

1. Matters concerning outstanding stocks

Class of shares	Number of shares (as of April 1, 2010)	Increase in number of shares	Decrease in number of shares	Number of shares (as of March 31, 2011)
Common stock	229,849,936	—	—	229,849,936
Total	229,849,936	—	—	229,849,936

2. Matters concerning treasury stocks

Class of shares	Number of shares (as of April 1, 2010)	Increase in number of shares	Decrease in number of shares	Number of shares (as of March 31, 2011)
Common stock	44,223	28,859	—	73,082
Total	44,223	28,859	—	73,082

Note: The increase in number of shares (28,859 shares) during the period was due to the purchasing of shares below the stock trading unit.

3. Matters concerning subscription rights to shares, etc.
Not applicable

4. Matters concerning dividends
Not applicable

FY2012 (April 1, 2011–March 31, 2012)

1. Matters concerning outstanding stocks

Class of shares	Number of shares (as of April 1, 2011)	Increase in number of shares	Decrease in number of shares	Number of shares (as of March 31, 2012)
Common stock	229,849,936	—	—	229,849,936
Total	229,849,936	—	—	229,849,936

2. Matters concerning treasury stocks

Class of shares	Number of shares (as of April 1, 2011)	Increase in number of shares	Decrease in number of shares	Number of shares (as of March 31, 2012)
Common stock	73,082	16,297	—	89,379
Total	73,082	16,297	—	89,379

Note: The increase in number of shares (16,297 shares) during the period was due to the purchasing of shares below the stock trading unit.

3. Matters concerning subscription rights to shares, etc.
Not applicable

4. Matters concerning dividends
Of the dividends whose the record date belongs to the fiscal year ended March 31, 2012, the effective date of the dividends is the fiscal year ending March 31, 2013

Resolution	Type of share	Source of funds for dividends	Total dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on June 26, 2012	Common stock	Retained earnings	344	1.50	March 31, 2012	June 27, 2012

(Consolidated Statements of Cash Flows Information)

1. Reconciliation between the end of period balance of cash and cash equivalents and the amount reported in the Consolidated Balance Sheet

(Millions of yen)

	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Cash and deposits	¥5,696 million	¥7,052 million
Time deposits with terms of 3 months or more	¥ (110) million	¥ (100) million
Total cash and cash equivalents	¥5,585 million	¥6,952 million

2. Major noncash transactions

	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Amount of assets and liabilities derived from finance leases	¥2,585 million	¥1,752 million

(Lease Transaction Information)

1. Finance lease transactions

Finance leases other than those leases that transfer ownership of assets to the lessee

(1) Details of lease assets

(i) Property, plant and equipment

These represent mainly machinery, equipment, and transport equipment (machinery, equipment and vehicles), as well as tools and business equipment such as personal computers (tools, furniture, and fixtures).

(ii) Intangible assets

These are software.

(2) Depreciation methods of lease assets

These are as stated in "4. Accounting policies (2) Depreciation methods for material depreciable assets (iii) Lease assets" of Important Basic Items for Preparing Consolidated Financial Statements.

Among finance leases that do not involve transfer of ownership to lessee, leases that took effect before April 1, 2008 are accounted for as normal operating leases. Details of such leases are as follows:

(i) Acquisition costs, accumulated depreciation and net book value of leased properties as of the fiscal year-end

FY2011 (As of March 31, 2011)

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
Acquisition costs	¥1 million	¥3,138 million	¥684 million	¥3,824 million
Accumulated depreciation	¥1 million	¥2,106 million	¥553 million	¥2,660 million
Net book value as of the fiscal year-end	¥0 million	¥1,032 million	¥130 million	¥1,163 million

FY2012 (As of March 31, 2012)

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
Acquisition costs	¥2,458 million	¥200 million	¥2,659 million
Accumulated depreciation	¥1,851 million	¥168 million	¥2,020 million
Net book value as of the fiscal year-end	¥607 million	¥31 million	¥638 million

(ii) Future minimum lease payments as of the fiscal year-end

	FY2011 (As of March 31, 2011)	FY2012 (As of March 31, 2012)
Within one year	¥542 million	¥326 million
More than one year	¥698 million	¥359 million
Total	¥1,241 million	¥685 million

(iii) Lease payment, depreciation and interest expense

	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Lease payment	¥968 million	¥559 million
Depreciation	¥889 million	¥515 million
Interest expense	¥46 million	¥25 million

(iv) Calculation methods of depreciation and interest

- Calculation method of depreciation
  Lease assets are amortized using straight-line method with no residual value over the lease period, which is deemed the useful life.
- Calculation method of interest
  Interest equivalents are calculated by deeming the amount after deducting acquisition cost of the leased property from the total amount of lease payment as interest, and amortizing it over the lease period based on the interest method.

2. Operating leases transaction

Future minimum lease payments for non-cancelable operating leases

	FY2011 (As of March 31, 2011)	FY2012 (As of March 31, 2012)
Within one year	¥165 million	¥197 million
More than one year	¥330 million	¥212 million
Total	¥495 million	¥409 million

(Financial Instrument Information)

1. Matters concerning the status of financial instruments

(1) Policies for financial instruments

The Group has funds mainly through bank loans and issuance of bonds based on its financing plans. Temporary surplus funds have been invested in safe and secure financial assets. Derivatives have been used to avoid risks mentioned later, but the Company makes it its policy not to engage in speculative transactions.

(2) Content of financial instruments, risks associated therewith, and risk management system

Notes and accounts receivable, which are trade receivables, are exposed to the credit risk of customers. The said risk is managed in accordance with the Group's rules. In addition, trade receivables in foreign currencies arising from business operations in overseas markets are exposed to risk of foreign currency exchange rate fluctuations; therefore, the Company has hedged foreign exchange risk using forward exchange contracts to the extent that occurrence can be anticipated with certainty. Securities and investment securities are chiefly held-to-maturity debt securities and shares of companies with which the Company has a business relationship. While these are exposed to risks of market price fluctuations, market prices obtained on a regular basis have been reported to the Board of Directors.

Notes and accounts payable, which are operating liabilities, almost all of them have a date of payment of within one year. Of these, some are in foreign currencies in connection with imports of raw materials and are exposed to risk of foreign exchange rate fluctuations, but they are within the scope of the balance of trade receivables in the same currency.

Loans are fund procurements mainly related to operating transactions and lease obligations for finance leases are fund procurements mainly related to holding noncurrent assets. While variable interest rate loans are exposed to risk of interest rate fluctuations, for some long-term loans, derivative transactions (interest rate swap agreements) have been used as hedging instruments for individual loans to avoid risk of fluctuating interest rates payable and stabilize interest expenses. Regarding the method of evaluating the effectiveness of hedging, because the requirements for exceptional accounting have been met, evaluation of effectiveness has been omitted.

Implementation and management of derivative transactions have been done in accordance with internal policies that provide for authorizing transactions, and the Company has engaged in transactions with financial institutions having high ratings to reduce credit risk.

(3) Supplementary explanation of matters concerning market values, etc., of financial instruments

Market values of financial instruments include values based on market prices, as well as values reasonably calculated if there are no market prices.

For transaction amounts, etc., concerning derivative transactions in the notes of "Derivative Transaction Information," the amounts per se do not represent market risk associated with derivative transactions.

2. Matters concerning market values, etc., of financial instruments

Carrying value, market value and unrealized gain (loss) are as follows. Items for which market values are deemed to be extremely difficult to grasp are not included in the following table (Please refer to (Note 2)):

FY2011 (As of March 31, 2011)

	Carrying value (millions of yen)	Market value (millions of yen)	Unrealized gain (millions of yen)
(1) Cash and deposits	5,696	5,696	—
(2) Notes and accounts receivable—trade	28,688	28,688	—
(3) Securities and investment securities			
(i) Held-to-maturity debt securities	19	19	0
(ii) Available-for-sales securities	4,359	4,359	—
(4) Notes and accounts payable—trade	41,950	41,950	—
(5) Short-term loans payable	17,883	17,883	—
(6) Bonds payable	100	99	(0)
(7) Long-term loans payable	25,497	25,535	37
(8) Derivative transactions	—	—	—

FY2012 (As of March 31, 2012)

	Carrying value (millions of yen)	Market value (millions of yen)	Unrealized gain (millions of yen)
(1) Cash and deposits	7,052	7,052	—
(2) Notes and accounts receivable—trade	28,703	28,703	—
(3) Securities and investment securities			
(i) Held-to-maturity debt securities	19	19	0
(ii) Available-for-sales securities	4,343	4,343	—
(4) Notes and accounts payable—trade	43,667	43,667	—
(5) Short-term loans payable	17,174	17,174	—
(6) Bonds payable	100	99	(0)
(7) Long-term loans payable	24,800	24,831	31
(8) Derivative transactions	5	5	—

(*) Net assets/liabilities arising from derivative transactions are presented net. Total net liabilities are presented in parentheses.

(Note 1) Matters concerning calculation method of market values of financial instruments as well as securities and derivative transactions

(1) Cash and deposits and (2) Notes and accounts receivable

Because these are settled in the short term and market values are almost the same as book values, amounts are based on book values.

(3) Securities and investment securities

Market values of shares were based on the prices traded on stock exchanges while market values of bonds were based on the prices traded on stock exchanges or those presented by correspondent financial institutions.

(4) Note and accounts payable, (5) Short-term loans payable

Because these are settled in the short term and market values are almost the same as book values, amounts are based on book values.

(6) Bonds payable

Because no quoted market prices are available for bonds, the market values of bonds are calculated from the present value obtained by discounting the total amount of principal and interest using an interest rate that takes into account the period remaining and credit risk of the said bonds.

(7) Long-term loans payable

These were calculated based on the present value discounted by the interest rate assumed in case the combined amount of principal and interest is newly borrowed. Long-term loans payable with variable interest rates subject to exceptional accounting of interest rate swaps were based on the method calculated, by discounting the combined amount of principal and interest processed integrally with the said interest rate swap at a reasonably estimated interest rate applied in case a similar loan is made.

(8) Derivative transactions

See notes for “Derivative Transaction Information.”

(Note 2) Carrying value of financial instruments for which market values are deemed to be extremely difficult to grasp

Because unlisted equity securities neither have market prices nor future cash flows estimated, and it is deemed that their market values are extremely difficult to grasp, they are not included in “(3) Securities and investment securities (ii) Available-for-sale securities.”

	FY2011 (As of March 31, 2011)	FY2012 (As of March 31, 2012)
Unlisted equity securities (millions of yen)	827	816

(Note 3) Projected future redemption of monetary claims and securities with maturity dates after the consolidated closing date

FY2011 (As of March 31, 2011)

	Within one year (millions of yen)	More than 1 year and 5 years or less (millions of yen)	More than 5 years and 10 years or less (millions of yen)	More than 10 years (millions of yen)
Cash and deposits	5,696	—	—	—
Notes and accounts receivable—trade	28,647	38	2	—
Securities and investment securities				
Held-to-maturity debt securities (Discounted financial bonds)	19	—	—	—
Available-for-sale securities with maturity dates	—	—	—	—
Long-term loans receivable	24	81	30	47
Total	34,388	120	33	47

FY2012 (As of March 31, 2012)

	Within one year (millions of yen)	More than 1 year and 5 years or less (millions of yen)	More than 5 years and 10 years or less (millions of yen)	More than 10 years (millions of yen)
Cash and deposits	7,052	—	—	—
Notes and accounts receivable—trade	28,644	57	1	—
Securities and investment securities				
Held-to-maturity debt securities (Discounted financial bonds)	19	—	—	—
Available-for-sale securities with maturity dates	—	—	—	—
Long-term loans receivable	26	77	27	39
Total	35,743	135	28	39

(Note 4) Projected future repayments of bonds, long-term loans payable, lease obligations, and other interest-bearing liabilities after the consolidated closing date

FY2011 (As of March 31, 2011)

	Within one year (millions of yen)	More than 1 year and 2 years or less (millions of yen)	More than 2 years and 3 years or less (millions of yen)	More than 3 years and 4 years or less (millions of yen)	More than 4 years and 5 years or less (millions of yen)	More than 5 years (millions of yen)
Bonds payable	—	—	100	—	—	—
Long-term loans payable	11,220	5,600	1,252	713	6,675	35
Lease obligations	1,603	1,340	891	612	482	443
Other interest-bearing debt	9	9	9	9	9	9
Total	12,833	6,950	2,253	1,336	7,167	489

FY2012 (As of March 31, 2012)

	Within one year (millions of yen)	More than 1 year and 2 years or less (millions of yen)	More than 2 years and 3 years or less (millions of yen)	More than 3 years and 4 years or less (millions of yen)	More than 4 years and 5 years or less (millions of yen)	More than 5 years (millions of yen)
Bonds payable	—	100	—	—	—	—
Long-term loans payable	8,147	3,811	3,264	8,582	942	52
Lease obligations	1,672	1,215	889	663	379	588
Other interest-bearing debt	9	9	9	9	9	—
Total	9,829	5,137	4,164	9,255	1,331	640

(Securities Information)

1. Held-to-maturity debt securities

FY2011 (As of March 31, 2011)

Category	Carrying value (millions of yen)	Market value (millions of yen)	Unrealized gain (millions of yen)
Bonds whose market values exceed their carrying value	19	19	0
Total	19	19	0

FY2012 (As of March 31, 2012)

Category	Carrying value (millions of yen)	Market value (millions of yen)	Unrealized gain (millions of yen)
Bonds whose market values exceed their carrying value	19	19	0
Total	19	19	0

2. Available-for-sale securities

FY2011 (As of March 31, 2011)

Category		Carrying value (millions of yen)	Acquisition costs (millions of yen)	Unrealized gain (loss) (millions of yen)
Securities whose carrying values exceed their acquisition costs	Shares	1,891	920	971
	Bonds			
	Others	41	34	7
	Subtotal	1,933	955	978
Securities whose carrying values do not exceed their acquisition costs	Shares	2,390	2,701	(310)
	Bonds			
	Others	35	37	(2)
	Subtotal	2,425	2,739	(313)
Total		4,359	3,694	665

FY2012 (As of March 31, 2012)

Category		Carrying value (millions of yen)	Acquisition costs (millions of yen)	Unrealized gain (loss) (millions of yen)
Securities whose carrying values exceed their acquisition costs	Shares	1,747	1,043	703
	Bonds			
	Others	50	43	7
	Subtotal	1,797	1,086	710
Securities whose carrying values do not exceed their acquisition costs	Shares	2,518	2,769	(250)
	Bonds			
	Others	26	29	(2)
	Subtotal	2,545	2,799	(253)
Total		4,343	3,885	457

3. Held-to-maturity debt securities sold

There are no applicable matters to be reported.

4. Available-for-sale securities sold during fiscal year ended March 31, 2011 and 2012.

FY2011 (April 1, 2010–March 31, 2011)

Category	Proceeds from sales (millions of yen)	Total of gain on sales (millions of yen)	Total of loss on sales (millions of yen)
Bonds			
Others	11	1	0
Total	11	1	0

FY2012 (April 1, 2011–March 31, 2012)

Category	Proceeds from sales (millions of yen)	Total of gain on sales (millions of yen)	Total of loss on sales (millions of yen)
Shares	384	256	—
Bonds			
Others	10	0	0
Total	395	256	0

5. Securities written down

Among shares in available-for-sale securities, ¥602 million was written down under impairment accounting in the fiscal year ended March 31, 2011.

Among shares in available-for-sale securities, ¥6 million was written down under impairment accounting in the fiscal year ended March 31, 2012.

(Derivative Transaction Information)

1. Derivative transactions to which hedge accounting is not applied

   Not applicable

2. Derivative transactions to which hedge accounting is applied

(1) Currencies

FY2011 (As of March 31, 2011)

Method of hedge accounting	Type of transaction	Main hedged items	Notional amount, etc. (millions of yen)	Portion due after one year included herein (millions of yen)	Market value (millions of yen)
Furiate-shori in forward exchange contracts, etc.	Forward exchange contracts Short position				
	U.S. Dollar	Notes receivable	694	—	(Note)
	Euro		902	—	
Total			1,596	—	—

Note: As derivative transactions through *furiate-shori* in forward exchange contracts were processed integrally with notes receivables subject to hedging, their market values were included among those of the said notes receivables.

FY2012 (As of March 31, 2012)

Method of hedge accounting	Type of transaction	Main hedged items	Notional amount, etc. (millions of yen)	Portion due after one year included herein (millions of yen)	Market value (millions of yen)
General processing method	Forward exchange contracts Long position				(Note 1)
	Euro	Scheduled transactions denominated in foreign currencies	76	—	5
Furiate-shori in forward exchange contracts, etc.	Forward exchange contracts Short position				
	U.S. Dollar	Notes receivable	238	—	(Note 2)
	Euro		728	—	
Total			1,043	—	5

Notes:

1. Market values are calculated on the basis of forward exchange rates.
2. As derivative transactions through *furiate-shori* in forward exchange contracts were processed integrally with notes receivables subject to hedging, their market values were included among those of the said notes receivables.

(2) Interest rates

FY2011 (As of March 31, 2011)

Method of hedge accounting	Type of transaction	Main hedged items	Notional amount, etc. (millions of yen)	Portion due after one year included herein (millions of yen)	Market value (millions of yen)
Exceptional accounting of interest rate swap agreements	Interest rate swap agreements Pay-fixed, receive-variable	Long-term loans payable	872	299	(Note)

Note: Market values are calculated on the basis of prices, etc., presented by correspondent financial institutions, and the said market values are included among those of the relevant long-term loans payable.

FY2012 (As of March 31, 2012)

Method of hedge accounting	Type of transaction	Main hedged items	Notional amount, etc. (millions of yen)	Portion due after one year included herein (millions of yen)	Market value (millions of yen)
Exceptional accounting of interest rate swap agreements	Interest rate swap agreements Pay-fixed, receive-variable	Long-term loans payable	2,368	1,659	(Note)

Note: Market values are calculated on the basis of prices, etc., presented by correspondent financial institutions, and the said market values are included among those of the relevant long-term loans payable.

(Retirement Benefit Information)

1. Outline of pension plans adopted

The Company and its consolidated subsidiaries have contract-type defined benefit corporate pension plans and lump-sum payment plans. In addition, the Company and its consolidated subsidiaries pay additional retirement benefits under certain conditions.

2. Matters concerning retirement benefit obligations

		FY2011 (As of March 31, 2011)	FY2012 (As of March 31, 2012)
Retirement benefit obligation	(Millions of yen)	(23,473)	(22,419)
Pension assets at fair value	(Millions of yen)	11,370	11,380
Unfunded retirement benefit obligation	(Millions of yen)	(12,103)	(11,039)
Unrecognized benefit obligation at transition	(Millions of yen)	5,827	4,370
Unrecognized actuarial differences	(Millions of yen)	2,093	2,058
Unrealized past service liabilities	(Millions of yen)	(342)	(279)
Carrying value, net	(Millions of yen)	(4,524)	(4,889)
Prepaid pension cost	(Millions of yen)	700	596
Provision for retirement benefits	(Millions of yen)	(5,225)	(5,485)

Notes:

1. In the Company and some of its consolidated subsidiaries, past service liabilities (reduction in obligations) occurred due to a change in the lump-sum payment plan (lowering of payment level).
2. Some of the consolidated subsidiaries have adopted a simplified method for calculating retirement benefit obligations.

3. Matters concerning retirement benefit expenses

		FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Service cost	(Millions of yen)	1,187	1,277
Interest cost	(Millions of yen)	384	381
Expected return on plan assets	(Millions of yen)	(178)	(188)
Amortization of net retirement benefit obligation at transition	(Millions of yen)	1,456	1,456
Amortization of actuarial differences	(Millions of yen)	384	399
Amortization of past service liabilities	(Millions of yen)	(112)	(63)
Amount of expenses due to change from simplified method to general method	(Millions of yen)	—	252
Other retirement benefit expenses	(Millions of yen)	42	49
Retirement benefit expenses	(Millions of yen)	3,165	3,564

Notes:

1. "Amortization of past service liabilities" is the amount of expenses appropriated in the fiscal year under review in relation to past service liabilities stated in Note 1 of "2. Matters concerning Retirement benefit obligations."
2. "Other retirement benefit expenses" are premium contributions to the defined contribution pension plan and additional retirement benefits, etc.
3. Retirement benefit expenses of consolidated subsidiaries that adopt the simplified method were booked in "Service cost."

4. Matters concerning the basis for calculating retirement benefit obligations, etc.

(i) Periodic allocation method for expected retirement benefits
Standards for periodic fixed amount benefit

(ii) Discount rate

FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
2.0%	2.0%

(iii) Expected rate of return on plan assets

FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
2.0%	2.0%

(iv) Years of amortization of past service liabilities
10 to 13 years (Past service liabilities are amortized using the straight-line method over the average of the estimated remaining years of service.)

(v) Years of amortizing actuarial differences
8 to 14 years (Actuarial differences are amortized using the straight-line method over the average of the estimated remaining years of service, with the first expense being recognized in the following consolidated fiscal period.)

(vi) Years of amortizing net retirement benefit obligation at transition
15 years

(Tax Effect Accounting Information)

1. Breakdown by main cause of occurrence of deferred tax assets and liabilities

	FY2011 (As of March 31, 2011)	FY2012 (As of March 31, 2012)
(Deferred tax assets)		
Provision for retirement benefits	¥940 million	¥841 million
Provision for bonuses	¥208 million	¥259 million
Unrealized income	¥17 million	¥74 million
Net operating loss carried forwards	¥26 million	¥364 million
Other	¥652 million	¥447 million
Offset against deferred tax liabilities	¥ (431) million	¥ (259) million
Net deferred tax assets	¥1,414 million	¥1,727 million
(Deferred tax liabilities)		
Reserve for deferred taxation on compensation for expropriation or exchange of property	¥114 million	¥87 million
Prepaid pension cost	¥103 million	¥60 million
Valuation difference on available-for-sale securities	¥389 million	¥160 million
Other	¥227 million	¥203 million
Offset against deferred tax assets	¥ (431) million	¥ (259) million
Net deferred tax liabilities	¥402 million	¥252 million

2. Breakdown by major items causing a variance between statutory tax rate and burden rate of income taxes, etc., after application of tax effect accounting

	FY2011 (As of March 31, 2011)	FY2012 (As of March 31, 2012)
Statutory tax rate	40.0%	40.0%
(Reconciliation items)		
Permanently non-deductible expenses such as entertainment expenses	43.6%	1.8%
Per capita portion of inhabitants' taxes	70.4%	3.8%
Change in valuation allowance for deferred tax assets	397.9%	(25.9%)
Decrease in deferred tax assets at the end of the period due to changes in tax rate	—	2.3%
Other	(1.7%)	4.9%
Burden rate of income taxes, etc., after application of tax effect accounting	550.2%	26.9%

3. Correction of deferred tax assets and deferred tax liabilities due to changes in rates of income taxes

With the promulgation of the "Act on Partial Revision of the Income Tax Act, etc. to Build Tax

System Conforming to Changes in Economic and Social Structures" (Law No. 114 of 2011) and the "Act on Special Measures Concerning Security of Financial Resources Necessary for Implementation of Measures for Restoration from the Great East Japan Earthquake" (Law No. 117 of 2011) on December 2, 2011, the corporation tax rate was to be changed from the fiscal year starting on or after April 1, 2012. As a result of this change, the statutory tax rate used to calculate deferred tax assets and liabilities will be as follows in accordance with the time when temporary differences will reverse:

Up to March 31, 2012: 40.0%

From April 1, 2012 to March 31, 2015: 38.0%

On and after April 1, 2015: 35.0%

As a result of this change in the tax rate, the amount of deferred tax assets (the amount of deferred tax liabilities is deducted) and deferred tax liabilities decreased ¥99 million and ¥36 million, respectively, while valuation difference on available-for-sale securities and income taxes-deferred increased ¥22 million and ¥85 million, respectively.

Also, deferred tax liabilities for land revaluation decreased ¥949 million and revaluation reserve for land increased by the same amount.

(Business Combination and Other Information)

FY2012 (April 1, 2011–March 31, 2012)

Formation of a Jointly Controlled Entity

1. Outline of transaction

(1) Description of business subject to business combination and details of business
Description of business: Agriculture-related business

Details of business: Mainly manufacture and sale of agricultural machinery

(2) Date of business combination
August 3, 2011

(3) Legal form of business combination
Joint venture, with the ratio of capital contribution of the Company standing at 50%, that of DONGFENG INDUSTRIAL CO., LTD., at 25% and that of SHANGHAI JIAHUA INVESTMENT CO., LTD., at 25%

(4) Name of company after business combination
Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd.

(5) Other matters related to the transaction
To respond to the Chinese agricultural machinery market, which is continuing to expand, the Company concluded a joint-venture agreement on the formation of a joint controlled entity with DONGFENG INDUSTRIAL CO., LTD. and SHANGHAI JIAHUA INVESTMENT CO., LTD.

(6) Reason the Company judged the business combination to be the formation of a jointly controlled entity
When forming this joint controlled entity, the Company concluded a joint-venture agreement to form a jointly controlled entity with DONGFENG INDUSTRIAL CO., LTD., of the Dongfeng Group, and SHANGHAI JIAHUA INVESTMENT CO., LTD. Remuneration paid for business combination is a capital contribution, all of which have voting rights.

There is no fact that indicates a relationship of other control. Accordingly, we judge this business combination to be the formation of a jointly controlled entity.

2. Outline of implemented accounting treatment

Pursuant to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008), the business combination is treated as the formation of a jointly controlled entity.

As a result of this business combination, Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd. has become a company accounted for by the equity method of the Company.

(Asset Retirement Obligations)

Of asset retirement obligations, those recorded in the Consolidated Balance Sheets are as follows:

1. Overview of relevant asset retirement obligations
Cost of removal of asbestos pursuant to the Ordinance on Prevention of Asbestos Hazards, and restoration obligations attendant upon fixed-term land leasehold agreements, etc.

2. Method of calculating relevant asset retirement obligations
Asset retirement obligations are calculated by estimating expected period of use as one to 50 years and using a discount rate of 0.2% to 2.3%.

3. Increase (decrease) in total asset retirement obligations

	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Balance at the beginning of the period (Note)	¥297 million	¥294 million
Increase due to purchase of property, land and equipment	¥9 million	¥8 million
Adjustment due to depreciation	¥2 million	¥2 million
Decrease due to discharge of asset retirement obligations	¥(14) million	¥(48) million
Balance at the end of the period	¥294 million	¥257 million

Note: "Balance at the beginning of the period" for the year ended March 31, 2011 is the balance at the beginning of the period as a result of applying the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

(Real Estate for Rent Information)

The Company and some of its subsidiaries have offices and land, etc., for rent in Ehime, Kumamoto, and other prefectures.

Gain or loss on rent regarding the said real estate for rent for the year ended March 31, 2011 was ¥77 million (income from rent was booked as net sales or non-operating income, and main rental expenses were booked as operating expenses or non-operating expenses), loss on sales of noncurrent assets was ¥1 million, and impairment loss was ¥62 million.

Gain or loss on rent regarding the said real estate for rent for the year ended March 31, 2012 was ¥79 million (income from rent was booked as net sales or non-operating income, and main rental expenses were booked as operating expenses or non-operating expenses), loss on sales of noncurrent assets was ¥10 million, and impairment loss was ¥29 million.

Carrying value, increase (or decrease) during the period and market value of the said real estate for rent are as follows.

			FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Carrying value	Balance at the beginning of the period	(Millions of yen)	2,519	2,524
	Increase (or decrease) during the period	(Millions of yen)	5	152
	Balance at the end of the period	(Millions of yen)	2,524	2,677
Market value at the end of the period		(Millions of yen)	2,388	2,569

Notes:

1. The carrying value is the amount after deducting accumulated depreciation and accumulated impairment loss from acquisition costs.

2. Of the increase (or decrease) during the period, the main components of the increase (or decrease) for the fiscal year ended March 31, 2011 are real property acquisition (increase of ¥69 million) and impairment loss (decrease of ¥62 million).
The main components of the increase (or decrease) for the fiscal year ended March 31, 2012 are transfer of assets for business use to real estate for rent (increase of ¥207 million) and real property sales (decrease of ¥40 million).

3. The market value as of the end of the period comprised amounts (including amounts adjusted using indicators, etc.) calculated by the Company, based mainly on the “Valuation standard for appraisal of real estate.”

(Segment Information)

[Segment Information]

1. Overview of reportable segments

The Company's reported segments are business units for which discrete financial data are available and which are periodically reviewed by the Company's Board of Directors to determine resource allocation and to evaluate financial performance.

Our business by products / services consists of two reportable segments, namely "agriculture-related business" which is the core of our business, and "other business" which attends rest of the business.

The "agriculture-related business" consists of the manufacture and sale of agricultural machinery, construction and sale of agriculture-related facilities, and business related to agricultural activities and products, including revenue from the use of rice-polishing machines. The "other business" consists of information processing services including the development, sale, and operation of computer software.

2. Method of accounting for net sales, income/loss, assets, liabilities and other items by segment

Most items reported under a segment apply the same accounting method to that stated in "Important Basic Items for Preparing Consolidated Financial Statements."

The income of a segment is equal to net income. Internal sales and transfer amounts between segments are recorded on the basis of market price.

3. Net sales, income/loss, assets, liabilities and other items by segment

FY2011 (April 1, 2010–March 31, 2011)

	Agriculture-related (millions of yen)	Other (millions of yen)	Total (millions of yen)	Adjustments (millions of yen)	Amount reported in the consolidated financial statements (millions of yen)
Net sales					
Sales to outside customers	147,682	144	147,826	—	147,826
Internal sales or transfers between segments	0	135	135	(135)	—
Total	147,682	279	147,962	(135)	147,826
Segment income (loss)	(919)	1	(918)	—	(918)
Segment assets	169,078	202	169,281	(112)	169,168
Segment liabilities	43,480	—	43,480	—	43,480
Other items					
Depreciation	5,665	0	5,666	—	5,666
Amortization of negative goodwill	10	(1)	9	—	9
Interest income	206	0	206	(0)	206
Interest expenses	891	—	891	(0)	891
Extraordinary income	68	—	68	—	68
Extraordinary loss	1,872	—	1,872	—	1,872
(Impairment loss)	(760)	—	(760)	—	(760)
Taxes	1,110	4	1,115	—	1,115
Increase of property, plant and equipment and intangible assets	7,922	0	7,922	—	7,922

Notes:

1. Adjustment represents reduction in internal unrealized profit.
2. Segment income (loss) has been adjusted from net income (loss) reported in the Consolidated Statements of Income.
3. Segment assets have been adjusted from total assets reported in the Consolidated Balance Sheets.
4. Segment liabilities represent short-term loans payable, long-term loans payable (including the current portion of long-term loans payable), and bonds payable.

FY2012 (April 1, 2011–March 31, 2012)

	Agriculture-related (millions of yen)	Other (millions of yen)	Total (millions of yen)	Adjustments (millions of yen)	Amount reported in the consolidated financial statements (millions of yen)
Net sales					
Sales to outside customers	145,125	127	145,252	—	145,252
Internal sales or transfers between segments	0	141	141	(141)	—
Total	145,125	269	145,394	(141)	145,252
Segment income	2,727	0	2,727	—	2,727
Segment assets	172,465	221	172,686	(132)	172,554
Segment liabilities	42,074	—	42,074	—	42,074
Other items					
Depreciation	5,933	0	5,933	—	5,933
Amortization of negative goodwill	5	(1)	4	—	4
Interest income	192	0	192	(0)	192
Interest expenses	796	—	796	(0)	796
Equity in losses of affiliates	0	—	0	—	0
Extraordinary income	293	—	293	—	293
Extraordinary loss	477	—	477	—	477
Taxes	988	10	998	—	998
Increase of property, plant and equipment and intangible assets	7,272	—	7,272	—	7,272

Notes:

1. Adjustment represents reduction in internal unrealized profit.
2. Segment income (loss) has been adjusted from net income (loss) reported in the Consolidated Statements of Income.
3. Segment assets have been adjusted from total assets reported in the Consolidated Balance Sheets.
4. Segment liabilities represent short-term loans payable, long-term loans payable (including the current portion of long-term loans payable), and bonds payable.

[Relevant Information]

FY2011 (April 1, 2010–March 31, 2011)

1. Information by product and by service

   Information by product and service is not presented because similar information is disclosed in segment information.

2. Net sales by region

   (1) Net sales

	Japan	The United States	Europe	China	Others	Total
Net sales (millions of yen)	128,703	5,814	7,570	3,369	2,367	147,826

(Notes) 1. Countries and regions are defined according to geographical proximity.
2. Classification by area
Europe: France, Germany, the United Kingdom, Belgium, Switzerland, the Netherlands, etc.
Other geographical areas: South Korea, Taiwan, Thailand, Australia, New Zealand, etc.

   (2) Property, plant and equipment
   The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the Consolidated Balance Sheets. Accordingly, property, plant and equipment are not presented.

3. Net sales by major customer

Customer	Net sales (millions of yen)	Name of relevant segment
ZEN-NOH (National Federation of Agricultural Co-operative Associations)	18,370	Agriculture-related Business

FY2012 (April 1, 2011–March 31, 2012)

1. Information by product and by service

   Information by product and by service is not presented, since similar information is disclosed in segment information.

2. Net sales by region

   (1) Net sales

	Japan	The United States	Europe	China	Others	Total
Net sales (millions of yen)	123,859	5,530	7,825	6,100	1,937	145,252

Notes: 1. Countries and regions are defined based on geographical proximity.
2. Classification by area
Europe: France, Germany, the United Kingdom, Belgium, Switzerland, the Netherlands, etc.
Other geographical areas: South Korea, Taiwan, Thailand, Australia, New Zealand, etc.

   (2) Property, plant and equipment
   The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the Consolidated Balance Sheets. Accordingly, property, plant and equipment are not presented.

3. Net sales by major customer

Name of customer	Net sales (millions of yen)	Name of relevant segment
ZEN-NOH (National Federation of Agricultural Co-operative Associations)	17,545	Agriculture-related Business

[Impairment Loss on Noncurrent Assets by Reportable Segment]

FY2011 (April 1, 2010–March 31, 2011)

	Agriculture-related Business (millions of yen)	Other Business (millions of yen)	Corporate or eliminations (millions of yen)	Total (millions of yen)
Impairment loss	62	—	—	62

FY2012 (April 1, 2011–March 31, 2012)

	Agriculture-related Business (millions of yen)	Other Business (millions of yen)	Corporate or eliminations (millions of yen)	Total (millions of yen)
Impairment loss	29	—	—	29

[Amortization and Unamortized Balance of Goodwill by Reportable Segment]

FY2011 (April 1, 2010–March 31, 2011)

	Agriculture-related Business (millions of yen)	Other Business (millions of yen)	Corporate or eliminations (millions of yen)	Total (millions of yen)
Balance of negative goodwill	5	(3)	—	2

Note: Amount of amortization is not presented because similar information is disclosed in segment information.

FY2012 (April 1, 2011–March 31, 2012)

	Agriculture-related Business (millions of yen)	Other Business (millions of yen)	Corporate or eliminations (millions of yen)	Total (millions of yen)
Balance of goodwill	—	2	—	2

Note: Amount of amortization is not presented because similar information is disclosed in segment information.

[Gain on Negative Goodwill]

FY2011 (April 1, 2010–March 31, 2011)

Not applicable

FY2012 (April 1, 2011–March 31, 2012)

Not applicable

[Related Party Information]

1. Related party transactions

(1) Non-consolidated subsidiaries and affiliates of the Company that submitted consolidated financial statements

FY2011 (April 1, 2010–March 31, 2011)

Type	Name of affiliate	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Affiliate	Higashi Nihon Agricultural Equipment Cooperative Union	Arakawa-ku, Tokyo	6	Joint purchase and sales of agricultural machineries	(Ownership) Indirect 25.0	Sales of the Company's products Interlocking directorships	Debt guarantee	3,725	Notes and accounts payable	3,671
Affiliate	Nishi Nihon Agricultural Equipment Cooperative Union	Iyo, Ehime	2	Joint purchase and sales of agricultural machineries	(Ownership) Indirect 12.0	Sales of the Company's products Interlocking directorships	Debt guarantee	2,187	Notes and accounts payable	2,174

Notes: 1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. These are cooperative unions established for purpose of joint purchases of the Company's products, and trade conditions are decided by presenting the Company's asking prices in consideration of market prices and total costs and through price negotiations. The Company has provided guarantees against loans for purchasing products.

FY2012 (April 1, 2011–March 31, 2012)

Type	Name of affiliate	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Affiliate	Higashi Nihon Agricultural Equipment Cooperative Union	Arakawa-ku, Tokyo	6	Joint purchase and sales of agricultural machineries	(Ownership) Indirect 25.0	Sales of the Company's products Interlocking directorships	Debt guarantee	2,998	Notes and accounts payable	3,180
Affiliate	Nishi Nihon Agricultural Equipment Cooperative Union	Iyo, Ehime	2	Joint purchase and sales of agricultural machineries	(Ownership) Indirect 12.0	Sales of the Company's products Interlocking directorships	Debt guarantee	1,760	Notes and accounts payable	1,813

Notes: 1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. These are cooperative unions established for purpose of joint purchases of the Company's products, and trade conditions are decided by presenting the Company's asking prices in consideration of market prices and total costs and through price negotiations. The Company has provided guarantees against loans for purchasing products.

(2) Directors and major shareholders (who are limited to individuals) of the Company that submitted the consolidated financial statements, etc.

FY2011 (April 1, 2010–March 31, 2011)

Type	Name of director/company	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Director of a subsidiary	Hideo Kimura	—	—	Representative Director of Gunma Iseki Sales Co., Ltd.	Nil	Debt guarantee	Debt guarantee (Note 2)	250	—	—
Director of a subsidiary	Joji Kurihara	—	—	Representative Director of Iseki-Ueki MFG Co., Ltd.	Nil	Debt guarantee and collateral offer	Debt guarantee and collateral offer (Note 3)	115	—	—
Company in which directors and their close relative(s) have a majority of voting rights (including subsidiaries of the said company)	Meiwa Industry Co., Ltd. (Note 4)	Matsuyama, Ehime	3	Steel business Pallet Manufacturing	Nil	Nil	Purchase of raw materials and supplies (Note 5)	102	Notes and accounts payable	53
							Purchase of tools, furniture and fixtures (Note 5)	47	Other current liabilities	12

Notes: 1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. The Company provided a guarantee against bank borrowings by Gunma Iseki Sales Co., Ltd.

3. The Company provided collateral and a guarantee for bank borrowings by Iseki-Ueki MFG Co., Ltd.

4. This is a company, whose majority shareholder is a close relative of Kiyokazu Sakamoto, a representative director of Iseki-Shinetsu Co., Ltd., which is the Company's consolidated subsidiary.

5. Conditions including prices are negotiated in a similar way as other general transactions.

FY2012 (April 1, 2011–March 31, 2012)

Type	Name of director/company	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Director of a subsidiary	Hideo Kimura	—	—	Representative Director of Gunma Iseki Sales Co., Ltd.	Nil	Debt guarantee	Debt guarantee (Note 2)	260	—	—
Director of a subsidiary	Joji Kurihara	—	—	Representative Director of Iseki-Ueki MFG Co., Ltd.	Nil	Debt guarantee and collateral offer	Debt guarantee and collateral offer (Note 3)	86	—	—
Company in which directors and their close relative(s) have a majority of voting rights (including subsidiaries of the said company)	Meiwa Industry Co., Ltd. (Note 4)	Matsuyama, Ehime	3	Steel business Pallet Manufacturing	Nil	Nil	Purchase of raw materials and supplies (Note 5)	106	Notes and accounts payable	49
							Purchase of tools, furniture and fixtures (Note 5)	49	Other current liabilities	17

Notes: 1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. The Company provided a guarantee against bank borrowings by Gunma Iseki Sales Co., Ltd.
3. The Company provided collateral and a guarantee for bank borrowings by Iseki-Ueki MFG Co., Ltd.
4. This is a company, whose majority shareholder is a close relative of Kiyokazu Sakamoto, a representative director of Iseki-Shinetsu Co., Ltd., which is the Company's consolidated subsidiary.
5. Conditions including prices are negotiated in a similar way as other general transactions.

(Per Share Information)

	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Net asset per share	¥231.13	¥246.77
Net income (loss) per share	¥(4.00)	¥11.87
Net income per share after adjustment for dilutive securities	Net income per share after adjustment for dilutive securities was not stated because there was a net loss per share and there were no dilutive securities.	Net income per share after adjustment for dilutive securities was not stated because there were no dilutive securities.

Notes: 1. Basis of calculation of net income (loss) per share

Item	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Net income (loss) per share		
Net income (loss) reported in the Consolidated Statements of Income (millions of yen)	(918)	2,727
Net income (loss) attributed to common shares (millions of yen)	(918)	2,727
Net income not attributable to common shares (millions of yen)	—	—
During period average number of common shares (shares)	229,791,896	229,768,906

2. Basis of calculation of net asset per share

Item	FY2011 (April 1, 2010–March 31, 2011)	FY2012 (April 1, 2011–March 31, 2012)
Total net assets (millions of yen)	54,617	58,189
Amount to be deducted from total net assets (millions of yen)	1,508	1,490
(Minority interests included) (millions of yen)	(1,508)	(1,490)
Net assets as of the fiscal year-end on common shares (millions of yen)	53,108	56,698
Number of common shares as of the fiscal year-end used for calculating net asset per share (shares)	229,776,854	229,760,557

(Important Issues which Occurred Later)

Not applicable

(5) Consolidated Supplementary Schedules

[Schedule of Bonds Payable]

Name of company	Issues	Issue date	Balance as of the current fiscal year-beginning (millions of yen)	Balance as of the current fiscal year-end (millions of yen)	Interest rate (%)	Security	Maturity
Iseki-Hokkaido Co., Ltd.	Unsecured bond No. 1 [Guaranteed by North Pacific Bank, Ltd. and limitedly offered to qualified institutional investors]	June 24, 2010	100	100	0.77	Unsecured	June 24, 2013
Total	—	—	100	100	—	—	—

Note: Amounts of projected redemption per year within 5 years after the consolidated closing date are as follows:

Within one year (millions of yen)	More than 1 year and 2 years or less (millions of yen)	More than 2 years and 3 years or less (millions of yen)	More than 3 years and 4 years or less (millions of yen)	More than 4 years and 5 years or less (millions of yen)
—	100	—	—	—

[Details of Borrowings, etc.]

Category	Balance as of the current fiscal year-beginning (millions of yen)	Balance as of the current fiscal year-end (millions of yen)	Average interest rate (%)	Repayment due
Short-term loans	17,883	17,174	1.07	—
Current portion of long-term loans	11,220	8,147	1.63	—
Current portion of lease obligations	1,603	1,672	—	—
Long-term loans (excluding current portion of long-term loans)	14,277	16,653	1.20	2013 - 2021
Lease obligations (excluding current portion of lease obligations)	3,771	3,736	—	2013 - 2021
Other interest-bearing liabilities				
Other (Accounts payable)	9	9	1.79	—
Other (Long-term accounts payable)	49	39	1.79	2013 - 2016
Total	48,814	47,433	—	—

Notes:
1. “Average interest rate” represents weighted-average interest rates for the balance as of the fiscal year-end of borrowings, etc.
2. For the average interest rate in the column for lease obligations, because lease obligations were posted on the consolidated balance sheets using the amount before deducting interest equivalents included in the total amount of lease payment, no statement is made.
3. The amounts of projected repayments per year within 5 years after the consolidated closing date with regard to long-term loans, lease obligations, and other interest-bearing liabilities (excluding current portions) are as follows:

	More than 1 year and 2 years or less (millions of yen)	More than 2 years and 3 years or less (millions of yen)	More than 3 years and 4 years or less (millions of yen)	More than 4 years and 5 years or less (millions of yen)
Long-term loans payable	3,811	3,264	8,582	942
Lease obligations	1,215	889	663	379
Other interest-bearing liabilities	9	9	9	9

[Schedule of Asset Retirement Liabilities]

Asset retirement liabilities are not presented because the amount of asset retirement liabilities as of the beginning and the end of the consolidated fiscal year under review is one-hundredth or less of the total of liabilities and net assets as of the beginning and the end of the relevant fiscal year.

2. Other

Quarterly operating results, etc. in FY2012

(Accumulated period)	The first quarter	The second quarter	The third quarter	Fiscal year under review
Net sales (millions of yen)	32,355	72,368	109,065	145,252
Net income before income taxes (millions of yen)	654	2,150	3,087	3,715
Net income (millions of yen)	958	1,809	2,180	2,727
Net income per share (millions of yen)	4.17	7.87	9.49	11.87

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share (yen)	4.17	3.70	1.62	2.38

ISEKI
ISEKI & CO., LTD.
3-14, Nishi-Nippori 5-chome, Arakawa-ku,
Tokyo 116-8541, Japan
URL: http://www.iseki.co.jp/