

November 9, 2012

ISEKI & CO., LTD.

Supplementary Information to the Six Months of Financial Results

(Apr.1, 2012-Sep. 30, 2012)

I. Six Months Consolidated Business Results

(Billions of yen, %)

	2 <sup>nd</sup> Quarter FY2012	2 <sup>nd</sup> Quarter FY2013	Variance		2 <sup>nd</sup> Quarter Forecast	Variance Amount
			Amount	%		
Net Sales	72.4	<b>80.4</b>	8.0	11.1	78.5	1.9
Domestic	61.1	<b>69.4</b>	8.3	13.7	67.7	1.7
Overseas	11.3	<b>11.0</b>	(0.3)	(2.8)	10.8	0.2
Gross Profit on Sales	23.4	<b>25.3</b>	1.9	7.9	24.3	1.0
Gross Profit Margin	32.4%	<b>31.5%</b>	(0.9%)	-	31.0%	0.5%
Selling, General and Administrative Expenses	20.8	<b>21.2</b>	0.4	1.9	21.5	(0.3)
Operating Income	2.6	<b>4.1</b>	1.5	55.6	2.8	1.3
Balance of Financial Income	(0.4)	<b>(0.4)</b>	0	-	(0.4)	0
Other Non-operating Income	0.2	<b>0.1</b>	(0.1)	-	0.2	(0.1)
Ordinary Income	2.4	<b>3.8</b>	1.4	56.9	2.6	1.2
Extraordinary Gains	0	<b>0.2</b>	0.2	-	0.1	0.1
Extraordinary Losses	(0.3)	<b>(0.2)</b>	0.1	-	(0.1)	(0.1)
Income Before Income Taxes and Minority Interests	2.1	<b>3.8</b>	1.7	77.2	2.6	1.2
Income taxes	(0.3)	<b>(0.8)</b>	(0.5)	-	(0.8)	0
Net Income	1.8	<b>3.0</b>	1.2	67.8	1.8	1.2

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

A. Net Sales: Increased ¥8.0 billion (up 11.1 %) to ¥80.4 billion.

• Domestic sales increased ¥8.3 billion (up 13.7%) to ¥69.4 billion.

Sales of agricultural machinery increased ¥3.0 billion as a result of increased sales backed by favorable demand due to improved income of farmers by established income compensation system for each farming household and recovery in rice price, the restoration demand of the Great East Japan Earthquake, as well as increased sales of OEM machines and others. Sales of farming implements/parts also increased ¥0.9 billion mainly due to recovery in the sales in Tohoku district. Further, sales of construction of facilities increased ¥4.0 billion due to completion of works of major facilities, etc.

• Overseas sales decreased ¥0.3 billion (down 2.8%) to ¥11.0 billion

Sales for Europe decreased ¥0.9 billion due to impact of decreased orders received because of the recession in European market. Delayed sales in Chinese market caused by delayed announcement of the subsidy policy, have almost recovered to the level of the previous year. Sales for other Asian nations excluding China have increased ¥0.5 billion. North America and Oceania remained in line with the previous year. Also, sales of parts and others increased ¥0.2 billion.

**B. Operating income: Increased ¥1.5 billion (up 55.6%) to ¥4.1 billion.****Ordinary income: Increased ¥1.4 billion (up 56.9%) to ¥3.8 billion.**

- Operating income increased ¥1.5 billion to ¥4.1 billion due to increased gross income by increased sales that exceeded increase of selling, general and administrative expenses.
- Ordinary income increased ¥1.4 billion to ¥3.8 billion in line with increased operating income.

**C. Income before tax: Increased ¥1.7 billion to ¥3.8 billion.****Quarterly net income: Increased ¥1.2 billion to ¥3.0 billion.**

- Income before tax increased ¥1.7 billion to ¥3.8 billion due to elimination of extraordinary losses caused by change in retirement benefit plan which occurred in the previous period and receipt of compensation related to the nuclear plant accident.
- Quarterly net income increased ¥1.2 billion to ¥3.0 billion.

**2) Comparison with the forecast****A. Net sales: Increased ¥1.9 billion (Domestic: Increased ¥1.7 billion, Overseas: Increased ¥0.2 billion)**

- In the domestic market, net sales increased ¥1.7 billion to ¥69.4 billion mainly contributed by ¥1.5 billion increase from completion of construction works of major facilities, etc.
- In the overseas market, net sales increased ¥0.2 billion to ¥11.0 billion, almost in line with the expectation.

**B. Operating income, ordinary income and net income**

- Operating income increased ¥1.3 billion to ¥4.1 billion due to reduced fixed cost, expenses, etc., in addition to increased gross income by increased net sales.
- Ordinary income, income before tax and net income increased respectively, following increased operating income.

(Reference: Sales Breakdown)

	2 <sup>nd</sup> Quarter FY2012	2 <sup>nd</sup> Quarter FY2013	Variance	(Billions of yen)	
				2 <sup>nd</sup> Quarter Forecast	Variance
Agricultural Machinery	30.7	<b>33.7</b>	3.0	33.7	0
Parts & Farming	15.6	<b>16.5</b>	0.9	16.6	(0.1)
Construction of Facilities	1.5	<b>5.5</b>	4.0	4.0	1.5
Other Agriculture Related	13.2	<b>13.6</b>	0.4	13.3	0.3
Agriculture Related Total	61.0	<b>69.3</b>	8.3	67.6	1.7
Other Business	0.1	<b>0.1</b>	0	0.1	0
Domestic Sales Total	61.1	<b>69.4</b>	8.3	67.7	1.7
North America	2.8	<b>2.7</b>	(0.1)	2.8	(0.1)
Europe	3.0	<b>2.1</b>	(0.9)	2.0	0.1
Asia	4.3	<b>4.3</b>	0	4.5	(0.2)
China	0.1	<b>0.6</b>	0.5	0.6	0
Oceania and Others	0.3	<b>0.3</b>	0	0.2	0.1
Product Sales Total	10.5	<b>10.0</b>	(0.5)	10.1	(0.1)
Repair Parts	0.5	<b>0.6</b>	0.1	0.4	0.2
Engines and others	0.3	<b>0.4</b>	0.1	0.3	0.1
Overseas Sales Total	11.3	<b>11.0</b>	(0.3)	10.8	0.2
Total	72.4	<b>80.4</b>	8.0	78.5	1.9

## II. Revision of the Business performance forecast and revision of the dividend forecast for the fiscal year ending March 31, 2013

- We have revised forecasts of the business performance forecasts and dividend forecast for the fiscal year ending March 31, 2013 (April 1, 2012 – March 31, 2013) announced on May 11, 2012 as set out below.

### [Forecasts of the consolidated business performance for the fiscal year ending March 31, 2013] (April 1, 2012 – March 31, 2013)

	Previous Forecast	Latest Forecast	Variance		(Billions of yen)	
					FY2012	Variance Amount
			Amount	%		
Net Sales	153.0	<b>153.0</b>	-	-	145.2	7.8
Domestic	131.0	<b>132.5</b>	1.5	1.1	123.8	8.7
Overseas	22.0	<b>20.5</b>	(1.5)	(6.8)	21.4	(0.9)
Operating Income	4.6	<b>5.5</b>	0.9	19.6	4.2	1.3
Ordinary Income	3.9	<b>4.8</b>	0.9	23.1	3.9	0.9
Net Income	2.7	<b>3.2</b>	0.5	18.5	2.7	0.5

(Reasons for Revision)

We have revised operating income, ordinary income, net income and net income per share based on actual business performance of the second quarter cumulative period, while having maintained net sales unchanged as reduced overseas sales was compensated by cost reduction such as selling , general and administrative expenses.

With respect to company forex rate in the second half of the fiscal year, we have assumed ¥78 against the US dollar (unchanged) and ¥100 against Euro (changed from ¥96).

### [Revision of year-end dividend forecast for the fiscal year ending March 31, 2013]

(Record Date)	Dividend per Share				
	End of 1 <sup>st</sup> Quarter	End 2 <sup>nd</sup> Quarter	End of 3 <sup>rd</sup> Quarter	End of Period	Annual
Previous Forecast (Announced on May 11, 2012)	yen -	yen -	yen -	yen 2.00 ~3.00	yen 2.00 ~3.00
Latest Forecast	-	-	-	3.00	3.00
FY ending March 2013 (reference)	-	-	-	1.50	1.50
FY ended March 2012					

(Reason for revision)

We recognize that the method of determining dividends to be paid to shareholders is one of the most important policies to be made. Our basic policy is to keep steady and improved dividend distribution taking into consideration, not only consolidated financial results, but our Group's financial position and future business developments as well as changes in our managerial environment.

With respect to the forecast of the year-end dividends which was 2.00~3.00 yen in the forecast announced on May 11, 2012, we have decided to make payment of 3.00 yen per share in due consideration of the business trends of ISEKI Group.

(Note) The above business performance forecast has been produced based on information presently available. It is possible that in the future actual results may differ from the anticipated figures for a variety of reasons.