Annual Report 2013

Year ended March 31, 2013

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, 2013.

Ⅰ. Overview of the Company

1. Developments Regarding Major Management Indicators, etc.

Consolidated management indicators, etc.

Ordinary business term	85th business term	86th business term	87th business term	88th business term	89th business term
For the year ended	March 2009	March 2010	March 2011	March 2012	March 2013
Net sales (millions of yen)	149,601	149,314	147,826	145,252	155,697
Ordinary income (millions of yen)	771	3,657	2,006	3,898	5,414
Net income (loss) (millions of yen)	2	2,347	(918)	2,727	3,979
Comprehensive income (millions of yen)	—	—	(979)	3,577	5,012
Net assets (millions of yen)	51,694	55,604	54,617	58,189	62,927
Total assets (millions of yen)	171,002	171,044	169,168	172,554	179,028
Net assets per share (yen)	222.44	235.46	231.13	246.77	266.94
Net income (loss) per share (yen)	0.01	10.29	(4.00)	11.87	17.32
Net income per share after adjustment for dilutive securities (yen)	0.01	10.21	—	—	—
Equity ratio (%)	29.4	31.6	31.4	32.9	34.3
Return on equity (%)	0.0	4.5	—	5.0	6.7
Price earnings ratio (times)	23,800.00	26.92	—	17.78	18.65
Net cash provided by (used in) operating activities (millions of yen)	8,960	7,326	7,060	8,580	8,531
Net cash provided by (used in) investing activities (millions of yen)	(3,507)	(4,320)	(5,674)	(5,234)	(6,342)
Net cash provided by (used in) financing activities (millions of yen)	(5,603)	(2,080)	(2,515)	(2,141)	(647)
Cash and cash equivalents at end of period (millions of yen)	5,609	6,614	5,585	6,952	9,040
Number of employees (persons)	6,514 [887]	6,435 [928]	6,404 [957]	6,295 [1,050]	6,325 [1,103]

Notes:
1. Net sales above do not include consumption tax, etc.
2. 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.
3. Net income per share after adjusting for dilutive securities for the 88th and 89th business terms were not stated because there were no dilutive securities.
4. Return on equity and price earnings ratios for the 87th business term were not stated because a net loss was posted for that term.
5. 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:

<u>Agriculture-related Business Segment</u>

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 10 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

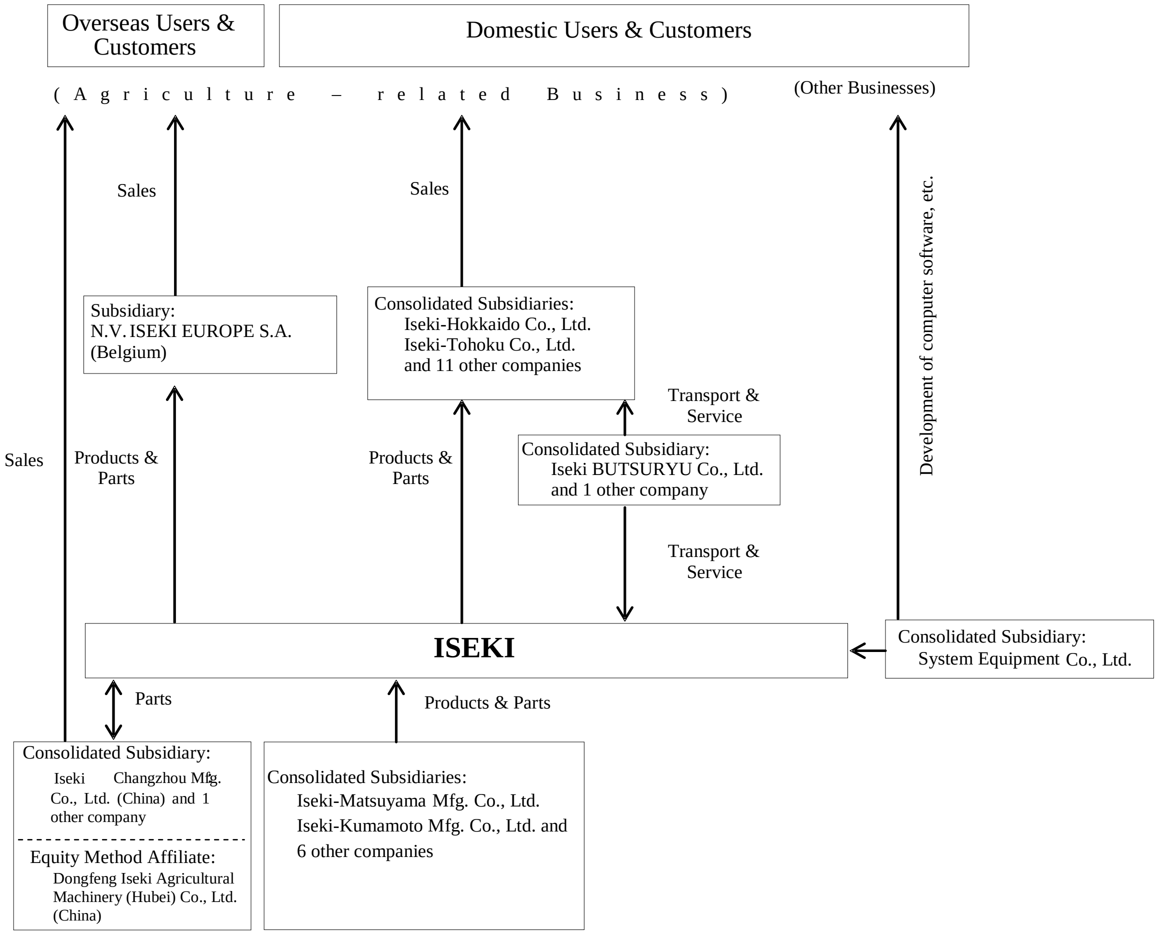
Japan ....Iseki-Hokkaido Co., Ltd., Iseki-Tohoku Co., Ltd., Iseki-Kanto Co., Ltd., Iseki-Shinetsu Co., Ltd., Iseki-Hokuriku Co., Ltd., Iseki-Tokai Co., Ltd., Iseki-Kansai Co., Ltd., Iseki-Chugoku Co., Ltd., Iseki-Shikoku Co., Ltd. and Iseki-Kyushu Co., Ltd.

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

<u>Other Business Segment</u>

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 entered a recession mainly due to the slowdown of the world economy, though there was a rise in demand related to restoration work after the Great East Japan Earthquake in the first half. In the second half of the fiscal year, corporate earnings and consumer spending started to improve thanks to a better export environment resulting from the falling yen and the effect of economic measures, but the overall Japanese economy remained flat. Overseas, the general business outlook remained sluggish primarily due to a stagnant European economy and a slowdown in growth of exports from China and other emerging countries, although there were signs of a recovery in the U.S. economy.

Under such circumstances, the ISEKI Group adopted the slogan "From Recovery to Dramatic Progress," and strived to enhance demand in Japan and increase sales to the Chinese market, which is continuing to expand. As a result, the Group's management performance was as follows.

(Consolidated business performance for the year under review)

In the fiscal year ended March 31, 2013, net sales increased ¥10,444 million from a year earlier to ¥155,697 million (up 7.2% year on year). Domestic sales increased ¥9,199 million from a year earlier to ¥133,058 million (up 7.4% year on year), and overseas sales increased ¥1,245 million to ¥22,638 million (up 5.8% year on year). Operating income increased ¥913 million from a year earlier to ¥5,144 million (up 21.6% year on year) mainly because the growth in gross income resulting from increased sales surpassed the rise in selling, general and administrative expenses. Ordinary income increased ¥1,515 million from a year earlier to ¥5,414 million (up 38.9% year on year). Net income increased ¥1,251 million from a year earlier to ¥3,979 million (up 45.9% year on year).

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

In the fiscal year under review, net sales totaled ¥91,945 million (up 5.3% year on year), operating income was ¥656 million (up 49.8% year on year), and ordinary income amounted to ¥2,178 million (up 7.1% year on year). The Company recorded a net income of ¥1,965 million (up 6.3% year on year).

Business performance by segment is as follows.

1) Agriculture-related Business

Overall sales in the agriculture-related business in Japan increased. Sales of agricultural machinery grew owing to brisk demand attributable to greater purchasing power among farmers as rice prices remained at a high level and an individual (household) allowance as part of a support system for farmers took hold. Sales in the construction of facilities also increased thanks to completion of a large facility.

Overseas, overall sales increased due to an increase in sales in North America, which is on a recovery track, and expansion of sales in the Chinese market, although there was a sales decrease in Europe, where the economy continued to slow down.

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, etc.) amounted to ¥29,015 million (up 5.8% year on year), and sales of planting machinery (rice transplanters and vegetable transplanters) totaled ¥11,220 million (up 8.0% year on year). Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥26,830 million (up 3.5% year on year). Moreover, sales of spare parts and farming implements reached ¥32,084 million (up 5.3% year on year), while sales in other agriculture-related business (including construction of facilities, etc.) increased to ¥33,773 million (up 14.4% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, etc.) decreased to ¥12,655 million (down 3.5% year on year), and sales of planting machinery (rice transplanters, etc.) amounted to ¥6,277 million (up 21.6% year on year). Sales of harvesting and processing machinery (combine harvesters, etc.) amounted to ¥1,582 million (up 33.3% year on year). Sales of spare parts and farming implements totaled ¥1,283 million (up 25.1% year on year), while sales in other agriculture-related business were ¥840 million (down 6.6% year on year).

As a result, sales in the agriculture-related business segment totaled ¥155,564 million (up 7.2% year on year).

2) Other Business

The Company develops, sells, and operates computer software as part of the "other business" segment. Sales in the other business segment amounted to ¥133 million (up 4.4% year on year).

(2) Cash Flows

The balance of cash and cash equivalents at the end of the fiscal year increased ¥2,087 million year on year, to ¥9,040 million.

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

Net cash provided by (used in) operating activities provided a net cash inflow of ¥8,531 million (down ¥48 million year on year), comprised principally of income before income taxes of ¥5,491 million and depreciation and amortization of ¥5,535 million.

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

Net cash provided by (used in) investment activities resulted in a net cash outflow of ¥6,342 million (up ¥1,107 million year on year), comprised principally of capital investment expenditures of ¥6,215 million.

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

Net cash provided by (used in) financing activities amounted to a net cash outflow of ¥647 million (down ¥1,494 million year on year), due primarily to the repayment of interest-bearing liabilities.

2. Production, Orders and Sales

(1) Production

Production results by business segment/product for the fiscal year under review are as follows:

Product/Segment	FY2013 (April 1, 2012–March 31, 2013)	
	Amount (millions of yen)	Change yoy (%)
Cultivating and mowing machinery	42,360	(0.1)
Planting machinery	22,754	14.8
Harvesting and processing machinery	27,166	7.6
Parts and farming implements	2,483	(2.8)
Other agriculture-related business	8,445	47.2
Agriculture-related business segment total	103,211	7.8
Other business segment total	—	—
Total	103,211	7.8

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 results by business segment/product for the fiscal year under review are as follows:

Product/Segment	FY2013 (April 1, 2012–March 31, 2013)	
	Amount (millions of yen)	Change yoy (%)
Cultivating and mowing machinery	41,670	2.8
Planting machinery	17,497	12.5
Harvesting and processing machinery	28,413	4.8
Parts and farming implements	33,367	6.0
Other agriculture-related business	34,614	13.8
Agriculture-related business segment total	155,564	7.2
Other business segment total	133	4.4
Total	155,697	7.2

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

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

Customer	FY2012 (April 1, 2011–March 31, 2012)		FY2013 (April 1, 2012–March 31, 2013)	
	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)	17,545	12.1	19,776	12.7

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

3. Issues to Be Addressed

To realize future development by establishing a stable customer base in Japan and speeding up global business development in a rapidly changing business environment, the ISEKI Group will promptly focus all of its strengths on the following challenges:

1) Establish a stable customer base in Japan

With competition in the market getting more fierce, we will endeavor to ensure a stable domestic sales share of 20% by focusing on the expansion of our tractor sales share in particular, with a view to establishing a stable customer base. We will do our utmost to expand our sales share by continuing 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 viewpoint of customers. Also, we will strive to expand domestic sales by further improving customer satisfaction through agricultural proposals that “support low-cost agriculture of customers” by efficient sales promotion and the strengthening of sales service capabilities, leveraging the flexibility and wide reach of our sales company in the domestic market.

2) Accelerate global development

We will strive to promptly realize an overseas sales ratio of 20% by accelerating overseas development, with an eye on Southeast Asia, where mechanization is remarkably advancing, in addition to the existing three markets of Europe, North America and China.

With regard to Europe, North America and other markets, we will further expand these markets by launching “new strategic products” that satisfy customer needs. In addition, we will proactively expand business in the Chinese market, where the 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 quickly start production at PT. ISEKI INDONESIA, with an eye on the Southeast Asian market, which is expected to grow in the future. We will endeavor to establish the ISEKI brand by developing and launching products that match each market. In addition, we will focus on expanding our business development to meet diversifying market needs by enhancing our development, production, sales and service structures from a locally oriented perspective.

3) Enhance product capability and promote cost structure reforms

Our first priority is the products that enjoy a solid reputation among our customers, even as our development and manufacturing operations are working together to improve the development and production processes and to establish a framework in the pursuit of zero defects that guarantees product quality.

As needs for low-priced products are growing both in Japan and overseas, we will implement tough measures such as cost structure reforms, leading to “low-cost design,” “low-cost production” and “low-cost procurement,” with each of the divisions of development, manufacturing and purchasing working together and making combined efforts.

4. Risks Which Could Affect Our Business

Latent risks and uncertainties which could affect our future financial performance are enumerated 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 matters concerning the future stated herein are those that the Company deems applicable as of the end of the consolidated fiscal year under review.

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

2) Exchange Rate Fluctuation
   There is a possibility that fluctuations in foreign currencies 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 restrictions on electricity supplies and disruptions in the supply chain may harm the ISEKI Group's business performance and financial position.

4) Dependency on Specific Customers or Suppliers
   Any change of business policy, business slowdown or failure among 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 Regulations on Environmental Issues, etc., and Related Difficulties
   Substantial costs may be incurred related to our products or business activities due to necessitated responses to public regulations on environmental issues, etc., corrective measures undertaken in relation to conflicts, 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 in any particular country may cause harm to our financial performance.

10) Risk of Legal Violation
   We are making Groupwide efforts to achieve complete legal compliance and instill 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 negatively impacted and business performance may deteriorate.

11) Risk of Natural Disasters and Accidents
Natural disasters such as earthquakes, typhoons, floods 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 of utilizing the management resources of both parties 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 syndicated loan or commitment line contracts with financial institutions. Should any of the financial conditions of these contracts be breached, 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 rates on borrowings 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 farming 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 introduced new gardening products in North America and Europe, and combine harvesters and rice transplanters in the rapidly growing Chinese market. Both in Japan and overseas, the Group has aggressively developed products for new markets. 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 ¥4,280 million, and major research results are as follows:

<u>Agriculture-related Business</u>

[Tractors]

- Considering the increasing number of people entering agriculture and the aging of existing farmers, we added the TQ17C semi-crawler model 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, to enhance the lineup. The new model has achieved rotationality equal to that of wheel-type models by making the front and rear of the crawler boat-shaped while realizing excellent ground-cover ability in wet paddies and muddy fields.
- For the North American market, we started shipping utility class tractors, which are of intermediate horsepower, between compact tractors with low horsepower and large agricultural tractors with high horsepower. The 75–95 horsepower tractors, developed in cooperation with our OEM-based supplier, are equipped with engines conforming to the fourth emissions regulations (Tier 4 regulations) of the US Environmental Protection Agency (EPA), thus lowering impact on the environment.

[Combine Harvesters]

- We launched the HC400 multi-crop combine harvester capable of high-speed operation as a combine harvester that can handle soybean, buckwheat and barley, by increasing the engine horsepower of HC380, an existing model. The new model has an operating speed of 1.38 m/s (the industry’s fastest operating speed as of December 2012, according to research conducted by the Company), and is equipped with Air Grain, an air transporter that minimizes damage to the grain and gently handles soybeans, carefully transporting harvested crops using the power of blown air. It boasts a high level of efficiency that is friendly to grains and operators with its Multi-Functional Power Steering, which allows operators to move the reel and the body vertically and laterally by using a single lever.

[Rice Transplanters]

- We marketed the reasonably priced Sanae PQZ3 Series of rice planter, which delivers a greater sense of security, for small and midsized farms. The new series is equipped with four functions that make operation easy: Sanae Z Turn, which allows operators to easily turn and start planting by merely operating the steering wheel; Sanae Seedling Rail, which enables both operators and assistants to easily supply seedlings because the seedling frame quickly becomes flat at the touch of a switch; Sanae Z Rotor, with a two-stage rotor that makes drainage easy, controls the bending and muddying of planted seedlings and does not require leveling of land that is left uncultivated, which is a task that generally requires heavy labor; and Sanae Handle which can easily prevent floating of the transplanter body with slight power, when the machine goes in and out of fields and when it is loaded onto or off of a truck.

- We marketed the PZ80HDRT25-E18 eight-row rice transplanter, which is suitable for local operation/cultivation systems (row spacing: 20–25 cm; about 110 seedlings per 3.3 m^2) aiming at increasing income for the semiannual crop regions mainly in the southern part of China. Equipped with Sanae Z Turn, which reduces operator fatigue by eliminating complicated operation, and IQ Matic, which makes steadier, high-precision planting possible as the planting unit follows topsoil even in uneven fields, the new model delivers energy conservation and safety for those placing seedlings in the tray, and so it is suitable for large-scale farming in China.

[Other Products]

- To meet market demand corresponding to the aging of farmers and the expansion of the scale of farms, for rice hullers that are easier to handle and operate and feature high efficiency, we added three models to each of the Super Mate MG, MGJ and MGP Series, which have been highly valued for their easy-to-handle rice hullers featuring high basic performance and easy operation. The new models are intended to make rice hulling in Japan easy with the following features: a single-lever function that enables operators to start, idle and release using only one lever; Information Navigator, which informs operators of the next lever position based on where they are in their work with a light going on; and Rakurun, which detects the amount of unhulled rice taken in and automatically switches from releasing hulled rice to idle to prevent chaff from being mixed in with the rice hull.
- For the Chinese market where mechanization of transplanting operations has not advanced in leaf tobacco production although China is the world's largest producer of leaf tobacco, we released the PVH1-TE18 walking-type semi-automatic tobacco transplanter, which was developed based on domestic models and is suitable for local operation and cultivation systems with enhanced durability. The new model is equipped with an automatic drilling unit that makes tobacco leaf cultivation efficient in regions or periods with little rain, by forming holes for irrigation at the same time as planting; and a function to adjust spacing between seedlings according to conditions in each region, among other functions.

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 2012, we have had the highest patent approval rate of all industries for seven consecutive years from 2004 through 2010 and the second highest rate in 2011, and we were ranked No. 1 in terms of the number of published patents in the "other specialty machinery sector" for four consecutive years from 2007 through 2010.

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 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 ranked No. 1 for 11 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 regarding 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 with net sales of ¥155,697 million is as shown in the summary of performance, etc. The main factors underlying the increase of ¥913 million of operating income are as follows:

(a) Increase of gross profit due to increased net sales, etc. ¥1,746 million

(b) Increase of selling, general and administrative expenses ¥(833) million

Main factors underlying the increase of ordinary income of ¥1,515 million are as follows:

(a) Increase of operating income ¥913 million

(b) Improvement of non-operating balance due to recording of foreign exchange gains, etc. ¥602 million

Main factors underlying the increase of net income of ¥1,251 million are as follows:

(a) Increase of ordinary income ¥1,515 million

(b) Increase of extraordinary income due to posting of compensation income, etc. ¥110 million

(c) Decrease in extraordinary losses due to decrease in retirement benefit expenses ¥149 million

(d) Increase of income taxes ¥(488) million

2) Financial position

Total assets at the end of the fiscal year increased ¥6,474 million year on year, to ¥179,028 million. Looking at contributing factors, current assets increased ¥3,525 million year on year. The main changes were a ¥2,232 million increase in cash and deposits and a ¥1,752 million increase in notes and accounts receivable—trade. Noncurrent assets increased ¥2,948 million from a year earlier. The main reason was a ¥2,004 million increase in property, plant and equipment. Total liabilities increased ¥1,736 million year on year, primarily due to decreases in notes and accounts payable—trade of ¥1,057 million, declines in short-term and long-term loans payable of ¥408 million and increases in lease obligations of ¥1,060 million. Net assets increased ¥4,738 million year on year to ¥62,927 million, due primarily to the posting of net income.

The equity ratio was 34.3%.

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 ¥7,151 million (the figure is based on property, plant and equipment data, and the amount excludes consumption tax, etc.).

Major investments were as follows:

Agriculture-related Business

[Development and production divisions of agricultural machinery]

The Group made capital investments of ¥3,858 million, including those by its consolidated subsidiaries (Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd. and eight others), in new product development and production start-up facilities, for the renewal of production facilities, for rationalization and power saving, and for saving resources and energy at facilities.

Meanwhile, the Company posted a loss on sales and retirement of ¥31 million with regard to the ongoing renewal of production facilities and obsolete production facilities.

[Sales division for agricultural machinery]

The Group made total capital investments of ¥3,047 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, service maintenance factories and 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 ¥122 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, 2013) (shares)	Number of shares outstanding as of the date of submission (June 26, 2013) (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, 2013

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	52	72	339	102	11	19,577	20,153	—
Number of shares held (unit of shares)	0	83,467	7,669	40,003	13,698	36	84,324	229,197	652,936
Shareholding ratio (%)	0.0	36.4	3.3	17.5	6.0	0.0	36.8	100.0	—

Notes:
1. 102,954 treasury shares are included in "Individuals and other" (102 units) and in "Status of shares below stock trading unit" (954 shares). The actual number of treasury shares held as of the fiscal year-end was 101,954 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, 2013

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
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	10,600	4.61
The Norinchukin Bank	1-13-2 Yurakucho, Chiyoda-ku, Tokyo	8,687	3.77
Iseki kabushiki hoyukai (Company's Stockholding Co-op.)	5-3-14, Nishi-nippori, Arakawa-ku, Tokyo	6,231	2.71
The Iyo Bank, Ltd.	1, Minami-horibata-cho, Matsuyama, Ehime	5,800	2.52
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	5,561	2.41
Sompo Japan Insurance Inc.	1-26-1, Nishi-shinjuku, Shinjuku-ku, Tokyo	4,888	2.12
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	4,418	1.92
Mitsui Sumitomo Insurance Co., Ltd.	2-27-2, Shinkawa, Chuo-ku, Tokyo	4,193	1.82
Kyoei Fire & Marine Insurance Co., Ltd.	1-18-6, Shinbashi, Minato-ku, Tokyo	3,527	1.53
Total	—	64,614	28.11

Notes: 1. Of the above, the number of shares in relation to fiduciary business is as follows:

Japan Trustee Services Bank, Ltd. (Trust Account)	5,561 thousand shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,418 thousand shares

2. 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 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

3. Based on the report on large shareholdings (change report) submitted by Sumitomo Mitsui Trust Holdings, Inc. on April 18, 2012, we received a report to the effect that the said company jointly held the following shares as of April 13, 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 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 (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	16,710	7.27
Sumitomo Mitsui Trust Asset Management Co., Ltd.	2-3-1, Yaesu, Chuo-ku, Tokyo	358	0.16
Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	447	0.19

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 maintain stable and growing dividends, taking into consideration, not just consolidated financial results, but our Group's financial position and future business activities. 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, 2013, we resolved to pay 3.00 yen per share.

Dividends with a record date within the fiscal year ended March 31, 2013 are as follows:

Resolution date	Total amount of dividends paid (millions of yen)	Dividend per share (yen)
Regular meeting of shareholders on June 25, 2013	689	3.00

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 meetings of the Board of Directors once a month to make prompt decisions, and extraordinary meetings as necessary. With regard to the execution of business, all corporate officers 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 risks, and measures to prevent and avoid such risks. They do so 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, a 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 Group's internal control system as one of the priority 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. 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, but also 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 endeavors to prevent any infractions or 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 a 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, which assumed the ordinary monitoring function of our manufacturing subsidiaries, and a "Sales Management Control Section" under the control of the Head of the Business Division, which inspected the degree of implementation of internal auditing at our sales and other subsidiaries and gave guidance when necessary. As of April 1, 2013, we integrated the Management Control Section, Sales Management Control Section, and Internal Control Department into the Operations Supervising Department, and set up an Internal Control & Audit Department, which inspects the status of internal auditing and gives guidance when necessary, from the standpoint of promoting internal control and further enhancing the independence of the auditing function. 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 to prevent any possibility of a relationship with antisocial forces or groups, as stated in the policy of the “ISEKI Group Code of Ethical Behavior.” To establish corporate ethics at Iseki and Group companies, we provide action guidelines regarding antisocial forces in the “Iseki Group Code of Ethical Behavior,” and systems to reject antisocial forces and related activities.

3) Status of internal audit and audit by corporate auditors

Internal audits of the Company are organized by the Internal Control & Audit Department with a staff of thirteen, which is independent of business execution divisions and sections. Based on internal audit rules, the department carries out accounting, business, and internal control 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 review 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 Internal Control & Audit Department and the independent public audit firm by having periodic exchanges of opinions and information, meetings held as necessary, and other activities.

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

4) Outside directors and outside corporate auditors

The Company has elected one outside director and four outside corporate auditors.

The Company has elected one outside director, providing an external perspective in management, further enhancing the supervisory function over the execution of business and further improving transparency of management. Also, 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 elected Atsushi Iwasaki as outside director because we expect that his expertise and extensive experience, obtained while working as a certified public accountant, will be leveraged in the management supervisory functions of the Company.

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 a division at said bank, will be leveraged in 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 an overseas branch and general manager of a division at said bank, will be leveraged in the auditing structure of the Company. Seigo Kimoto, an outside corporate auditor, previously worked for Chuo Mitsui Asset Trust and Banking Company, 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 a division at said bank, will be leveraged in the auditing structure of the Company. Shoji Tanaka, an outside corporate auditor, is a lawyer. We elected him as outside corporate auditor because we expect that his expertise and experience, obtained while working as a lawyer, will be leveraged in the auditing structure of the Company. Each corporate auditor discusses and decides audit policies, audit plans and division of duties 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 are made, and audits the status of the businesses and assets of associated companies and each business division and section. Corporate auditors also share information with an independent public audit firm at meetings held periodically.

We have also designated and authorized Atsushi Iwasaki, who is an outside director, and 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. As a result, we believe objectivity and neutrality of governance are achieved. With regard to Norio Yasunaga, an outside corporate auditor, the financial institution for which he formerly worked has little influence on the Company, because the dependence of the Company, which deals with multiple financial institutions, on said financial institution for borrowings is not significant. Atsushi Iwasaki, an outside director, is a certified public accountant and Shoji Tanaka, an outside corporate auditor, is a lawyer, and they do not receive large sums of money or assets from the Company other than the remuneration designated for officers. Therefore, we deem the three officers to have no conflict of interest with general shareholders. As we have not established our own standards or policies on the independence of outside directors/corporate auditors, we refer to the standards of the stock exchange for evaluating the independence of independent officers when electing them.

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)

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 ShinNihon 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

8 Others

6) Establishing a risk management system

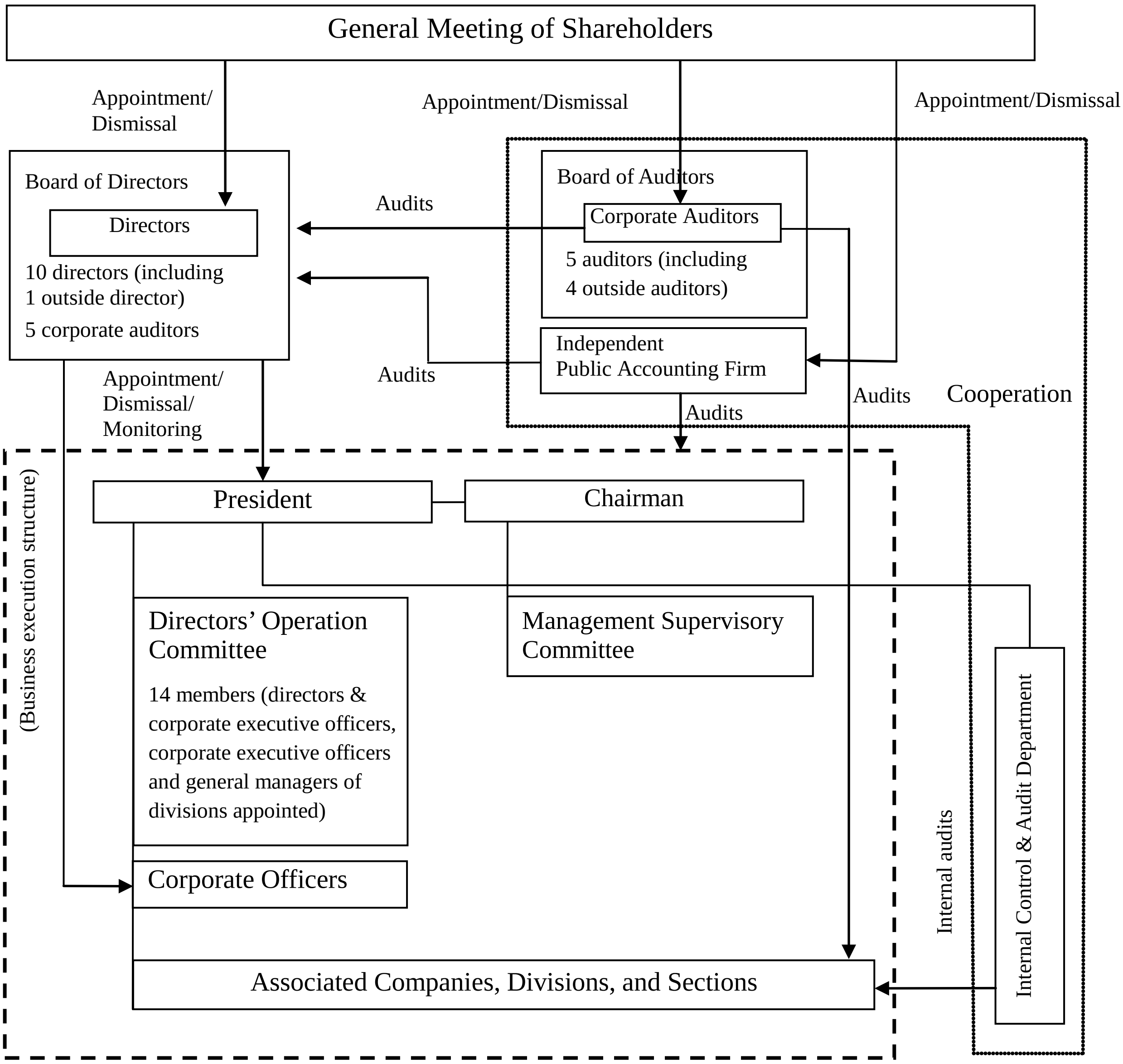
Addressing the overall risk exposure of the Group, the Company has set up risk management standards and rules as well as monitoring and response systems to prevent avoidable risk and to minimize losses.

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

Iseki believes that the timely disclosure of information is essential to building good relations 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 2012). The entire Group takes an active part in 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 2012) 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 made 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 limitations 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 limitations 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 directors and 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 directors and 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 said agreement is the amount specified by the law. The said limit of liabilities shall be approved provided the said outside directors and 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 directors and outside corporate auditors in future and enables outside directors and 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 limitations 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	68	6	65	7
Consolidated subsidiaries	7	—	7	—
Total	75	6	72	7

2) Other remuneration

(Previous fiscal year)

Not applicable.

(Fiscal year under review)

Among important subsidiaries of the Company, there are some overseas subsidiaries that are audited by Ernst & Young, which is part of Ernst & Young ShinNihon LLC, the independent public audit firm of the Company.

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

(Previous fiscal year)

The Company sought counsel regarding the shift to International Financial Reporting Standards, seen as a service (non-audit services) other than that provided for in Article 2, Paragraph 1, of the Certified Public Accountants Act, and paid accordingly.

(Fiscal year under review)

The Company requested investigations concerning investment, 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.

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 “Regulations on 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 “Regulations on 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, 2012 through March 31, 2013) and its financial statements for the fiscal year (from April 1, 2012 through March 31, 2013).

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.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2012 (As of March 31, 2012)	**FY2013** (As of March 31, 2013)
Assets		
Current Assets:		
Cash and deposits	7,052	9,285
Notes and accounts receivable—trade	*6 28,703	*6 30,455
Short-term investment securities	19	19
Merchandise and finished goods	38,168	37,242
Work in process	3,295	3,344
Raw materials and supplies	1,380	2,090
Deferred tax assets	1,021	1,140
Others	3,243	2,837
Allowance for doubtful accounts	(45)	(51)
Total Current Assets	82,840	86,365
Noncurrent Assets:		
Property, plant and equipment		
Buildings and structures, net	14,965	14,991
Machinery, equipment and vehicles, net	6,983	6,944
Tools, furniture and fixtures, net	1,601	1,903
Land	*7 50,263	*7 50,471
Lease assets, net	4,970	6,010
Construction in progress	1,042	1,507
Other, net	14	16
Total property, plant and equipment	*1, *2 79,840	*1, *2 81,844
Intangible assets	981	965
Investments and other assets		
Investment securities	*3 5,159	*3 6,539
Long-term loans receivable	151	124
Deferred tax assets	706	645
Other	*3 3,278	*3 2,922
Allowance for doubtful accounts	(403)	(380)
Total investments and other assets	8,892	9,852
Total Noncurrent Assets	89,714	92,662
Total Assets	172,554	179,028

(Millions of yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Liabilities		
Current Liabilities:		
Notes and accounts payable—trade	*6 43,667	*6 42,609
Short-term loans payable	*1 17,174	*1 15,199
Current portion of bonds	—	100
Current portion of long-term loans payable	*1 8,147	*1 5,984
Lease obligations	1,672	1,713
Accrued consumption taxes	390	448
Income taxes payable	803	1,108
Deferred tax liabilities	—	0
Accrued expenses	4,004	4,616
Provision for bonuses	236	303
Other	*1*6 3,659	*1*6 4,518
Total Current Liabilities	79,756	76,602
Noncurrent Liabilities:		
Bonds payable	100	—
Long-term loans payable	*1 16,653	*1 20,382
Lease obligations	3,736	4,755
Deferred tax liabilities	252	639
Deferred tax liabilities for land revaluation	*7 6,644	*7 6,644
Provision for retirement benefits	5,485	5,453
Provision for directors' retirement benefits	116	125
Asset retirement obligations	257	262
Other	*1 1,361	*1 1,234
Total Noncurrent Liabilities	34,608	39,498
Total Liabilities	114,364	116,101
Net Assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	7,887	11,522
Treasury stock	(22)	(25)
Total Shareholders' Equity	44,664	48,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	265	928
Deferred gains or losses on hedges	3	—
Revaluation reserve for land	*7 11,816	*7 11,816
Foreign currency translation adjustment	(51)	288
Total accumulated other comprehensive income	12,034	13,033
Minority interests	1,490	1,598
Total Net Assets	58,189	62,927
Total Liabilities and Net Assets	172,554	179,028

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

[Consolidated Statements of Income]

(Millions of yen)

	FY2012 (April 1, 2011– March 31, 2012)	**FY2013** (April 1, 2012– March 31, 2013)
Net sales	145,252	155,697
Cost of sales	*1, *2 98,839	*1, *2 107,537
Gross profit	46,412	48,159
Selling, general and administrative expenses		
Advertising expenses	891	901
Packing and transportation expenses	3,364	3,386
Directors' compensations, salaries and allowances	18,017	17,795
Bonuses	2,320	3,044
Retirement benefit expenses	1,987	1,735
Provision for directors' retirement benefits	21	25
Depreciation	1,457	1,442
Other	14,119	14,682
Total selling, general and administrative expenses	*2 42,181	*2 43,014
Operating income	4,231	5,144
Non-operating income		
Interest income	192	178
Dividends income	175	142
Foreign exchange gains	—	709
Amortization of negative goodwill	4	—
Subsidies received	68	103
Rent income	146	158
Sales of scrap	143	110
Other	464	404
Total non-operating income	1,194	1,806
Non-operating expenses		
Interest expenses	796	728
Sales discounts	104	95
Foreign exchange losses	1	—
Loss on abandonment of inventories	301	343
Other	323	368
Total non-operating expenses	1,527	1,536
Ordinary income	3,898	5,414

(Millions of yen)

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Extraordinary income		
Gain on sales of noncurrent assets	*3 36	*3 22
Compensation income	—	211
Insurance income	—	168
Gain on sale of investment securities	256	1
Other	0	—
Total extraordinary income	293	404
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	*4 138	*4 177
Impairment loss	*5 29	*5 21
Loss on valuation of investment securities	6	—
Loss on disaster	12	90
Retirement benefit expenses	252	—
Cost of measures for product recall	37	36
Other	0	0
Total extraordinary losses	477	327
Income before income taxes	3,715	5,491
Income taxes—current	1,100	1,507
Income taxes for prior periods	257	—
Income taxes—deferred	(359)	(21)
Total income taxes	998	1,486
Income before minority interests	2,716	4,004
Minority interests in income (loss)	(11)	(24)
Net income	2,727	3,979

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY2012 (April 1, 2011– March 31, 2012)	**FY2013** (April 1, 2012– March 31, 2013)
Income before minority interests	2,716	4,004
Other comprehensive income		
Valuation difference on available-for-sale securities	(105)	666
Deferred gains or losses on hedges	3	(3)
Revaluation reserve for land	949	—
Foreign currency translation adjustment	7	312
Share of other comprehensive income of affiliates accounted for using equity method	6	32
Total other comprehensive income	*1 860	*1 1,008
Comprehensive income	3,577	5,012
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,593	4,977
Comprehensive income attributable to minority interests	(15)	34

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY2012 (April 1, 2011– March 31, 2012)	**FY2013** (April 1, 2012– March 31, 2013)
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	5,160	7,887
Changes of items during the period		
Dividends from surplus	—	(344)
Net income	2,727	3,979
Total changes of items during the period	2,727	3,634
Balance at the end of period	7,887	11,522
Treasury Stock		
Balance at the beginning of period	(19)	(22)
Changes in items during the period		
Purchase of treasury stock	(3)	(2)
Total changes of items during the period	(3)	(2)
Balance at the end of period	(22)	(25)
Total Shareholders' Equity		
Balance at the beginning of period	41,939	44,664
Changes of items during the period		
Dividends from surplus	—	(344)
Net income	2,727	3,979
Purchase of treasury stock	(3)	(2)
Total changes of items during the period	2,724	3,631
Balance at the end of period	44,664	48,296

(Millions of yen)

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities		
Balance at the beginning of period	366	265
Changes of items during the period		
Net changes in items other than shareholders' equity	(101)	662
Total changes of items during the period	(101)	662
Balance at the end of period	265	928
Deferred gains or losses on hedges		
Balance at the beginning of period	—	3
Changes of items during the period		
Net changes in items other than shareholders' equity	3	(3)
Total changes of items during the period	3	(3)
Balance at the end of period	3	—
Revaluation Reserve for Land		
Balance at the beginning of period	10,867	11,816
Changes of items during the period		
Net changes in items other than shareholders' equity	949	—
Total changes of items during the period	949	—
Balance at the end of period	11,816	11,816
Foreign Currency Translation Adjustment		
Balance at the beginning of period	(65)	(51)
Changes of items during the period		
Net changes in items other than shareholders' equity	13	339
Total changes of items during the period	13	339
Balance at the end of period	(51)	288
Total Accumulated Other Comprehensive Income		
Balance at the beginning of period	11,169	12,034
Changes of items during the period		
Net changes in items other than shareholders' equity	865	998
Total changes of items during the period	865	998
Balance at the end of period	12,034	13,033
Minority Interests		
Balance at the beginning of period	1,508	1,490
Changes of items during the period		
Net changes in items other than shareholders' equity	(17)	107
Total changes of items during the period	(17)	107
Balance at the end of period	1,490	1,598
Total Net Assets		
Balance at the beginning of period	54,617	58,189
Changes in items during the period		
Dividends from surplus	—	(344)
Net income	2,727	3,979
Purchase of treasury stock	(3)	(2)
Net changes in items other than shareholders' equity	847	1,106
Total changes of items during the period	3,572	4,738
Balance at the end of period	58,189	62,927

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Net Cash Provided by (Used in) Operating Activities:		
Income before income taxes	3,715	5,491
Depreciation and amortization	5,933	5,535
Impairment loss	29	21
Amortization of goodwill	—	1
Amortization of negative goodwill	(4)	—
Increase (decrease) in provision for retirement benefits	260	(31)
Increase (decrease) in provision for loss on disaster	(174)	—
Loss (gain) on sales of investment securities	(255)	(0)
Interest and dividend income	(367)	(320)
Interest expenses	796	728
Foreign exchange losses (gains)	(154)	(214)
Loss (gain) on sales of property, plant and equipment and intangible assets	102	154
Compensation income	—	(211)
Insurance income	—	(168)
Decrease (increase) in notes and accounts receivable—trade	(14)	(1,752)
Decrease (increase) in inventories	(1,878)	200
Increase (decrease) in notes and accounts payable—trade	1,717	(1,057)
Other	375	536
Subtotal	10,080	8,912
Interest and dividends income received	368	317
Interest expenses paid	(804)	(723)
Proceeds from compensation	—	199
Proceeds from insurance income	—	168
Income taxes paid	(1,328)	(1,309)
Income taxes refund	265	966
Net cash provided by (used in) operating activities	8,580	8,531
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	(5,324)	(6,215)
Proceeds from sales of property, plant and equipment and intangible assets	199	103
Purchase of investment securities	(325)	(377)
Proceeds from sales of investment securities	395	12
Decrease (increase) in loans receivable	26	29
Decrease (increase) in time deposits	10	(145)
Payments for investments in capital of subsidiaries and affiliates	(239)	—
Other	24	249
Net cash provided by (used in) investment activities	(5,234)	(6,342)

(Millions of yen)

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Net Cash Provided by (Used in) Financing Activities:		
Increase (decrease) in short-term loans payable, net	(709)	(2,018)
Proceeds from long-term loans payable	11,870	10,320
Repayment of long-term loans payable	(12,567)	(8,753)
Proceeds from sale and leaseback transactions	997	1,863
Repayments of lease obligations	(1,718)	(1,779)
Purchase of treasury stock	(3)	(2)
Proceeds from stock issuance to minority shareholders	—	75
Cash dividends paid	—	(339)
Other	(11)	(12)
Net cash provided by (used in) financing activities	(2,141)	(647)
Effect of Exchange Rate Change on Cash and Cash Equivalents	162	545
Net Increase (Decrease) in Cash and Cash Equivalents	1,367	2,087
Cash and Cash Equivalents at Beginning of Period	5,585	6,952
Cash and Cash Equivalents at End of Period	6,952	9,040

[Notes]
(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: 26 companies

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

Effective the consolidated fiscal year under review, Iseki-Shigenobu Mfg. Co., Ltd. and PT. ISEKI INDONESIA, which were newly established, are included in the scope of consolidation.

(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.

(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 little effect on net income (or loss), retained earnings, etc., and is insignificant on the whole, it is removed from the scope of the equity-method companies.

3. Consolidated accounting period

Of the consolidated subsidiaries, 15 companies (including Iseki-Hokkaido Co., Ltd.) use an end-of-period balance sheet date of December 31. 11 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.

(Change in the accounting policy that is difficult to distinguish from a change in accounting estimate in forecasts)

With the revision of the Corporation Tax Act, depreciation methods for property, plant and equipment acquired on or after April 1, 2012 were changed to those pursuant to the revised Corporation Tax Act, effective the consolidated fiscal year under review.

The impact of the change on profit and loss is insignificant.

(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 the 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 the 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 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 arise, with the first expense being recognized in the following consolidated fiscal period.

(iv) Provision for directors' retirement benefits

Some of the Company's consolidated subsidiaries record directors' retirement benefits as a provision for directors' retirement benefits in an amount required by the 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 reliably estimated (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 overseas subsidiaries 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.

Those 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 currency exchange rates and interest rates.

As for the risks associated with fluctuations in foreign currency exchange rates for transactions in foreign currencies that occur when carrying out export and import business, 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 the finance divisions verify results 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 fluctuation 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.

(Accounting standards that have not yet come into effect)

- “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012)
- “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012)

(1) Summary

These accounting standards aim to improve financial reporting and approximate international standards, and they mainly focus on revising the method of calculating unrecognized actual differences and unrealized past service costs and retirement benefit obligations and service costs, as well as enriching the disclosed content.

(2) Date accounting standards come into effect

The new standards are scheduled to come into effect from the end of the fiscal year ending March 2014. However, we plan to apply the revised calculation of retirement actuarial differences and service costs from the beginning of the fiscal year ending March 2015.

(3) Impact of the application of the accounting standards

The extent of its impact is being evaluated at the time of preparing these consolidated financial statements.

(Consolidated Balance Sheet Information)

*1 Assets provided as collateral

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
I Property, plant and equipment		
Buildings and structures	¥2,137 million	¥1,786 million
Land	¥7,144 million	¥5,469 million
Total	¥9,281 million	¥7,256 million
II Liabilities pertaining to the above items		
Short-term loans payable	¥4,780 million	¥3,616 million
Current portion of long-term loans payable	¥1,129 million	¥1,297 million
Other (accounts payable)	¥9 million	¥9 million
Long-term loans payable	¥1,795 million	¥2,502 million
Other (long-term accounts payable)	¥39 million	¥29 million
Total	¥7,754 million	¥7,456 million

*2 Accumulated depreciation of property, plant and equipment

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Accumulated depreciation	¥96,979 million	¥99,190 million

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

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Investment securities (shares)	¥75 million	¥75 million
Other (investments in capital)	¥259 million	¥161 million
(Of which, amount of investment in jointly controlled entity)	¥246 million	¥147 million

4 Guaranteed liabilities

The Company guarantees liabilities on loans from financial institutions made by the following companies which are not its consolidated subsidiaries.

FY2012 (as of March 31, 2012)		FY2013 (as of March 31, 2013)	
Higashi Nihon Agricultural Equipment Cooperative Union	¥2,998 million	Higashi Nihon Agricultural Equipment Cooperative Union	¥2,271 million
Nishi Nihon Agricultural Equipment Cooperative Union	¥1,760 million	Nishi Nihon Agricultural Equipment Cooperative Union	¥1,333 million
Kinki Agricultural Equipment Cooperative Union	¥1,096 million	Kinki Agricultural Equipment Cooperative Union	¥831 million
Tokai Agricultural Equipment Cooperative Union	¥746 million	Tokai Agricultural Equipment Cooperative Union	¥565 million
Other	¥235 million	Other	¥203 million
Total	¥6,835 million	Total	¥5,203 million

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

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Notes receivable less discount—trade	¥— million	¥2 million
Endorsed notes receivable—trade	¥317 million	¥192 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 for financial institutions, the following bills due on the last day of the period are included in the balance at the end of the period.

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Notes receivable	¥47 million	¥154 million
Notes payable	¥1,722 million	¥1,934 million
Others (bills payable for facilities)	¥19 million	¥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 said revaluation has been recorded in liabilities as "Deferred tax liabilities for land revaluation" and the deducted amount has been recorded in 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

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Variance between the market value of the revalued land at the end of the period and the revalued book value	¥ (11,152) million	¥ (11,670) 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.

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

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Aggregate amount of lending commitment	¥20,030 million	¥20,030 million
Used portion of commitments	¥500 million	¥— million
Balance unused	¥19,530 million	¥20,030 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

FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
¥ 37 million	¥301 million

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

FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
¥3,858 million	¥4,280 million

*3 Gain on sales of noncurrent assets

	FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
Machinery, equipment and vehicles	¥15 million	¥13 million
Tools, furniture and fixtures	¥0 million	¥1 million
Land	¥19 million	¥8 million
Other	¥0 million	¥— million
Total	¥36 million	¥22 million

*4 Loss on sales and retirement of noncurrent assets

	FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
Buildings and structures	¥71 million	¥105 million
Machinery, equipment and vehicles	¥54 million	¥51 million
Tools, furniture and fixtures	¥8 million	¥5 million
Land	¥1 million	¥— million
Other	¥3 million	¥15 million
Total	¥138 million	¥177 million

*5 Impairment loss

FY2012 (April 1, 2011–March 31, 2012)

The Company recorded an impairment loss of ¥29 million (¥29 million for buildings and structures 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 the above said properties are idle and have no prospect for use in the future. In addition, the market price of land is declining.

(Grouping method)

We group our assets under designated units, which manage receipts and payments independently. We also group idle properties and properties loaned out individually.

(Measurement of recoverable amount)

The recoverable amount is measured using the 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.

FY2013 (April 1, 2012–March 31, 2013)

The Company recorded an impairment loss of ¥21 million on the following assets.

Usage	Type	Location	Amount (Millions of yen)
Idle property	Land	Yonago, Tottori Pref.	6
		Mitoyo, Kagawa Pref.	4
		Taragimachi, Kuma-gun, Kumamoto Pref.	4
		Kirishima, Kagoshima Pref.	6
Total			21

(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.

(Grouping method)

We group our assets under designated units, which manage receipts and payments independently. We also group idle properties and properties leased out individually.

(Measurement of recoverable amount)

The recoverable amount is measured using the net selling price. The price is determined by applying reasonable adjustments to the assessed value of noncurrent assets for property tax.

(Consolidated Statements of Comprehensive Income Information)

*1 Reclassification and tax effect relating to other comprehensive income

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Valuation difference on available-for-sale securities		
Amount arising during fiscal year under review	¥43 million	¥1,020 million
Reclassification	¥(255) million	¥(0) million
Before tax effect adjustment	¥(211) million	¥1,020 million
Tax effect	¥105 million	¥(353) million
Valuation difference on available-for-sale securities	¥(105) million	¥666 million
Deferred gains or losses on hedges		
Amount arising during fiscal year under review	¥12 million	¥(1) million
Adjustment of asset acquisition cost	¥(6) million	¥(4) million
Before tax effect adjustment	¥5 million	¥(5) million
Tax effect	¥(2) million	¥2 million
Deferred gains or losses on hedges	¥3 million	¥(3) million
Revaluation reserve for land		
Tax effect	¥949 million	¥— million
Foreign currency translation adjustment		
Amount arising during fiscal year under review	¥7 million	¥312 million
Share of other comprehensive income of affiliates accounted for using equity method		
Amount arising during fiscal year under review	¥6 million	¥32 million
Total other comprehensive income	¥860 million	¥1,008 million

(Consolidated Statements of Changes in Net Assets Information)

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 with a record date within the fiscal year ended March 31, 2012, the effective date of the dividends will be in the fiscal year ending March 31, 2013.

Resolution	Type of share	Source of funds for dividends	Total amount of dividends 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

FY2013 (April 1, 2012–March 31, 2013)

1. Matters concerning outstanding stocks

Class of shares	Number of shares (as of April 1, 2012)	Increase in number of shares	Decrease in number of shares	Number of shares (as of March 31, 2013)
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, 2012)	Increase in number of shares	Decrease in number of shares	Number of shares (as of March 31, 2013)
Common stock	89,379	12,575	—	101,954
Total	89,379	12,575	—	101,954

Note: The increase in number of shares (12,575 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

(1) Dividends paid

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

(2) Of the dividends with a record date within the fiscal year ended March 31, 2013, the effective date of the dividends is the fiscal year ending March 31, 2014

Resolution	Type of share	Source of funds for dividends	Total dividends paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on June 25, 2013	Common stock	Retained earnings	689	3.00	March 31, 2013	June 26, 2013

(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

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Cash and deposits	¥7,052 million	¥9,285 million
Time deposits with terms of 3 months or more	¥(100) million	¥(245) million
Total cash and cash equivalents	¥6,952 million	¥9,040 million

2. Major noncash transactions

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Amount of assets and liabilities derived from finance leases	¥1,752 million	¥2,839 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 March 31, 2008 are accounted for as normal operating leases. Details of such leases are as follows:

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

FY2012 (as of March 31, 2012)

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
Acquisition cost	¥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

FY2013 (As of March 31, 2013)

	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
Acquisition cost	¥1,736 million	¥91 million	¥1,828 million
Accumulated depreciation	¥1,416 million	¥82 million	¥1,499 million
Net book value as of the fiscal year-end	¥320 million	¥9 million	¥329 million

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

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Within one year	¥325 million	¥200 million
More than one year	¥359 million	¥158 million
Total	¥685 million	¥359 million

(iii) Lease payment, depreciation and interest expense

	FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
Lease payment	¥559 million	¥338 million
Depreciation	¥515 million	¥309 million
Interest expense	¥25 million	¥14 million

(iv) Calculation methods of depreciation and interest

- Calculation method of depreciation
  Lease assets are amortized using the 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

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Within one year	¥197 million	¥173 million
More than one year	¥212 million	¥77 million
Total	¥409 million	¥250 million

(Financial Instrument Information)

1. Matters concerning the status of financial instruments

(1) Policies for financial instruments

The Group acquires 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, as mentioned below, 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 the 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, are almost entirely due payment within one year. Of these, some are in foreign currencies in connection with imports of raw materials and are exposed to the 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 the holding of noncurrent assets. While variable interest rate loans are exposed to the 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 the risk of fluctuating interest rates payable and to 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 with high credit 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 referred to in "Derivative Transaction Information," the amounts per se do not represent market risk associated with derivative transactions.

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

FY2012 (April 1, 2011–March 31, 2012)

Carrying value, market value and unrealized gain (loss) as of March 31, 2012 are as follows. Items whose market values are deemed to be extremely difficult to estimate are not included in the following table (please refer to (Note 2)):

	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 the 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—trade

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) Notes and accounts payable—trade, (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 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 calculated by discounting the combined amount of principal and interest processed integrally with said interest rate swap at a reasonably estimated interest rate applied in case a similar loan is made.

(8) Derivative transactions

See notes in “Derivative Transaction Information.”

(Note 2) Financial instruments for which market values are deemed to be extremely difficult to

estimate
Because unlisted equity securities (carrying value: ¥816 million) have neither market prices nor estimated future cash flows, and it is deemed that their market values are extremely difficult to estimate, they are not included in "(3) Securities and investment securities (ii) Available-for-sale securities."

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

	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	—	—	—
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

	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)
Short-term loans payable	17,174	—	—	—	—	—
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	27,003	5,137	4,164	9,255	1,331	640

FY2013 (April 1, 2012–March 31, 2013)

Carrying value, market value and unrealized gain (loss) as of March 31, 2013 are as follows. Items whose market values are deemed to be extremely difficult to estimate are not included in the following table (please refer to (Note 2)):

	Carrying value (millions of yen)	Market value (millions of yen)	Unrealized gain (millions of yen)
(1) Cash and deposits	9,285	9,285	—
(2) Notes and accounts receivable—trade	30,455	30,455	—
(3) Securities and investment securities			
(i) Held-to-maturity debt securities	19	19	0
(ii) Available-for-sale securities	5,723	5,723	—
(4) Notes and accounts payable—trade	42,609	42,609	—
(5) Short-term loans payable	15,199	15,199	—
(6) Bonds payable	100	100	—
(7) Long-term loans payable	26,366	26,405	39
(8) Derivative transactions	—	—	—

(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—trade

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) Notes and accounts payable—trade, (5) Short-term loans payable and (6) Bonds 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.

(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 calculated by discounting the combined amount of principal and interest processed integrally with said interest rate swap at a reasonably estimated interest rate applied in case a similar loan is made.

(8) Derivative transactions

See notes in "Derivative Transaction Information."

(Note 2) Financial instruments whose market values are deemed to be extremely difficult to estimate
Because unlisted equity securities (carrying value: ¥815 million) have neither market prices nor estimated future cash flows, and it is deemed that their market values are extremely difficult to estimate, they are not included in "(3) Securities and investment securities (ii) Available-for-sale securities."

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

	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	9,285	—	—	—
Notes and accounts receivable—trade	30,422	33	—	—
Securities and investment securities				
Held-to-maturity debt securities (discounted financial bonds)	19	—	—	—
Long-term loans receivable	24	60	21	35
Total	39,752	94	21	35

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

	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)
Short-term loans payable	15,199	—	—	—	—	—
Bonds payable	100	—	—	—	—	—
Long-term loans payable	5,984	5,440	10,571	2,770	1,549	49
Lease obligations	1,713	1,386	1,098	686	471	1,112
Other interest-bearing debt	9	9	9	9	—	—
Total	23,007	6,837	11,679	3,467	2,021	1,161

(Securities Information)

1. Held-to-maturity debt securities

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

FY2013 (As of March 31, 2013)

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

FY2012 (As of March 31, 2012)

<table>
<tr><th colspan="2">Category</th><th>Carrying value (millions of yen)</th><th>Acquisition cost (millions of yen)</th><th>Unrealized gain (loss) (millions of yen)</th></tr>
<tr><td rowspan="4">Securities whose carrying values exceed their acquisition cost</td><td>Shares</td><td>1,747</td><td>1,043</td><td>703</td></tr>
<tr><td>Bonds</td><td></td><td></td><td></td></tr>
<tr><td>Others</td><td>50</td><td>43</td><td>7</td></tr>
<tr><td>Subtotal</td><td>1,797</td><td>1,086</td><td>710</td></tr>
<tr><td rowspan="4">Securities whose carrying values do not exceed their acquisition cost</td><td>Shares</td><td>2,518</td><td>2,769</td><td>(250)</td></tr>
<tr><td>Bonds</td><td></td><td></td><td></td></tr>
<tr><td>Others</td><td>26</td><td>29</td><td>(2)</td></tr>
<tr><td>Subtotal</td><td>2,545</td><td>2,799</td><td>(253)</td></tr>
<tr><td colspan="2">Total</td><td>4,343</td><td>3,885</td><td>457</td></tr>
</table>

FY2013 (As of March 31, 2013)

<table>
<tr><th colspan="2">Category</th><th>Carrying value (millions of yen)</th><th>Acquisition cost (millions of yen)</th><th>Unrealized gain (loss) (millions of yen)</th></tr>
<tr><td rowspan="4">Securities whose carrying values exceed their acquisition cost</td><td>Shares</td><td>4,870</td><td>3,329</td><td>1,541</td></tr>
<tr><td>Bonds</td><td></td><td></td><td></td></tr>
<tr><td>Others</td><td>90</td><td>71</td><td>18</td></tr>
<tr><td>Subtotal</td><td>4,960</td><td>3,400</td><td>1,559</td></tr>
<tr><td rowspan="4">Securities whose carrying values do not exceed their acquisition cost</td><td>Shares</td><td>760</td><td>846</td><td>(86)</td></tr>
<tr><td>Bonds</td><td></td><td></td><td></td></tr>
<tr><td>Others</td><td>2</td><td>3</td><td>(0)</td></tr>
<tr><td>Subtotal</td><td>763</td><td>850</td><td>(86)</td></tr>
<tr><td colspan="2">Total</td><td>5,723</td><td>4,251</td><td>1,472</td></tr>
</table>

3. Held-to-maturity debt securities sold

There are no applicable matters to be reported.

4. Available-for-sale securities sold during fiscal years ended March 31, 2012 and 2013

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

FY2013 (April 1, 2012–March 31, 2013)

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	12	1	0
Total	12	1	0

5. Securities written down

Among shares in available-for-sale securities, ¥6 million was written down under impairment accounting in the fiscal year ended March 31, 2012 (April 1, 2011–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

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 Euro	Scheduled transactions denominated in foreign currencies	76	—	(Note 1) 5
Furiate-shori in forward exchange contracts, etc.	Forward exchange contracts Short position U.S. Dollar Euro	Notes receivable	238 728	— —	(Note 2)
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 receivable subject to hedging, their market values were included among those of said notes receivable.

FY2013 (As of March 31, 2013)

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 Euro	Notes receivable	170	—	(Note)
Total			170	—	—

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

(2) Interest rates

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 said market values are included among those of the relevant long-term loans payable.

FY2013 (As of March 31, 2013)

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	1,659	1,149	(Note)

Note: Market values are calculated on the basis of prices, etc., presented by correspondent financial institutions, and 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

		FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Retirement benefit obligation	(Millions of yen)	(22,419)	(22,235)
Pension assets at fair value	(Millions of yen)	11,380	12,720
Unfunded retirement benefit obligation	(Millions of yen)	(11,039)	(9,514)
Unrecognized benefit obligation at transition	(Millions of yen)	4,370	2,913
Unrecognized actuarial differences	(Millions of yen)	2,058	2,030
Unrealized past service liabilities	(Millions of yen)	(279)	(228)
Carrying value, net	(Millions of yen)	(4,889)	(4,798)
Prepaid pension cost	(Millions of yen)	596	655
Provision for retirement benefits	(Millions of yen)	(5,485)	(5,453)

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

		FY2012 (April 1, 2011 – March 31, 2012)	FY2013 (April 1, 2012 – March 31, 2013)
Service cost	(Millions of yen)	1,277	1,033
Interest cost	(Millions of yen)	381	350
Expected return on plan assets	(Millions of yen)	(188)	(186)
Amortization of net retirement benefit obligation at transition	(Millions of yen)	1,456	1,456
Amortization of actuarial differences	(Millions of yen)	399	377
Amortization of past service liabilities	(Millions of yen)	(63)	(50)
Amount of expenses due to change from simplified method to general method	(Millions of yen)	252	—
Other retirement benefit expenses	(Millions of yen)	49	47
Retirement benefit expenses	(Millions of yen)	3,564	3,029

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 adopted 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

FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
2.0%	1.1% ~ 2.0%

(iii) Expected rate of return on plan assets

FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
2.0%	2.0%

(iv) Years of amortization of past service liabilities
12 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 15 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

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
(Deferred tax assets)		
Provision for retirement benefits	¥841 million	¥789 million
Provision for bonuses	¥259 million	¥307 million
Unrealized income	¥74 million	¥187 million
Net operating loss carried forward	¥364 million	¥242 million
Other	¥447 million	¥516 million
Offset deferred tax liabilities	¥(259) million	¥(258) million
Net deferred tax assets	¥1,727 million	¥1,786 million
(Deferred tax liabilities)		
Reserve for deferred taxation on compensation for expropriation or exchange of property	¥87 million	¥73 million
Prepaid pension cost	¥60 million	¥78 million
Valuation difference on available-for-sale securities	¥160 million	¥514 million
Other	¥203 million	¥231 million
Offset deferred tax assets	¥(259) million	¥(258) million
Net deferred tax liabilities	¥252 million	¥639 million

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

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Statutory tax rate	40.0%	38.0%
(Reconciliation items)		
Permanently non-deductible expenses such as entertainment expenses	1.8%	1.7%
Per capita portion of inhabitants' taxes	3.8%	2.6%
Change in valuation allowance for deferred tax assets	(25.9%)	(14.6%)
Decrease in deferred tax assets at the end of the period due to changes in tax rate	2.3%	—%
Other	4.9%	(0.6%)
Income tax rate, etc., after application of tax effect accounting	26.9%	27.1%

(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

	FY2012 (April 1, 2011–March 31, 2012)	FY2013 (April 1, 2012–March 31, 2013)
Balance at the beginning of the period	¥294 million	¥257 million
Increase due to purchase of property, land and equipment	¥8 million	¥5 million
Adjustment due to depreciation	¥2 million	¥2 million
Decrease due to discharge of asset retirement obligations	¥(48) million	¥(3) million
Balance at the end of the period	¥257 million	¥262 million

(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 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.

Gain or loss on rent regarding said real estate for rent for the year ended March 31, 2013 was ¥93 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), and impairment loss was ¥21 million.

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

			FY2012 (April 1, 2011 – March 31, 2012)	FY2013 (April 1, 2012 – March 31, 2013)
Carrying value	Balance at the beginning of the period	(Millions of yen)	2,524	2,677
	Increase (or decrease) during the period	(Millions of yen)	152	117
	Balance at the end of the period	(Millions of yen)	2,677	2,794
Market value at the end of the period		(Millions of yen)	2,569	2,579

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, 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).

   The main components of the increase (or decrease) for the fiscal year ended March 31, 2013 are transfer of assets for business use to real estate for rent (increase of ¥175 million) and impairment loss (decrease of ¥21 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 product and by service consists of two reportable segments, namely "agriculture-related business," which is the core of our business, and "other business," which includes the rest of our 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

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 (loss)	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 has been adjusted from net income 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.

FY2013 (April 1, 2012–March 31, 2013)

	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	155,564	133	155,697	—	155,697
Internal sales or transfers between segments	0	132	132	(132)	—
Total	155,564	265	155,829	(132)	155,697
Segment income	3,975	4	3,979	—	3,979
Segment assets	178,948	211	179,159	(130)	179,028
Segment liabilities	41,666	—	41,666	—	41,666
Other items					
Depreciation	5,535	0	5,535	—	5,535
Amortization of goodwill	—	1	1	—	1
Interest income	178	0	179	(0)	178
Interest expenses	729	—	729	(0)	728
Equity in losses of affiliates	96	—	96	—	96
Extraordinary income	404	—	404	—	404
Extraordinary loss	327	—	327	—	327
Taxes	1,485	1	1,486	—	1,486
Increase of property, plant and equipment and intangible assets	9,659	—	9,659	—	9,659

Notes:

1. Adjustment represents reduction in internal unrealized profit.
2. Segment income has been adjusted from net income 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 (including the current portion of bonds).

[Relevant Information]

FY2012 (April 1, 2011–March 31, 2012)

1. Information by product and by service

Information by product and by 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)	123,859	5,530	7,825	6,100	1,937	145,252

(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

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

FY2013 (April 1, 2012–March 31, 2013)

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)	133,058	6,708	6,060	7,525	2,344	155,697

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)	19,776	Agriculture-related Business

[Impairment Loss on Noncurrent Assets by Reportable Segment]

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

FY2013 (April 1, 2012–March 31, 2013)

	Agriculture-related Business (millions of yen)	Other Business (millions of yen)	Corporate or eliminations (millions of yen)	Total (millions of yen)
Impairment loss	21	—	—	21

[Amortization and Unamortized Balance of Goodwill by Reportable Segment]

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.

FY2013 (April 1, 2012–March 31, 2013)

	Agriculture-related Business (millions of yen)	Other Business (millions of yen)	Corporate or eliminations (millions of yen)	Total (millions of yen)
Balance of goodwill	—	0	—	0

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

[Gain on Negative Goodwill]

FY2012 (April 1, 2011–March 31, 2012)

Not applicable.

FY2013 (April 1, 2012–March 31, 2013)

Not applicable.

[Related Party Information]

1. Related party transactions

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

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 Agricul-tural Equip-ment Coopera-tive Union	Arakawa-ku, Tokyo	6	Joint purchase and sales of agricultural machineries	(Owner-ship) Indirect 25.0	Sales of the Company's products Interlocking directorships	Debt guarantee	2,998	Notes and accounts payable	3,180
Affiliate	Nishi Nihon Agricul-tural Equip-ment Coopera-tive Union	Iyo, Ehime	2	Joint purchase and sales of agricultural machineries	(Owner-ship) Indirect 12.0	Sales of the Company's products Interlocking directorships	Debt guarantee	1,760	Notes and accounts payable	1,813

FY2013 (April 1, 2012–March 31, 2013)

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 Agricul-tural Equip-ment Coopera-tive Union	Arakawa-ku, Tokyo	6	Joint purchase and sales of agricultural machineries	(Owner-ship) Indirect 25.0	Sales of the Company's products Interlocking directorships	Debt guarantee	2,271	Notes and accounts payable	2,362
Affiliate	Nishi Nihon Agricul-tural Equip-ment Coopera-tive Union	Iyo, Ehime	2	Joint purchase and sales of agricultural machineries	(Owner-ship) Indirect 12.0	Sales of the Company's products Interlocking directorships	Debt guarantee	1,333	Notes and accounts payable	1,398

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 the 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.

3. The Company, which submitted consolidated financial statements, provided guarantees against bank borrowings by the unions. With regard to products purchased from said unions, only the balance of liabilities of consolidated subsidiaries, which resulted from the transactions, is stated since such transactions are eliminated at consolidation.

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

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 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

FY2013 (April 1, 2012–March 31, 2013)

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)	292	—	—
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)	78	—	—
Company in which directors and their close relative(s) have a majority of voting rights (including subsidiaries of 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	44
							Purchase of tools, furniture and fixtures (Note 5)	95	Other current liabilities	51

Notes:
1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.
2. Hideo Kimura, representative director of Gunma Iseki Sales Co., Ltd., provided a guarantee for bank borrowings by the company.
3. Joji Kurihara, representative director of Iseki-Ueki Mfg. Co., Ltd., provided collateral and a guarantee for bank borrowings by the company.
4. This is a company whose majority shareholder is a close relative of Kiyokazu Sakamoto, a representative director of Iseki-Kanto Co., Ltd., which is a consolidated subsidiary of the Company.
5. Prices are negotiated in a way similar to other general transactions.

(Per Share Information)

	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Net asset per share	¥246.77	¥266.94
Net income (loss) per share	¥11.87	¥17.32

Notes:
1. Diluted net income per share is not presented because there are no potentially dilutive shares.
2. Basis of calculation of net income (loss) per share

Item	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Net income (loss) per share		
Net income (loss) reported in the Consolidated Statements of Income (millions of yen)	2,727	3,979
Net income (loss) attributable to common shares (millions of yen)	2,727	3,979
Net income (loss) not attributable to common shares (millions of yen)	—	—
Average number of common shares during the period (shares)	229,768,906	229,755,478

3. Basis of calculation of net asset per share

Item	FY2012 (April 1, 2011– March 31, 2012)	FY2013 (April 1, 2012– March 31, 2013)
Total net assets (millions of yen)	58,189	62,927
Amount to be deducted from total net assets (millions of yen)	1,490	1,598
(Minority interests included) (millions of yen)	(1,490)	(1,598)
Net assets as of the fiscal year-end related to common shares (millions of yen)	56,698	61,329
Number of common shares as of the fiscal year-end used for calculating net asset per share (shares)	229,760,557	229,747,982

(Subsequent Events)

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 (100)	0.77	Unsecured	June 24, 2013
Total	—	—	100	100 (100)	—	—	—

Note: 1. Figures in the parentheses under "Balance as of the current fiscal year-end" are amounts for projected redemption within one year.

2. Amounts for 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	17,174	15,199	1.49	—
Current portion of long-term loans	8,147	5,984	1.31	—
Current portion of lease obligations	1,672	1,713	—	—
Long-term loans (excluding current portion of long-term loans)	16,653	20,382	1.09	2014 - 2021
Lease obligations (excluding current portion of lease obligations)	3,736	4,755	—	2014 - 2022
Other interest-bearing liabilities				
Other (Accounts payable)	9	9	1.79	—
Other (Long-term accounts payable)	39	29	1.79	2014 - 2016
Total	47,433	48,075	—	—

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 presentation is made.
3. The amounts for 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	5,440	10,571	2,770	1,549
Lease obligations	1,386	1,098	686	471
Other interest-bearing liabilities	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.

5. Other

Quarterly operating results, etc., in FY2013

(Accumulated period)	First quarter	Second quarter	Third quarter	Fourth quarter
Net sales (millions of yen)	34,050	80,435	117,884	155,697
Net income before income taxes (millions of yen)	1,299	3,811	5,421	5,491
Net income (millions of yen)	1,465	3,034	3,884	3,979
Net income per share (millions of yen)	6.38	13.21	16.90	17.32

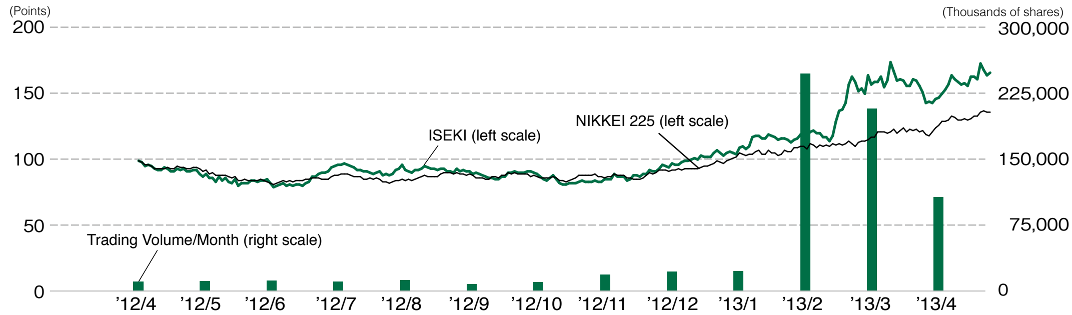
(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share (yen)	6.38	6.83	3.70	0.42

Corporate Data

As of March 31, 2013

Head Office	700 Umaki-cho, Matsuyama, Ehime 799-2692, Japan
	Tel: 81-89-979-6111
	Fax: 81-89-978-6440
Tokyo Headquarters	3-14, Nishi-Nippori 5-chome, Arakawa-ku, Tokyo 116-8541, Japan
	Tel: 81-3-5604-7602
	Fax: 81-3-5604-7701
Website	http://www.iseki.co.jp/
Founded	August 1926
Paid-in Capital	¥23,344 million
Number of Employees (Consolidated)	6,325
Stock Listings	Tokyo Stock Exchange (1st Section)
	Osaka Securities Exchange (1st Section)
Transfer Agent and Registrar	The Chuo Mitsui Trust and Banking Company, Limited
	33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan
Shares Issued and Outstanding	229,849,936
Number of Shareholders	20,153
Independent Auditor	Ernst & Young ShinNihon LLC

Stock Performance and Trading Volume per Month



	'12/4	'12/5	'12/6	'12/7	'12/8	'12/9	'12/10	'12/11	'12/12	'13/1	'13/2	'13/3	'13/4
Opening Price	212	190	181	208	203	194	189	182	207	229	249	327	318
High	215	192	205	211	206	199	192	209	231	261	359	374	377
Low	191	171	167	185	188	180	171	178	204	226	238	318	293
Closing Price	191	183	203	205	193	190	183	205	223	248	325	323	354
Trading Volume/Month (Unit: thousands)	9,792	10,804	11,274	10,170	11,743	7,338	9,413	17,935	21,228	22,092	247,370	207,382	106,468

Share Price on April 1, 2012: ¥212 = 100

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