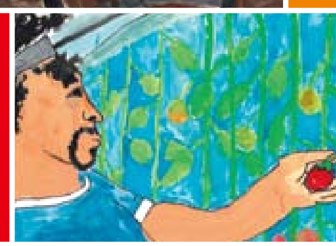
ISEKI

Annual Report 2009

Year ended March 31, 2009

Improving Agricultural Environments around the World



ISEKI & CO., LTD.

ANNUAL REPORT 2009

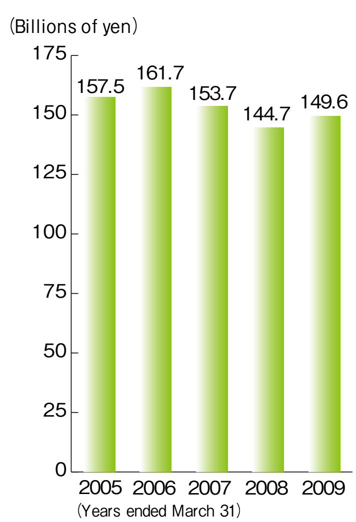
Consolidated Financial Highlights

ISEKI & CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

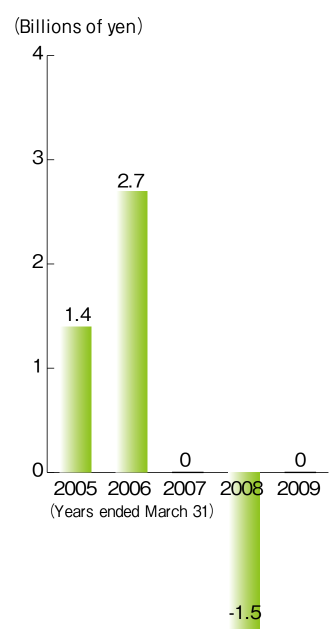
	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Net sales	**¥149,602**	¥144,714	**$1,522,512**
Operating income	**1,578**	736	**16,059**
Income (loss) before income taxes and minority interests	**457**	(522)	**4,651**
Net income (loss)	**2**	(1,467)	**20**
Total assets	**171,003**	173,198	**1,740,311**
Net assets	**51,695**	52,556	**526,104**
Per share data:	Yen		U.S. dollars
Net income (loss) per share	**¥ 0.01**	¥ (6.49)	**$ 0.00**
Diluted net income	**0.01**	–	**0.00**
Net assets per share	**222.44**	225.76	**2.26**
Cash dividends	**–**	–	**–**
	(%)		
Return on equity	**0.0**	(2.8)	
Return on assets	**0.0**	(0.8)	
Shareholders' equity ratio	**29.4**	29.4	

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥98.26 to US$1.00, the approximate rate of exchange at March 31, 2009.

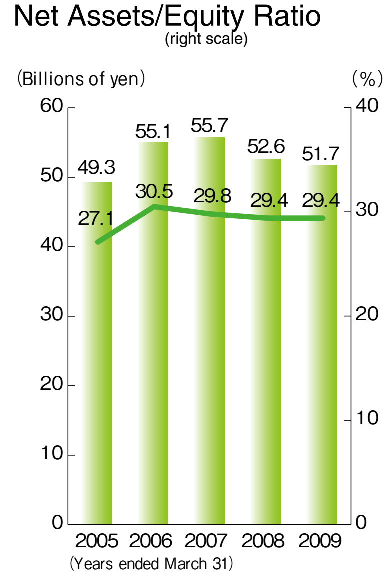
Net Sales



Net Income



Net Assets/Equity Ratio



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 is "Farming Families." Iseki places great importance on family relationships and is committed to encouraging families in the agricultural business.

Contributing to Creating a Prosperous Society through the Agriculture Business

Operating Performance of the Fiscal Year Ended March 2009

Q Would you please tell us about the business environment in fiscal 2009?

A Looking back on the fiscal year, the sense of a slowdown in the economy deepened in the first half due to the stagnation in corporate profits and personal consumption caused by the rapid increases of oil and raw material prices. In the second half, triggered by the Lehman Brothers bankruptcy, the financial crisis spread to the world spilling over into the real economy and causing a rapid deterioration in the global economy. Including a sharp decline in exports in reaction to the sudden appreciation of the yen, the Japanese economy faced unparalleled harsh conditions.

Nevertheless, the domestic agricultural machinery market was brisk because of the Japanese government's initiative for agricultural promotion aiming at increasing our food self-sufficiency ratio. However, conditions were not so favorable in overseas markets. While the Chinese market was favorable to start with because of their progressive agricultural mechanization, there was an unaffordable decline in the second half under the impact of the appreciation of the yen.

Q How do you evaluate the Iseki Group's performance last year?

A In Japan, in response to the government's aggressive agricultural policy, we developed new products that contribute to energy savings and low cost agriculture. In overseas market as well we exported competitive products that addressed local needs. In addition, to recover from the loss of the previous fiscal year, we endeavored to trim down our balance sheet, reduce operating expenses, and normalize our inventories and reinstate steady production levels again.

As a result, in the fiscal year ended March 2009, consolidated net sales increased 3.4% year on year, to ¥149.6 billion. Domestic sales rose 3.2%, to ¥126.5 billion supported by an increase in product prices to reflect the higher raw material costs. Overseas sales advanced 4.6%, to ¥23.1 billion, on the strength of a recovery in OEM orders in North America following the completion of a customer's inventory adjustments and of favorable markets in China and other Asian countries.

Looking at profits, while the appreciation of the yen had an impact in the second half, operating income still expanded ¥900 million year on year, to ¥1,600 million, while ordinary income rose ¥800 million, to ¥800 million. Net income for the period, therefore, jumped ¥1,500 million, putting Iseki back in the black.

I am sorry to say that we have again foregone on dividends in fiscal 2009. However, we are committed as a Group to working together to reinstitute dividends as soon as possible.

Q & A

Medium-Term Business Goals

Q What are Iseki's strategies for the future?

A Our medium-term business goals continue to be the following priority strategies.

1. To secure a 20% share of the domestic agricultural machinery market

2. The expansion of overseas sales

3. To strengthen product competitiveness further

4. To improve consolidated financial position by strengthening earning power and cash flow

The Ministry of Agriculture, Forestry and Fisheries has announced a new agricultural policy, "2008 New Agricultural Policy for the 21st Century," under which the ministry is aiming to increase Japan's self-sufficiency ratio from 39% to 50% and to establish a stable food supply system in preparation for emergencies. The ministry's budget in fiscal 2008 was approximately ¥2.8 trillion, with which it promoted modernization of agricultural areas and the development of agricultural technology. Reflecting this initiative, Iseki's fiscal 2008 sales of its nine core types of machinery grew significantly after an interval of 5 years, expanding 8.3%, to ¥296.0 billion.

In fiscal 2009, including a large-scale supplementary budget, the ministry's total budget is approximately ¥3.5 trillion. Within the budget, there have been large increases in support for increased production of food through the full use of arable rice paddies, for urgent leasing of agricultural machinery, and other areas.

Major Initiatives

Q How does Iseki plan to respond to the government's agricultural promotion initiative?

A The new agricultural policy is promoting aggressive technological development for low cost and energy conservation agriculture. For our part, based on being "Iseki— the Technology Company," we as a Group are combining our capabilities to speed up our development and launching of new products that contribute to the improved productivity of farming management, better quality crops, and labor and energy cost saving.

For that purpose, we are taking steps to make an overall upgrade of the functionality, quality, and price, reduction of our products and related services. The objective of these improvements is to accurately capture market needs and to strengthen the competitiveness of our products. More specifically, since our proprietary "sparse cultivation system" is steadily gaining in popularity, we are reinforcing our lineup of rice transplanters and other machinery compatible with the sparse cultivation system to further expand its use.

We are also carrying out broad reform of our profitability structure to establish a corporate structure that can ensure earnings into the future even under these violently fluctuating operating conditions. As a first step, we established a Cost Reduction Committee charged with ensuring the earnings power of the Company through Groupwide efforts to reduce product costs, cut administrative loss, and decrease operating expenses. Although performance did move back into the black in fiscal 2009, we intend to redouble our efforts to ensure stable and adequate earnings going forward.

Q Amid the stagnation in the global economy, how will Iseki pursue overseas development?

A We give priority to the expansion of overseas sales, regarding it as the main source of our growth.

Although overseas sales grew in fiscal 2009—to China in particular but also to North America—global economic stagnation, the appreciation of the yen, and other factors produced difficulties in Europe and the Republic of Korea. We are anticipating that business conditions will further worsen in European and U.S. markets in fiscal 2010.

However, over the long term, we expect our products to continue to have a strong reputation overseas for their high quality. By launching new products that closely match market needs, we anticipate that overseas markets will take off again in the medium term.

In Asia in particular, the Chinese market has continued to expand with the support of the Chinese government's promotion of the mechanization of agriculture. We are successfully selling not only rice transplanters, but also high-power combine harvesters and other equipment. Agricultural mechanization is also progressing in Thailand and other Asian countries. By strengthening our after services and other measures, we plan to expand our share of these markets.

With the global population increasing, securing an adequate supply of food has become a major issue. There is great concern about the significant impact of environmental problems, such as climate change, deforestation, and desertification, on maintaining a stable food supply globally. In this light, agriculture is taking on an increasingly important role in the world economy.

In recognition of these issues, Iseki is stepping up the efforts of its medium-term basic strategy to contribute to a stable food supply. The major themes of the strategy are expanding sales and market share in domestic and overseas markets, strengthening product competitiveness, and improving consolidated structure.

Q In implementing your medium-term business plan, R&D will continue to be a priority, won't it?

A Research and development are essential to building our product competitiveness. As a pioneer in agricultural equipment, we have introduced many breakthrough products to the agricultural equipment market, such as Japan's first integrated mechanized system of rice cultivation.

Looking at the "2008 survey of patent approvals" published in the 2009 annual report of Japan's patent office, Iseki has had the highest patent approval rate in all industries for five consecutive years. Similarly, in the patents held by sector, Iseki was No. 1 in the number of published patents in the other specialty machinery sector in 2007. In the current report, the agriculture and fisheries sector has been grouped into the other specialty machinery sector. However, when the agriculture and fisheries sector was shown separately, Iseki was No. 1 in number of published patents in the sector for seven consecutive years up to 2006. In recognition of this record, Iseki was awarded the fiscal 2008 Japan patent office commissioners award in April 2008.

Utilizing our technological capabilities, we want to accelerate further the manufacture of products with high performance and durability, ease of use and reliability, and price competitiveness. We are also proactively working on the technologies of tomorrow, such as a "intellectual" plant factory that uses sunlight.

Considering the environment to be a key management issue, we give high priority to our environmental activities. The steps we are taking to build environmentally friendly products include conserving natural resources and energy into their production, reducing their gas emissions and noise, and promoting their recycling, we also are proactively initiating activities to reduce the impact of our offices and plants on the environment and are working to achieve zero wastes.

Q With progressive globalization of operations, corporate governance and environmental management have become major issues, haven't they?

A In May 2008, three of our subsidiaries received a correction recommendation from the Japan Fair Trade Commission for inappropriately reducing the amount of payment to subcontractors. Of course, we immediately initiated corrective measures and strengthened our corporate governance.

As a company with a high priority on compliance, we have positioned the business policies of our Group internal control system as important management issues.

For our compliance system, we have formed a cross-organizational team under the director in charge of compliance, through which we conduct compliance training and aim to raise awareness of compliance throughout the Group. Through our internal control system as well, we continue to strengthen the management, oversight, and monitoring of manufacturing subsidiaries and other companies; and to implement systematic rotation of managers. As we move forward, we are committed to making all members of the Group thoroughly aware of the importance of compliance.

Outlook for the Fiscal Year Ahead

Q Taking into consideration the harsh business conditions this year, what is your forecast for Iseki's business climate and performance in fiscal 2010?

A In fiscal 2010, we believe that the recessionary trend in Japanese economy will continue for the time being. Despite the increase in the cost of materials caused by the sharp hike in prices of crude oil, iron ore, and other commodities continues to slow, the direction of the world economy remains uncertain. Although the business climate for the agricultural industry has brightened thanks to the Japanese government's policy and other factors, we also anticipate that the upswing will result in further intensification of competition.

In Japan, Iseki will endeavor to reach its sales targets through the aggressive launch of new products in rice transplanter and other agricultural machinery markets and through the strengthening of its related services and of its marketing capabilities. Overseas, we plan further sales expansion in the favorable to Chinese market to offset expected sales declines in European and North American markets.

To strengthen our financial structure, we will seek further contractions in total assets and in short- and long-term borrowings. We will also continue our efforts to improve our profitability by reducing costs and implementing other measures.

For the fiscal year ending March 2010, we forecast that consolidated net sales will amount to ¥154.0 billion, while operating income will be ¥3.8 billion and ordinary income will be ¥2.8 billion. We expect that net income will total ¥1.6 billion.

As we face the challenge of these dramatically changing times, we look forward to the continued support of our shareholders and investors.

July 2009

S. Gamo

Seiichiro Gamo

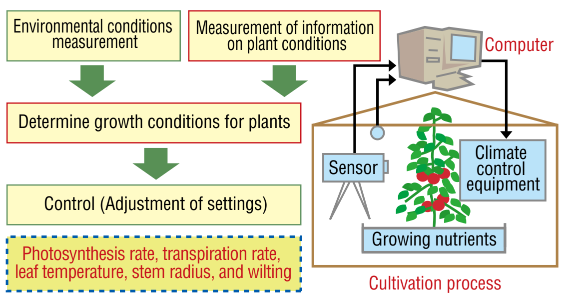
President

Towards the Agriculture and Food of the Future

—New generation food factories and low cost agriculture

One of the great concerns for our future is the possibility of worldwide food shortages. The Iseki Group is seeking to contribute to a solution through the development of safe, reliable, and efficient food supply systems. Our sunlight-nourished “intellectual” plant factory represents leading-edge research in this area. With an eye to its application in rice cultivation technology in Japan, we are developing low-cost agriculture—especially sparse cultivation—systems and promoting their use.

Sunlight-nourished “intellectual” plant factories that listen to what plants need



SPA concept flowchart


Integrated climate control system

In collaboration with Ehime University, a national university, Iseki has been conducting research on a large-scale “intellectual” plant factory system that uses sunlight. In June 2008, practical testing facilities were completed at Ehime University. The research is also a part of the Ministry of Economy, Trade and Industry (METI)’s Regional Regeneration Consortium Research Project.

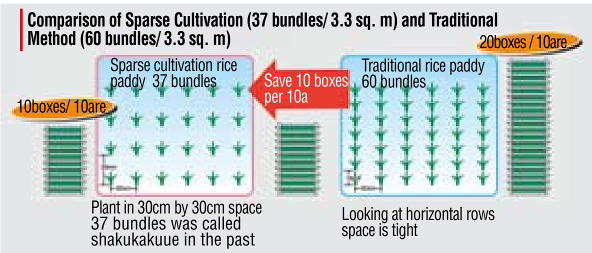
Plant factories use artificial light or sunlight systems. The former allows easy control of the amount and duration of light, but has high energy costs. The latter offers energy conservation advantages because of the use of natural sunlight, however, the difficulty of managing the daily amount of sunlight is an issue.

To address these problems, our research team introduced the concept of the speaking plant approach (SPA). In other words, using a variety of sensors, the researchers automatically measure the photosynthesis rate, transpiration rate, leaf temperature, stem radius, and wilting in plants to determine growth conditions. At the same time, they measure the environmental conditions, such as atmospheric temperature, humidity, the nutrient solution temperature, amount and duration of light. By controlling these conditions, they can provide the optimum cultivation environment for the plants.

Iseki has plenty of records with nutriculture systems for tomatoes, strawberries, and other fruits and vegetables. Utilizing that abundant experience, the researchers are aiming to elucidate the relationships between the cultivation environment, nurturing analysis, and the amount and quality of fruit or vegetable produced. Based on this information, they are targeting the development of an optimum plant growing model and its self-tuning system. Current topics of research include the scaling up of SPA technology for practical application; the autonomous robot used to manage the factory; self-running plant nourishing analysis equipment that gathers the different types of data; the integrated climate control system that provides the self-tuning; and the fruit or vegetable quality assessment system that projects sweetness and other properties.

Iseki intends to use the research results of the sunlight nourished intellectual plant factory to contribute to the creation of next-generation food supply systems.

Sparse cultivation system contributes to low-cost agriculture



Sparse cultivation of rice, a system being proposed by Iseki, is drawing a lot of attention in Japan.

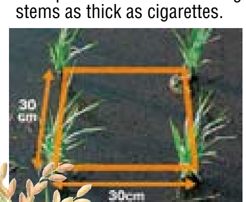
In sparse cultivation, the space between seedlings is increased during planting, providing greater sunlight and ventilation for each plant. This rice cultivation method raises strong and healthy rice plants and enables stable yields of rice.

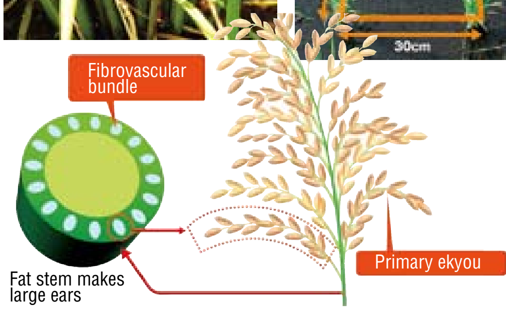
With traditional methods, 60-70 bundles of seedlings are planted in each 3.3 square meters of rice paddy. Using Iseki's method, however, we recommend planting 37 bundles of seedlings in each 3.3 square meters. According to data from experimental rice paddies, the method provides better separation of roots, enabling thicker and stronger stalks that produce bigger ears of rice. Because the rice grows healthy and robust, farmers can use less agricultural chemicals and the grains of rice tend to be larger. In addition, Iseki has proven that the use of its original cultivation technology produces the same yields as traditional methods. However, since the sparse cultivation method reduces the amount of seedlings by half, there are significant savings in seed and seedling costs and labor spent in planting the crop.

Iseki pioneered the development of rice transplanters compatible with planting 37 bundles of seedlings in 1999. In addition, the Company has experimented and accumulated cultivation know-how on using this system with various weather and soil conditions in an effort to propose and spread the use of this system among rice farmers throughout Japan. During the process, the total area of the Company's experimental rice paddies has grown to approximately 4,500 hectares.

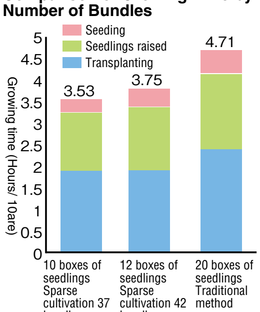
By promoting the greater use of the low cost and laborsaving sparse cultivation system, Iseki seeks to contribute to the preservation and improvement of Japan's food self-sufficiency ratio. For the future, we will work to increase its popularity and make it the standard method for cultivating rice.

◀ The sparse cultivation seedlings grow stems as thick as cigarettes.

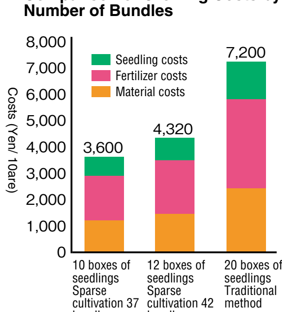


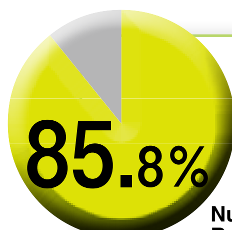


Comparison of Growing Time by Number of Bundles



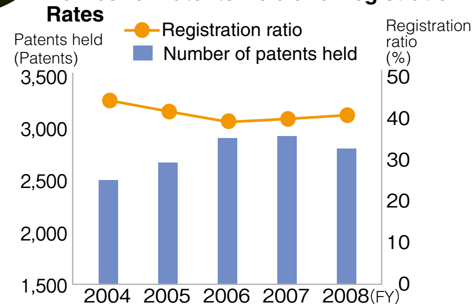
Comparison of Growing Costs by Number of Bundles





Patent Approval Rate No.1

Number of Patents Held and Registration Rates



Patent Approval Rates and Published Patents

Highest patent approval rate in all industries for five consecutive years

Fiscal Year	2004	2005	2006	2007	2008
Iseki	84.6%	83.7%	90.4%	89.3%	85.8%
Ranking	1st	1st	1st	1st	1st

Patent approval rate = Number of patents approved / (Number of patents approved + Number of patents refused + Number of patents withdrawn or abandoned)
Number of patents withdrawn or abandoned = Number of patents withdrawn or abandoned after receiving notice of reason for patent refusal

Iseki was No. 1 in number of published patents in the agriculture and fisheries sector for seven consecutive years from 2000 to 2006

Proactively Expanding Business in Response to New Agricultural Policy

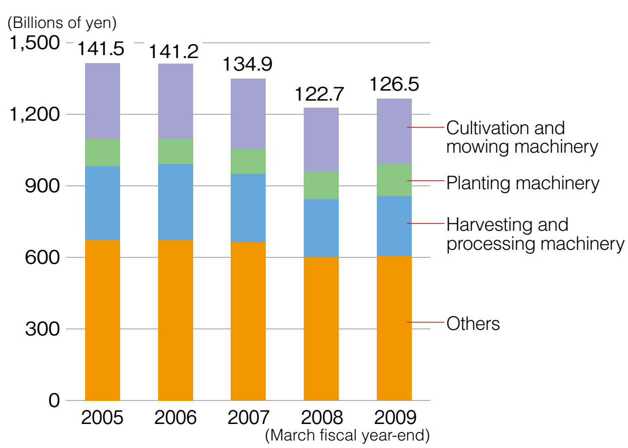
Yasuo Seike, Executive Managing Director for Business Division

Sales Increases in Most Categories

Sales in the Japanese market increased 3.2%, to ¥126.5 billion.

Sales of tractors & cultivators advanced 2.0% from previous year, to ¥27.5 billion on the strength of sales growth for tractors and tillers. Sales of transplanters increased 16.3%, to ¥13.3 billion assisted by strong sales of PZ series rice transplanters. Sales of harvesting and processing machines rose 4.4%, to ¥25.3 billion supported by sales increases for mainstay combine harvesters and drying machines, farming implements, and spare parts. Sales of parts and implements increased 6.1%, to ¥29.5 billion. Sales of other agricultural related items edged up 0.8%, to ¥21.7 billion. Other sales amounted to ¥9.2 billion, declining 13.7%.

Domestic Sales



Rice transplanter (PZ100)

Tractor (TJW117)

Aggressive development under new agricultural policy

Among the trends in domestic agricultural policy, the Ministry of Agriculture, Forestry and Fisheries has announced a new policy, "2008 New Agricultural Policy for the 21st Century," under which the ministry is aiming to increase Japan's self-sufficiency ratio from 39% to 50% and to establish a stable food supply system in preparation for emergencies. Based on this policy, a supplementary budget of approximately ¥210.0 billion was added to the original budget of about ¥2.6 trillion in fiscal 2008.

In fiscal 2009 as well the combined value of the budget and the supplementary budget amounted to ¥3.5 trillion, through which the ministry is aiming to support the increased cultivation of wheat, soybeans, and fodder rice, the re-cultivation of idle farmland, and the acceleration of the shift to large-scale farming. The ministry's fiscal 2009 budget strengthened its support for low cost and energy conservation farming. Within the supplementary budget, the ministry included a total of ¥25.0 billion to support urgent leasing of machinery to improve food supply capacity, five times more then in the previous fiscal year.

Iseki has developed business strategies based on these new trends.

Aiming to contribute to low-cost rice production, such as fodder rice and processed rice, we are actively promoting our low-cost rice cultivation technology using our "37 bundles of seedlings per 3.3 square meters" sparse cultivation machinery. We also are further stepping up the strengthening of our sales activities.

Electric mini-tiller (KDC20)
[Under development]
A mini-tiller with a high-performance battery. Easy to use for home vegetable patches or gardening even for first-time users of such machinery.

Combine harvester (HJ698)

Reinforcing product development in growing fields

Iseki has kicked off a new project that represents a consolidated effort by the product development, sales, and product planning sections of the Company to develop products that accurately respond to the dramatic changes in our market environments and achieve low cost and energy conservation agriculture. Among the dramatic changes the project is taking into account are the drives to increase the food self-sufficiency rate in Japan, ensure a safe and dependable supply of food, and produce and consume food locally. The project seeks to formulate product and marketing strategies based on these trends and customer needs and to strengthen its collaboration with implement manufacturers.

As one step in that direction, we continue to concentrate efforts on hobby farming by individuals who grow food for their own consumption. The number of people that have starting growing vegetable patches due to the growing interest in health or as a post-retirement hobby is increasing, primarily among baby boomers.

In response to this trend, we are focusing our efforts on developing new tiller equipment adapted for hobby farming. Moreover, we are endeavoring to acquire new customer groups other than farmers.

Although the business environment of the agricultural industry in Japan has begun to swing upward, it still remains difficult. However, we intend to redouble our efforts to raise the food self-sufficiency ratio in Japan and to secure safe and reliable crop growing.

Dealer Interview

On the Front Line: Promoting and Teaching the Sparse Cultivation System

Chie Akagi of Iseki Kyushu Co., Ltd., is on the front line of promoting and teaching the use of sparse cultivation.

"My work is not limited to giving lectures at large-scale agricultural equipment exhibition halls, I also go to local farming areas and give classes and other instruction to small groups of farmers," says Ms. Akagi.

"In the beginning, many people wonder why an agricultural equipment dealer is teaching the use of sparse cultivation. The Iseki Group has been researching sparse cultivation to contribute to the greater prosperity of farmers. Our goal

in doing so is to build stronger relationships with farmers in order to develop even better equipment for them. I am communicating the results of our research to farmers to build more solid relationships with them," explains Ms. Akagi.

In instructing farmers in this technology, Ms. Akagi does a growing condition analysis of the ongoing rice cultivation process in the rice paddies and provides advice to the farmers based on those results. Hearing farmers say that the fewer number of seedlings makes it easer to farm and the average yields have actually risen makes all the work worthwhile for Ms. Akagi. "I am going to continue to do my best in the interests of rice agriculture in Japan, says Ms. Akagi.

Overcoming Difficult Business Conditions by Focusing on China

Keiichi Takeshita, Executive Managing Director for Overseas Business Divison

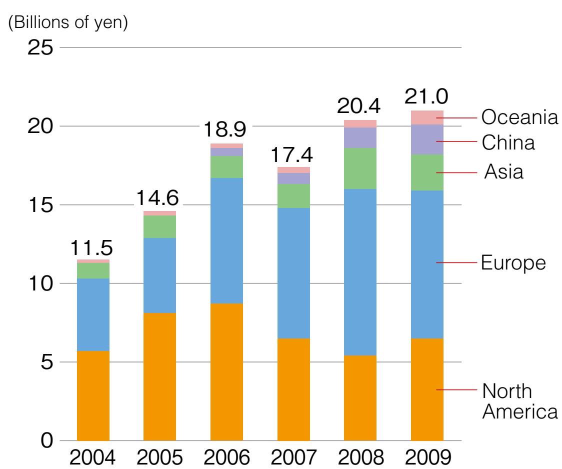
North America Market Recovering, China Market Posts Notable Growth

In fiscal 2009, overseas sales grew 4.6% year on year, to ¥23.1 billion. The export increased to North America after the completion of inventory adjustments and sales expansion in China to cover the impact of exchange rates.

By product category, sales of cultivating and mowing machinery, which includes tractors and cultivators, climbed 4.3% from previous year, to ¥17.7 billion on the strength of the recovery in sales to North America. Among other product categories, sales of transplanters declined 16.7%, to ¥2.0 billion; sales of harvesting and processing machinery rose 21.2%, to ¥1.3 billion, and sales of parts and implements decreased 10.6%, to ¥1.0 billion.

As a result, the proportion of overseas sales in net sales edged forward 0.2 percentage points, to 15.4%. Iseki is making strong efforts to expand overseas sales' contribution to overall sales to 20%.

Overseas Sales



Note: Excluding the category of other products

Combine harvesters for the China market (HF608)

Rice transplanters for the China market (PZ60)

Asia, China, and Oceania

Sales Expand in China

In fiscal 2009, sales in Asian markets increased ¥300 million from the previous fiscal year, to ¥4.2 billion.

By country, sales in China rose ¥600 million year on year, to ¥1.9 billion. Supported by the Chinese government's economic stimulus measures and progress with its agricultural mechanization policy, demand for rice transplanters and combine harvesters expanded. Sales also increased favorably in Southeast Asian countries, where policies to expand production of rice are also being implemented. On the other hand, sales slumped in the Republic of Korea under the impact of the depreciation of the Won and the economic recession in that country.

In Iseki's high priority market of China, the ratio of mechanization in paddy rice has risen to 50% for harvesting and processing machinery and 13% for rice transplanters. Under the Chinese government's policy, mechanization will be increased to 70% by 2015. In addition, from 2008, the government has made progress their new policy of revitalizing agricultural villages by promoting new businesses to settle people who have been encouraged to return to their local regions from the cities. We have high expectations of further market growth based on this new policy promoting greater mechanization of agriculture. We will develop sales by launching products that meet with market needs, such as our introduction of rice transplanters and a new high-power combine harvester.

Sales in other Asian markets continue to grow and there are signs of an economic recovery in Korea and in Oceania as well. By introducing new products and enhancing our after-sales service organizations, we will work to increase our market shares in these markets.

Europe

Sales of compact tractors and riding mowers

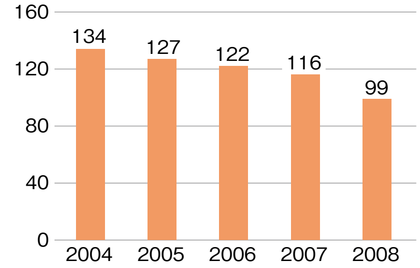
In fiscal 2009, sales in Europe declined ¥1.2 billion from previous year, to ¥9.4 billion.

We have launched compact and high performance products that match with market needs in the European market. Our focus was primarily on the landscaping market with compact tractors and riding mowers, and the agricultural-use tractor market. Sales performance suffered, however, under the impact of the economic recession in Europe and the sharp yen appreciation in the second half of the fiscal year.

In fiscal 2009, although we expect that the impact of the economic recession in Europe on the landscaping market will be relatively light, Iseki will not be able to avoid some impact from the strong yen against the euro. We will concentrate our efforts on high-value-added products, such as the new SXG15, and place more emphasis on the agricultural tractor markets in central and eastern and southern Europe.

Compact tractors for the European market (SXG15)

U.S. Market for Compact Tractors
(Thousands of units)



Source: U.S. Association of Equipment Manufacturers
Notes:1. Engines of 50PS (PTO horsepower of 40) or less
2. Excludes mowers

North America

Paying attention to the market trend

In this market, Iseki supplies AGCO Corporation, a leading global agricultural equipment manufacturer, with compact tractors on an OEM basis.

In the fiscal year ended March 2009, sales in North America increased ¥1.1 billion from the previous fiscal year, to ¥6.5 billion. The growth can be attributed to a recovery in orders following the completion of inventory adjustments for compact tractors by AGCO.

Given the notable economic recession and difficult business conditions in the United States, in fiscal 2009 there is some uncertainty about the amount of shipments to AGCO. We will watch movements in markets and exchange rates carefully while launching new products that match with market needs.

User Interview

Keep up the High Quality Level of Products and Services

WISAG Service Holding GmbH & Co. KG is one of Germany's largest garden and landscaping maintenance companies. Recently, Mr. Camus, an Iseki dealer, visited the company to see his client, Mr. Riggote, head of the landscaping maintenance division.

WISAG Service Holding has branches throughout Germany and employs more than 1,800 workers in servicing the landscaping maintenance needs of municipal government bodies, industrial sites, hospitals, hotels, and other facilities. The company has used Iseki front mowers and tractors for more than 15 years and currently has 35 units of Iseki products.

"The Iseki SF370 is a most efficient and dependable machine. We give it particularly high marks for its grass cutting and collecting functions and operating efficiency and find Iseki very dependable for fast maintenance because it has dealers and service stations throughout Germany," says Mr. Riggote.

Three new Iseki machines were being delivered to WISAG Service Holding on the day of the interview. Mr. Riggote expressed the hope that Iseki would "Keep up the high quality level of products and services so that WISAG Service Holding can continue to be a loyal Iseki customer."

Photo (Left): WISAG Service Holding's Mr. Riggote (right, with hand in pocket) and Iseki dealer Mr. Camus (left, with glasses).

SF370

Board of Directors (As of June 26, 2009)

President	Seiichiro Gamo*
Vice President	Kenji Minami*
Exective Managing Directors	Keiichi Takeshita*
	Yasuo Seike*

From left: Kenji Minami, Seiichiro Gamo, Yasuo Seike, Keiichi Takeshita

*Representative Director

Corporate Governance

(1) Basic Thoughts for Internal Control System

The main purpose of our management system is to respond quickly and accurately to changes in our business climate and to maintain fair business operations. Achieving stable growth in shareholder value is another top priority of management. To maintain positive relations with our stakeholders, including shareholders, business partners, members of regional communities, and employees, we are endeavoring to expand and improve our corporate governance. We acknowledge the importance of establishing an internal control system that provides stakeholders with important information in a timely manner and of reinforcing corporate governance throughout the Group. Based on that recognition, we plan to establish administrative rules for Group companies and a reporting structure to maintain fair business practices and share information.

Our Basic Internal Control Policies are founded on the Corporation Law of Japan and its enforcement regulations. We use these policies to determine the fundamental system for overseeing proper business execution by the Group.

(2) Details of Corporate Structures and Progress with Internal Control System

1. Compliance oriented management

We have striven to consolidate our internal control system, revising the system as necessary, positioning the firm establishment of the Group's internal control system as a most important issue of management policy. With respect to the system, to ensure the efficient execution of the job of directors, we have not merely prepared various regulations and systems, such as the job assignment regulation and the internal control regulation. Rather, important issues are given multilateral discussion and study at the management meeting. Furthermore, we have a system to properly keep in custody and control any information related to their job execution, such as the minutes of the Board of Directors and approval documents.

In terms of a compliance system, we created an across the organization "compliance team" under the supervision of the director in charge of compliance as of June 1, 2007. We endeavor to prevent any occurrence of injustice and misconduct by ensuring a full understanding of compliance on the part of all directors and employees by continuously holding compliance seminars with the initiative of the 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 as of June 1, 2007 which assumed the ordinary monitoring function of our manufacturing subsidiaries. Thus, we intend to strengthen the control function of our manufacturing subsidiaries. For sales and other subsidiaries, we let them handle internal auditing themselves by having an internal auditing function at each company. Furthermore, we created a Management Control Section under the head of the Business Division as of June 1, 2007 that inspects the degree of implementation of internal auditing and gives necessary guidance. We also created a "Management Supervisory Committee" as of June 1, 2007 that comprises of the president as chairperson, all directors as members, and all auditors as observers so that we can discuss measures and follow up the progress of measures as well as to check the degree of completeness.

2. Rejection of antisocial forces

We actively work against any possibility of a relationship with antisocial forces or groups, manifesting the policy in the "Iseki Group Code of Ethical Behavior." In order to establish the corporate ethics of Iseki and the Group companies, we show action guidelines regarding antisocial forces in the "Iseki Group Code of Ethical Behavior," and we have prepared a system to reject antisocial forces and relevant activities. The General Affairs Department is in charge of control and correspondence regarding the issue, and depending on the circumstances we act in consultation with the relevant section. We maintain ordinary contacts and association with external organizations, such as the police department, anti-violation movement promotion centers, and lawyers, thus preparing a system to cope with antisocial forces. We also belong to the Metropolitan Area Violation Prevention Association to receive regular guidance and sharing of information.

(3) Relationshaip of Company and Outside Corporate Auditors

The Company's three outside corporate auditors come from financial institutions that are major shareholders of the Company. Our outside corporate auditors have no personal, capital, or business ties with the Company or any other conflicts of interest.

(4) 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 its 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 related matters. Other than their regular liaison meetings, the corporate auditors and Ernst & Young ShinNihon LLC meet as necessary to share information on audit

Managing Directors	Motonobu Kikuchi
	Susumu Tada
Directors	Yasunori Maki
	Hiroshi Kamada

From left: Motonobu Kikuchi, Yasunori Maki, Susumu Tada, Hiroshi Kamada

examination items and processes.

Certified Public Accountants Assigned to the Company

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

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

Composition of Ernst & Young ShinNihon LLC Auditing Team

5 CPAs
11 junior accountants and trainees

(5) Establishing a Risk Management Systema

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

(6) Internal Auditing and Oversight of Auditors

The Board of Corporate Auditors has 4 members, including 3 outside corporate auditors. The corporate auditors conduct audits of associated companies and each business division and section. Through these audits they confirm whether business is being carried out properly in accordance with various laws and ordinances and rules and regulations and provide guidance. The Company also has established an Operation Supervising Department with a staff of 7 to handle internal audit affairs. Based on internal audit rules, the department carries out accounting, business, and compliance audits of associated companies and each business division and section.

(7) Compensation for Directors and Auditors

During the fiscal year under review, the compensation paid by the Company to its directors and corporate auditors amounted to the following.

Compensation paid directors	¥176 million
Compensation paid corporate auditors	¥66 million

(8) Actions Taken to Improve Corporate Governance during the Prior Year

In accordance with the requests of the Tokyo Stock Exchange and the Osaka Securities Exchange, the Company submitted a report on improvements in June 2007, followed by a progress report on improvements in December 2007. Since then, the Company has steadily implemented the improvement measures planned in the original report on improvements (compliance training and improvements in administrative processes, among others).

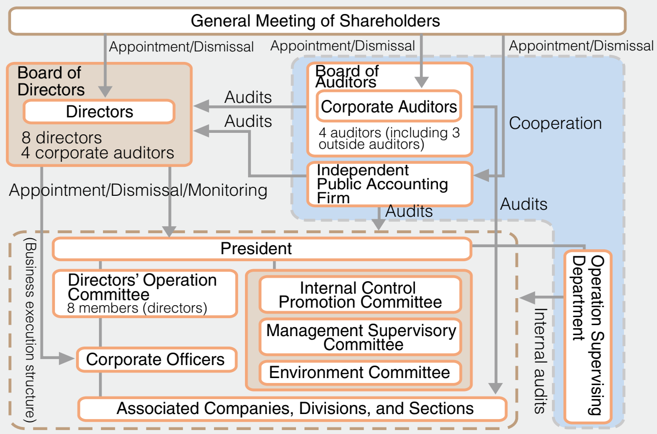
Going forward, the Company is committed to making further improvements.

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

The Company also addresses environmental issues. It has an Environmental Committee and regularly publishes an environmental report (last published August 2008). The entire Group works together actively on environmental programs and has been assessed by an independent institution as an organization that "is recognized as being particularly advanced in its environmental activities."

We also publish an intellectual property rights report (last published July 2008) disclosing our research and development activities and strategies for strengthening our intellectual assets. On June 1, 2007, Iseki formed a Management Supervisory Committee. At the same time, the Company introduced the companies and employees of its business partners to its internal communications system for use as an ethics hotline, revising the system to enable it to be used to report on inappropriate, illegal, or unethical behavior.

(9) Diagram Illustrating the Company's Corporate Governance Structure



(10) 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.

Corporate Auditors (As of June 26, 2009)

Corporate Auditors	Keiji Ito
	Norio Yasunaga
	Katsuhisa Ishida
	Toshifumi Tsukitani

From left: Katsuhisa Ishida, Keiji Ito, Toshifumi Tsukitani, Norio Yasunaga

(11) 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.

(12) Items that May be Decided by the Board of Directors Instead of Resolution of the General Meeting of Shareholders and Their Purpose

1. Acquisition of treasury stock

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

2. Absolution of directors from liability

As provided for in Article 426, Paragraph 1 of the Corporation Law, 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 law under the limit of the law 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.

3. Absolution of corporate auditors from liability

As provided for in Article 426, Paragraph 1 of the Corporation Law, 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 law under the limit of the law 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.

4. Absolution of independent public audit firm from liability

As provided for in Article 426, Paragraph 1 of the Corporation Law, 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 law under the limit of the law 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.

(13) 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 Corporation Law 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.

Remuneration for Independent Public Audit Firm

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
Auditted companies	—	—	88	—
Consolidated subsidiaries	—	—	14	—
Total	—	—	102	—

Other remuneration

Not applicable

Details of non-audit services performed by certified public accountants of independent public audit form for auditted companies

Not applicable

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.

Financial Section

Consolidated Five-Year Financial Summary

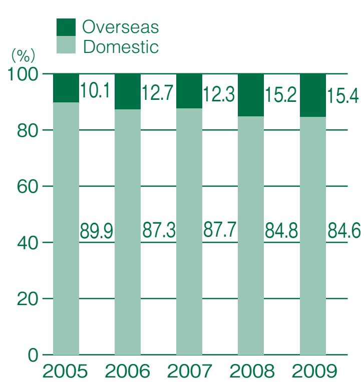
ISEKI & CO., LTD. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	**2009**
For the year:						
Net sales	**¥149,602**	¥144,714	¥153,729	¥161,744	¥157,462	**$1,522,512**
Cost of sales	**103,737**	99,602	105,309	109,088	106,555	**1,055,740**
Selling, general and administrative expenses	**44,287**	44,376	46,176	46,337	45,817	**450,713**
Operating income	**1,578**	736	2,244	6,319	5,090	**16,059**
Net income (loss)	**2**	(1,467)	18	2,662	1,378	**20**
Capital expenditures	**5,087**	5,212	5,693	5,330	5,364	**51,771**
Depreciation and amortization	**4,650**	4,026	3,590	3,677	3,944	**47,324**
At year-end:						
Total assets	**171,003**	173,198	181,363	180,440	182,183	**1,740,311**
Total net assets	**51,695**	52,556	55,724	55,092	49,268	**526,104**
Number of employees	**6,514**	6,513	6,765	6,680	6,665	
Per share data:	Yen					U.S. dollars
Net income (loss)	**¥ 0.01**	¥ (6.49)	¥ 0.08	¥ 12.21	¥ 6.32	**$ 0.00**
Diluted net income	**0.01**	–	0.07	10.82	5.92	**0.00**
Net assets	**222.44**	225.76	239.71	243.91	227.52	**2.26**
Cash dividends	**–**	–	–	3.00	3.00	**–**
Ratios:	%					
Return on equity	**0.0**	(2.8)	0.0	5.1	2.8	
Return on assets	**0.0**	(0.8)	0.0	1.5	0.7	
Shareholders' equity to total assets	**29.4**	29.4	29.8	30.5	27.1	

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥98.26 to US$1.00, the approximate rate of exchange at March 31, 2009.

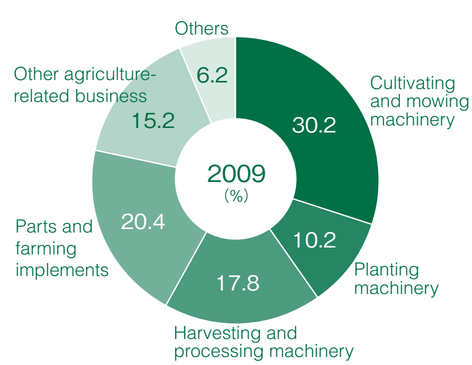
Definitions: Return on equity = 100 x net income (loss) / average net shareholders' equity in the fiscal period
Return on assets = 100 x net income (loss) / average total assets in the fiscal period
Shareholders' equity to total assets = 100 x (total net assets - minority interests in consolidated subsidiaries) / total assets

Breakdown of Sales by Market



(Years ended March 31)

Composition of Sales by Product Category



(Year ended March 31, 2009)

Management's Discussion and Analysis

Overview

In the fiscal year under review, the slowdown in the Japanese economy intensified in the first half, driven by deterioration in corporate earnings due to soaring crude oil and material prices and by stagnant personal consumption and other factors. In the second half, following the failure of Lehman Brothers, a major financial crisis swept through the world, causing sharp declines in economies around the world, including not only in countries with advanced economies, but also in emerging market countries. Along with the sharp appreciation of the yen against other currencies, exports fell dramatically, leading to substantial decreases in corporate profits and a further rapid deterioration in the economy.

Domestic demand for agricultural machinery was stimulated by an increase in energy conservation and low-cost agriculture businesses prompted by Japan's agricultural policy's emphasis on raising the food self-sufficiency ratio. On the other hand, there was an unavoidable decline in exports in the second half along with the surge in the yen's value against other currencies.

Under these circumstances, the ISEKI Group made efforts to broaden its line of new products to meet the needs of energy conservation and low-cost agricultural businesses working in concert with Japan's agricultural policy. The Group also aggressively promoted sales activities, endeavoring to expand both domestic sales and exports.

In the fiscal year ended March 2009, sales increased ¥4.9 billion from the previous period to ¥149.6 billion (up 3.4%).

Domestic

Centering on agricultural machinery, domestic sales increased ¥3.8 billion year on year to ¥126.5 billion (up 3.2%), supported by a rush of demand in advent of a price increase as well as the positive influence of the government's agricultural policy.

Sales of machinery for sail preparation (tractors, tillers, etc.) increased to ¥27.5 billion (up 2.0% from the previous period), supported by strong sales of tractors and tillers. Driven by robust sales of PZ series rice transplanters, sales of cultivating machinery (rice transplanters and vegetable transplanters) surged to ¥13.3 billion (up 16.3% from a year earlier). Other categories also performed well. Sales of harvesting and processing machines increased to ¥25.3 billion (up 4.4%) on the strength of sales of the Group's mainstay combine harvesters, dryers, and rice hulling machines. Sales of spare parts and farming implements were ¥29.5 billion (up 6.1%). Moreover, sales of other agricultural related items were ¥21.7 billion (up 0.8%), while sales of agricultural facilities were up marginally at ¥4.0 billion (up 0.04%). Other sales, however, declined to ¥9.2 billion (down 13.7%).

Overseas

Overseas sales increased ¥1.1 billion from the previous period to ¥23.1 billion (up 4.6%), assisted by the end of inventory adjustments by a North American OEM customer in the first half and strong sales in Asia.

Sales of machinery for sail preparation increased to ¥17.7 billion (up 4.3% year on year), boosted by the normalization of tractor orders following the end of inventory adjustments by a North American OEM customer in the first half of the fiscal year. Among other product categories, harvesting and processing machinery increased to ¥1.3 billion (up 21.2%) based on continued growth in the China market. Sales of cultivating machinery, however, fell to ¥2.0 billion (down 16.7%), while sales of spare parts and farming implements decreased to ¥1.0 billion (down 10.6%).

Costs, Expenses and Earnings

Operating income increased ¥0.9 billion to ¥1.6 billion due to increased gross profit based on greater earnings.

Ordinary income increased ¥0.8 billion from a year earlier to ¥0.8 billion. Net income increased ¥1.5 billion, to ¥2 million, a reversal from the loss posted in the previous fiscal year.

Financial Condition

Total assets at the end of the fiscal year decreased ¥2.2 billion year on year, to ¥171.0 billion. Looking at a breakdown, current assets fell ¥0.1 billion from the previous fiscal year. Fixed assets decreased ¥2.1 billion from a year earlier, while investments and other assets decreased ¥2.3 billion, primarily due to investment securities. Total liabilities decreased ¥1.3 billion from the previous period as a result of declines in short-term borrowings and long-term debt. Declining stock prices drove net assets down ¥0.9 billion from the previous fiscal year, to ¥51.7 billion. The equity ratio was 29.4%.

Cash Flows

Cash flow from operating activities provided a net cash inflow of ¥9.0 billion (up ¥5.1 billion from the same period last year) comprised principally of before tax net income of ¥0.5 billion, depreciation expenses of ¥4.7 billion, and an increase in accounts payable of ¥3.5 billion.

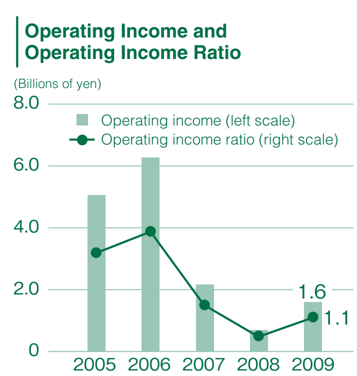
Cash flow from investment activities resulted in a net cash outflow of ¥3.5 billion (an increase of ¥0.6 billion from a year earlier), comprised mainly of capital investment expenditure of ¥5.1 billion, gain on sales of investment securities of ¥0.5 billion, and gain on sale of shares of subsidiaries of ¥0.7 billion.

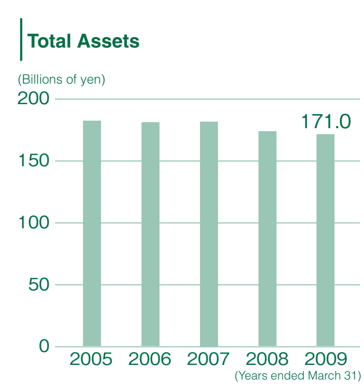
Cash flow from financial activities amounted to a net cash outflow of ¥5.6 billion (an increase of ¥5.2 billion year on year), due primarily to the repayment of interest-bearing debt.

Basic Strategies of the Medium-term Business Plan

Positioning the agricultural industry and agricultural machinery as the basis of our business, we will support energy conservation and low-cost agriculture with the goal of contributing to the development of agriculture in Japan and the world. We are in the process of formulating basic management strategies for our next three-year plan and will announce them when completed.

In the midst of a drastically changing market environment, we will speed up our earning structure reform in order to build corporate fundamentals which will enable us to secure a stable earning for the foreseeable future. Along with our efforts to maintain and expand sales through enhanced customer satisfaction by way of providing high quality products at low prices and offer service from the standpoint of customers, we endeavor to establish a low-cost structure and strengthen consolidated financial stability.





A. Recovery of domestic sales and expansion of overseas sales

In the face of intensifying competition in the market, we have positioned “Growth in domestic sales and expansion of overseas sales” as our most important managerial issues, trying to attain comprehensive enhancement of efficiency, quality, price and service by concentrating on the total group potentiality to strengthen our product competitiveness. We will not only carry out fundamental quality improvement of products, with an accurate comprehension of the market needs, but also make a timely product planning and introduction to the market. In the domestic market, we aim at achieving a recovery of sales by promoting efficient sales promotion, taking advantage of agile sales companies with wide territories, as well as by further enhancement of customer satisfaction by strengthened sales and service performance. In our efforts to expand overseas sales, we will endeavor to strengthen our sales and service system in Asian market, which has growth potential, and plan to increase sales and establish ourselves in these markets. In North American and European markets, the currencies of which have depreciated against the yen, we will seek to expand sales through the introduction of new products.

B. Upgrading quality and cost structure reform

With the consideration of products that give the confidence to all of our customers as our first priority, we are improving our development process in pursuit of zero defects. Our development and manufacturing operations are working together to improve the production process and establish a quality guarantee framework that will lead to upgrading of product quality.

To reform our cost structure, we have established a cost reduction committee and are taking steps to fundamentally improve earnings. Since cost structure reform is the source of greater profits, we will work to reduce procurement costs by combining all our plants to implement optimum procurement methods. In product development, we will implement fundamental cost reductions starting with the early development phase, striving to decrease the number of parts, reduce weight, and cut the number of parts that must be managed. For our production structure, we will on implement structural reforms, including restructuring, to streamline our organization. Throughout the Group, we will endeavor to secure our profitability by cutting original costs and reducing administrative losses and operating expenses.

C. Creating a “Communicative corporate culture” by nurturing personnel

Through the efforts of the Personnel Revitalization Committee, the company is trying to improve communications, thereby revitalizing its employees. The company is considering and implementing various methods, including appropriate job rotations, exchange of personnel between organizations, and conducting training and education programs.

With the aim of being able to respond quickly to dramatic shifts in the business environment and to improve management efficiency, we appointed directors from the president on down as executive officers. Along with executive officers who are not directors, these new executive officers will aim to strengthen execution efficiency. In addition, we are planning to unify the management team and speed up decision making by reducing the number of directors.

Moreover, we are engaged in response to environmental issues as one of the most important managerial issues. We will strengthen our commitment to resource saving, energy saving, recycling, exhaustion gas and noise, etc.

Dividends

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

With respect to dividends for the fiscal year ending March 31, 2009, we apologize to the shareholders but we would like to pass on the end of year dividend in light of the sluggish business performance of the current fiscal year.

With respect to dividends for the fiscal year ending March 31, 2010, we will also be obliged to pass on the dividend payment. We are determined to take the necessary steps in order to reinforce a basis of earnings so that we will be able to secure profit stability, aiming at the earliest possible resumption of dividend.

Outlook for Fiscal 2009

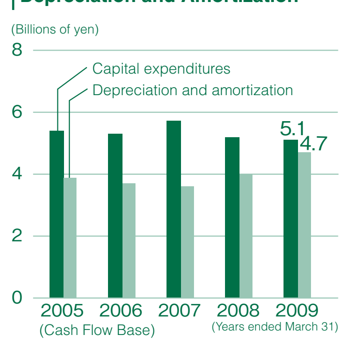
Although the rapid rise in material prices caused by the hikes in crude oil and iron ore prices has subsided, the Japanese economy remains in recession. Nevertheless, we expect the business climate surrounding the agricultural industry to improve because of the demand for agricultural machinery that has been stimulated by the implementation of measures to boost the food self-sufficiency rate under the government's agricultural policy, even through market competition will heat up.

Under such circumstances, we will try to secure sales by aggressive introduction of new products. We are planning domestic sales growth based on the synergetic effect of continuous introduction of new products, further enrichment of our service as well as reinforced sales power. Overseas, despite the further expansion of sales in the growing Chinese market, we expect sales to North America and Europe to decline because of the appreciation of the yen against the currencies of those regions.

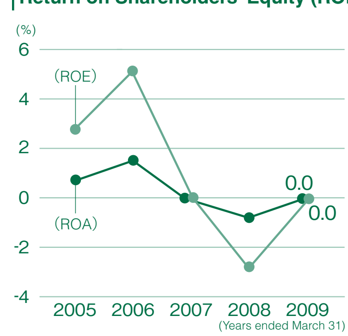
In the fiscal year ended March 2010, we forecast net sales to be ¥154.0 billion (up 2.9% year on year). Out of this amount, we anticipate domestic sales to expand ¥6.5 billion, to ¥133.0 billion. Overseas, we anticipate sales growth of ¥2.1 billion year on year, to ¥21.0 billion.

We expect that operating income will increase ¥2.2 billion from a year earlier, to ¥3.8 billion. Similarly, we forecast ordinary income will rise ¥2.0 billion, to ¥2.8 billion, with net income growing ¥1.6 billion to ¥1.6 billion.

Capital Expenditures and Depreciation and Amortization



Return on Assets (ROA) and Return on Shareholders' Equity (ROE)



Consolidated Balance Sheets

ISEKI & CO., LTD. and Consolidated Subsidiaries
As of March 31, 2009 and 2008

Assets	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current assets:			
Cash and deposits *(Note 4)*	**¥ 5,708**	¥ 5,818	**$ 58,091**
Marketable securities *(Note 5)*	**281**	53	**2,860**
Notes and accounts receivable	**28,734**	28,840	**292,428**
Allowance for doubtful accounts	**(80)**	(93)	**(814)**
Inventories *(Note 6)*	**41,977**	42,643	**427,203**
Deferred income taxes *(Note 10)*	**353**	313	**3,593**
Other current assets	**3,639**	3,117	**37,034**
Total current assets	**80,612**	80,691	**820,395**
Property, plant and equipment at cost *(Note 7)***:**			
Land *(Notes 8 and 9)*	**50,463**	50,729	**513,566**
Buildings and structures *(Note 9)*	**47,059**	47,194	**478,923**
Machinery, equipment and vehicles	**43,720**	43,555	**444,942**
Tools, furniture and fixtures	**24,484**	25,176	**249,176**
Leased assets	**2,046**	–	**20,822**
Other	**444**	511	**4,518**
Construction in progress	**534**	651	**5,435**
Less accumulated depreciation	**(88,762)**	(87,995)	**(903,338)**
Property, plant and equipment, net	**79,988**	79,821	**814,044**
Investments and other assets:			
Investment securities *(Note 5)*	**4,571**	6,246	**46,519**
Investments in unconsolidated subsidiaries and affiliates	**76**	79	**774**
Intangible assets	**843**	835	**8,579**
Deferred income taxes *(Note 10)*	**752**	596	**7,653**
Other	**4,634**	5,585	**47,161**
Allowance for doubtful accounts	**(473)**	(655)	**(4,814)**
Total investments and other assets	**10,403**	12,686	**105,872**
Total assets	**¥171,003**	¥173,198	**$1,740,311**

Liabilities and net assets	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:			
Short-term borrowings *(Note 9)*	**¥ 20,980**	¥ 25,093	**$ 213,515**
Current portion of long-term debt *(Note 9)*	**12,362**	9,570	**125,809**
Notes and accounts payable, trade	**43,802**	40,788	**445,777**
Accrued expenses	**3,817**	3,525	**38,845**
Accrued income taxes *(Note 10)*	**716**	511	**7,287**
Deferred income taxes *(Note 10)*	**–**	48	**–**
Other current liabilities *(Note 9)*	**3,816**	3,531	**38,836**
Total current liabilities	**85,493**	83,066	**870,069**
Long-term liabilities:			
Long-term debt less current portion *(Note 9)*	**19,377**	23,272	**197,202**
Accrued retirement benefits for employees *(Note 11)*	**4,829**	4,164	**49,145**
Accrued retirement benefits for directors and corporate auditors	**380**	319	**3,867**
Deferred income taxes *(Note 10)*	**7,933**	8,449	**80,735**
Other long-term liabilities *(Note 9)*	**1,296**	1,372	**13,189**
Total long-term liabilities	**33,815**	37,576	**344,138**
Total liabilities	**119,308**	120,642	**1,214,207**
Contingent liabilities *(Note 17)*			
Net assets:			
Shareholders' equity *(Note 12)*:			
Common stock:			
Authorized – 696,037,000 shares Issued – 226,536,329 shares at March 31, 2009 and 2008	**22,785**	22,785	**231,885**
Capital surplus	**12,815**	12,815	**130,419**
Retained earnings	**4,072**	4,081	**41,441**
Treasury stock, at cost: 790,839 shares at March 31, 2009, and 711,509 shares at March 31, 2008	**(186)**	(167)	**(1,893)**
Total shareholders' equity	**39,486**	39,514	**401,852**
Valuation and translation adjustments:			
Net unrealized holding gain on securities *(Note 5)*	**213**	908	**2,168**
Land revaluation reserve *(Note 8)*	**10,527**	10,527	**107,134**
Translation adjustments	**(11)**	32	**(112)**
Total valuation and translation adjustments	**10,729**	11,467	**109,190**
Minority interests	**1,480**	1,575	**15,062**
Total net assets	**51,695**	52,556	**526,104**
Total liabilities and net assets	**¥171,003**	¥173,198	**$1,740,311**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

ISEKI & CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Net sales	**¥149,602**	¥144,714	**$1,522,512**
Cost of sales *(Note 13)*	**103,737**	99,602	**1,055,740**
Gross profit	**45,865**	45,112	**466,772**
Selling, general and administrative expenses *(Note 13)*	**44,287**	44,376	**450,713**
Operating income	**1,578**	736	**16,059**
Other income (expenses):			
Interest and dividend income	**445**	366	**4,529**
Interest expense	**(1,155)**	(1,163)	**(11,755)**
Gain on sales of investment securities, net *(Note 5)*	**139**	1,347	**1,415**
Gain on sales of investments in subsidiaries, net *(Note 4)*	**319**	–	**3,246**
Loss on impairment of property, plant and equipment *(Note 7)*	**(18)**	–	**(183)**
Loss on sales or disposal of property, plant and equipment, net	**(196)**	(224)	**(1,995)**
Gain on reversal of accrued retirement benefits for directors and corporate auditors *(Note 14)*	**–**	28	**–**
Special retirement benefits for employees *(Note 11)*	**–**	(921)	**–**
Payments to vendors related to prior years' purchases *(Note 15)*	**–**	(126)	**–**
Other, net	**(655)**	(565)	**(6,665)**
Income (loss) before income taxes and minority interests	**457**	(522)	**4,651**
Income taxes *(Note 10)***:**			
Current	**881**	650	**8,967**
Tax refunds related to prior years	**(72)**	(853)	**(733)**
Deferred	**(354)**	1,140	**(3,603)**
	455	937	**4,631**
Income (loss) before minority interests	**2**	(1,459)	**20**
Minority interests	**0**	8	**0**
Net income (loss)	**¥ 2**	¥ (1,467)	**$ 20**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

ISEKI & CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Land revaluation reserve	Translation adjustments	Minority interests	Total net asset
Balance at March 31, 2007	¥22,785	¥12,815	¥5,548	¥(163)	¥2,598	¥10,527	¥28	¥1,586	¥55,724
Net loss for the year	–	–	(1,467)	–	–	–	–	–	(1,467)
Purchases of treasury stock	–	–	–	(4)	–	–	–	–	(4)
Net changes in items other than shareholders' equity	–	–	–	–	(1,690)	–	4	(11)	(1,697)
Balance at March 31, 2008	¥22,785	¥12,815	¥4,081	¥(167)	¥ 908	¥10,527	¥32	¥1,575	¥52,556
Net income for the year	–	–	2	–	–	–	–	–	2
Purchases of treasury stock	–	–	–	(19)	–	–	–	–	(19)
Decrease in retained earnings resulting from exclusion of subsidiaries in consolidation	–	–	(11)	–	–	–	–	–	(11)
Net changes in items other than shareholders' equity	–	–	–	–	(695)	–	(43)	(95)	(833)
Balance at March 31, 2009	¥22,785	¥12,815	¥4,072	¥(186)	¥ 213	¥10,527	¥(11)	¥1,480	¥51,695

	Thousands of U.S. dollars *(Note 1)*								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Land revaluation reserve	Translation adjustments	Minority interests	Total net asset
Balance at March 31, 2008	$231,885	$130,419	$41,533	$(1,700)	$9,241	$107,134	$326	$16,029	$534,867
Net income for the year	–	–	20	–	–	–	–	–	20
Purchases of treasury stock	–	–	–	(193)	–	–	–	–	(193)
Decrease in retained earnings resulting from exclusion of subsidiaries in consolidation	–	–	(112)	–	–	–	–	–	(112)
Net changes in items other than shareholders' equity	–	–	–	–	(7,073)	–	(438)	(967)	(8,478)
Balance at March 31, 2009	$231,885	$130,419	$41,441	$(1,893)	$2,168	$107,134	$(112)	$15,062	$526,104

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ISEKI & CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**200**
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	**¥ 457**	¥ (522)	**$ 4,651**
Adjustments for:			
Depreciation and amortization	**4,650**	4,026	**47,324**
Loss on impairment of property, plant and equipment	**18**	–	**183**
Gain on sales of investment securities, net	**(139)**	(1,347)	**(1,415)**
Gain on sales of investments in subsidiaries, net	**(319)**	–	**(3,246)**
Interest and dividend income	**(445)**	(366)	**(4,529)**
Interest expense	**1,155**	1,163	**11,755**
Loss on sales or disposal of property, plant and equipment, net	**196**	224	**1,995**
Special retirement benefits for employees	**–**	921	**–**
Changes in operating assets and liabilities:			
(Increase) decrease in notes and accounts receivable	**(353)**	3,110	**(3,593)**
Decrease in inventories	**259**	2,868	**2,636**
Increase (decrease) in notes and accounts payable, trade	**3,453**	(1,564)	**35,141**
Other, net	**1,669**	(2,185)	**16,985**
Subtotal	**10,601**	6,328	**107,887**
Interest and dividends received	**442**	370	**4,498**
Interest paid	**(1,171)**	(1,162)	**(11,917)**
Income taxes paid	**(1,027)**	(813)	**(10,452)**
Tax refunds received	**116**	59	**1,181**
Special retirement benefits paid to employees	**–**	(921)	**–**
Net cash provided by operating activities	**8,961**	3,861	**91,197**
Cash flows from investing activities			
Purchases of marketable securities	**(122)**	(23)	**(1,242)**
Proceeds from sales of marketable securities	**54**	23	**550**
Purchases of property, plant and equipment	**(5,011)**	(5,136)	**(50,998)**
Proceeds from sales of property, plant and equipment	**376**	696	**3,826**
Purchases of investment securities	**(206)**	(1,615)	**(2,096)**
Proceeds from sales of investment securities	**532**	2,598	**5,414**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**695**	–	**7,073**
Decrease in time deposits with original maturities exceeding three months	**–**	155	**–**
Other, net	**175**	398	**1,781**
Net cash used in investing activities	**¥ (3,507)**	¥ (2,904)	**$ (35,692)**
Cash flows from financing activities			
(Decrease) increase in short-term borrowings, net	**¥ (3,999)**	¥ 929	**$ (40,698)**
Proceeds from long-term borrowing	**8,260**	12,490	**84,063**
Repayment of long-term borrowing	**(10,900)**	(8,274)	**(110,930)**
Redemption of bonds	**(100)**	(5,540)	**(1,018)**
Repayment of lease obligations	**(94)**	–	**(957)**
Purchases of treasury stock	**(19)**	(4)	**(193)**
Other, net	**1,248**	(13)	**12,701**
Net cash used in financing activities	**(5,604)**	(412)	**(57,032)**
Effect of exchange rate changes on cash and cash equivalents	**73**	157	**743**
Net (decrease) increase in cash and cash equivalents	**(77)**	702	**(784)**
Cash and cash equivalents at beginning of year	**5,687**	4,985	**57,877**
Cash and cash equivalents at end of year *(Note 4)*	**¥ 5,610**	¥ 5,687	**$ 57,093**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ISEKI & CO., LTD. and Consolidated Subsidiaries
March 31, 2009

1. Basis of Presentation

ISEKI & CO., LTD. (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with accounting principles generally accepted in Japan. The Company's overseas subsidiaries maintain their accounts and records in conformity with accounting principles generally accepted in their respective countries of domicile.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2008 to the 2009 presentation. Such reclassifications had no effect on consolidated net loss or net assets.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥98.26 = U.S. $1.00, the exchange rate prevailing on March 31, 2009. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all significant companies which it controls directly or indirectly. The assets and liabilities of initially consolidated subsidiaries are stated at fair value by the full value method as of their respective dates of acquisition of control.

The fiscal year end of certain consolidated subsidiaries is December 31. If necessary, adjustments are made to reflect any significant differences in intercompany accounts arising from intervening intercompany transactions during the period from January 1 through March 31.

Goodwill or negative goodwill, the differences between the cost and the underlying equity in net assets at the respective dates of acquisition of the consolidated subsidiaries, is amortized by the straight-line method over a period of 20 years or less.

(b) Foreign currency translation

Foreign currency amounts are translated into yen at the rates of exchange in effect at the balance sheet date for monetary assets and liabilities, and at their historical rates for other assets and liabilities. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. Gain or loss resulting from the translation of foreign currency transactions is credited or charged to income as incurred.

Revenue and expense accounts of the overseas consolidated subsidiary and its balance sheet accounts (except for the components of net assets excluding minority interests in consolidated subsidiaries) are translated into yen at the rate of exchange in effect at the balance sheet date. The components of net assets excluding minority interests in consolidated subsidiaries are translated at their respective historical exchange rates. The Company has presented foreign currency translation adjustments as a component of net assets and minority interests in consolidated subsidiaries in the accompanying consolidated balance sheets.

(c) Cash and cash equivalents

For the purpose of consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible into cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(d) Marketable securities and investment securities

Marketable securities and investment securities are classified into three categories: trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined principally by the moving average method. Non-marketable securities classified as other securities are carried at cost principally determined by the moving average method.

(e) Derivative financial instruments and hedging activities

Derivatives are stated at fair value with any changes in fair value being charged or credited to income for the period in which they arise, except for derivatives which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates.

2. Summary of Significant Accounting Policies (Continued)

(f) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts at the estimated aggregate amount of probable specific bad debts plus an amount calculated at a rate based on their historical experience with bad debts.

(g) Inventories

Inventories are stated at the lower of cost or net selling value, cost being determined primarily by the average method.

(h) Property, plant and equipment (excluding leased assets)

Depreciation is computed principally by the declining-balance method over the estimated useful lives of the respective assets, except for tools and buildings (other than structures attached to the buildings) acquired on or after April 1, 1998 which are depreciated by the straight-line method over their respective estimated useful lives.

The principal estimated useful lives are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 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.

(i) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Costs incurred for computer software developed or obtained for internal use are capitalized and amortized by the straight-line method over an estimated useful life of 5 years. Costs incurred for computer software used for marketing are also capitalized and amortized by the straight-line method over such software's estimated marketable period of 3 years.

(j) Leased assets

Leased assets under finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

Among finance lease transactions which do not transfer ownership to lessee, those that started on or before March 31, 2008 are accounted for as operating leases.

(k) Income taxes

Deferred income taxes are recognized by the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(l) Accrued retirement benefits for employees

Accrued retirement benefits for employees have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for net unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. Prior service cost is amortized as incurred primarily by the straight-line method over 10 to 13 years, the estimated average remaining years of service of the eligible employees. Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized primarily by the straight-line method over 10 to 13 years, the estimated average remaining years of service of the eligible employees.

(m) Accrued retirement benefit for directors and corporate auditors

Certain of the Company's consolidated subsidiaries have retirement benefit plans for their officers which are stated at 100 percent of the estimated amount calculated in accordance with each company's internal rules.

(n) Distribution of retained earnings

Under the Corporation Law of Japan, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period do not, therefore, reflect such distributions.

3. *Changes in Methods of Accounting*

(a) Accounting Policies Applied to Foreign Subsidiaries

Effective April 1, 2008, the Company and its foreign consolidated subsidiary have adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (“PITF”) No. 18 issued on May 17, 2006), and made the necessary adjustments on the consolidated financial statements. The effect of the adoption of PITF No. 18 on consolidated operating results for the year ended March 31, 2009 was immaterial.

(b) Measurement of Inventories

Effective April 1, 2008, the Company and its domestic consolidated subsidiaries have adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 issued on July 5, 2006). The effect of the adoption of this accounting standard was to decrease operating income and income before income taxes and minority interests by ¥481 million ($4,895 thousand) for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method.

(c) Lease Transactions

Up to the year ended March 31, 2008, finance lease transactions which do not transfer ownership to lessee were accounted for as operating leases.

Effective April 1, 2008, as the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the ASBJ on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by the ASBJ on March 30, 2007) have been applied, lease transactions of the Company and its domestic consolidated subsidiaries are accounted for as finance leases if substantially all of the benefits and risks of ownership have been transferred to the lessee. The effect of the adoption of this accounting standard and the related guidance on consolidated operating results for the year ended March 31, 2009 was immaterial.

(d) Depreciation of Property, Plant and Equipment

Effective April 1, 2007, the Company and its domestic consolidated subsidiaries adopted a new method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007 based on the revised Corporation Tax Law of Japan. The effect of the adoption of this method on consolidated operating results for the year ended March 31, 2008 was immaterial.

Pursuant to the revision of the Corporation Tax Law of Japan effective April 1, 2007, the Company and its domestic consolidated subsidiaries adopted a method of accounting for depreciation which depreciates the residual value of property, plant and equipment acquired on or before March 31, 2007 that have been fully depreciated to their respective depreciable limits as prescribed in the pre-amended Corporation Tax Law to memorandum value. Under this method, the residual value of these assets is depreciated by the straight-line method over a five-year period. The effect of the adoption of this method was to decrease operating income and to increase loss before income taxes and minority interests by ¥428 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

4. *Cash and Cash Equivalents*

A reconciliation of cash and deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows at March 31, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cash and deposits	**¥5,708**	¥5,818	**$58,091**
Less: time deposits with original maturities exceeding three months	**(98)**	(131)	**(998)**
Cash and cash equivalents	**¥5,610**	¥5,687	**$57,093**

4. Cash and Cash Equivalents (Continued)

The Company sold shares of two consolidated subsidiaries and initially excluded the accounts of these companies from consolidation for the year ended March 31, 2009. The following summarizes the assets and liabilities excluded from consolidation and the relation between sales price of shares and proceeds from sales of investments in subsidiaries:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Current assets	¥1,223	$12,447
Non-current assets	707	7,195
Current liabilities	(761)	(7,745)
Long-term liabilities	(363)	(3,694)
Net unrealized holding gain on securities	(1)	(10)
Minority interests	(92)	(936)
The Company's interest in the companies after sales of shares	(15)	(153)
Gain on sales of investments in subsidiaries, net	319	3,246
Sales price of shares	1,017	10,350
Cash and cash equivalents of the subsidiaries	322	3,277
Proceeds from sales of investments in subsidiaries	¥ 695	$ 7,073

Lease obligations of ¥2,144 million ($21,820 thousand) were incurred during the year ended March 31, 2009.

5. Marketable Securities and Investment Securities

(a) Information regarding held-to-maturity debt securities with available fair value at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2009			2008			2009		
	Carrying value	Fair value	Unrealized loss	Carrying value	Fair value	Unrealized loss	Carrying value	Fair value	Unrealized loss
Securities whose fair value does not exceed their carrying value	¥220	¥220	¥(0)	¥250	¥249	¥(1)	$2,239	$2,239	$(0)

(b) Information regarding other securities with available fair value at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2009			2008			2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:									
Equity securities	¥1,989	¥2,671	¥ 682	¥2,994	¥4,617	¥1,623	$ 20,242	$27,183	$ 6,941
Debt securities	1	1	0	3	3	0	10	10	0
Subtotal	1,990	2,672	682	2,997	4,620	1,623	20,252	27,193	6,941
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	1,330	1,021	(309)	599	502	(97)	13,536	10,391	(3,145)
Debt securities	113	95	(18)	97	78	(19)	1,150	967	(183)
Subtotal	1,443	1,116	(327)	696	580	(116)	14,686	11,358	(3,328)
Total	¥3,433	¥3,788	¥ 355	¥3,693	¥5,200	¥1,507	$34,938	$38,551	$ 3,613

(c) Information regarding sales of other securities for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Proceeds from sales	¥533	¥2,601	$5,424
Gain on sales	145	1,347	1,476
Loss on sales	6	–	61

(d) The carrying value of held-to-maturity debt securities and other securities with no determinable fair value at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Held-to-maturity debt securities:			
Discounted financial bonds	¥ 21	¥ 23	$ 214
Other securities:			
Unlisted equity securities	823	826	8,375

(e) The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities at March 31, 2009 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Other debt securities	¥281	–	$2,860	–
Total	¥281	–	$2,860	–

6. *Inventories*

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Finished goods and merchandise	¥37,912	¥38,316	$385,833
Semifinished goods	32	48	326
Work in process	2,696	3,011	27,437
Raw materials and supplies	1,337	1,268	13,607
Total	¥41,977	¥42,643	$427,203

7. *Loss on Impairment of Property, Plant and Equipment*

Loss on impairment of property, plant and equipment for the year ended March 31, 2009 amounted to ¥18 million ($183 thousand), and consisted of buildings and structures of ¥3 million ($30 thousand), and land of ¥15 million ($153 thousand). Such loss on impairment of fixed assets is outlined as follows:

Use	Classification	Location	Millions of yen	Thousands of U.S. dollars
Idle property	Land andbuildings	Gamo Gun, Shiga Prefecture	¥ 5	$ 51
Idle property	Land	Yonago City, Tottori Prefecture	4	41
Idle property	Land	Mitoyo City, Kagawa Prefecture	6	61
Idle property	Land	Kirishima City, Kagoshima Prefecture	3	30
		Total	¥18	$183

No loss on impairment of property, plant and equipment was recorded for the year ended March 31, 2008.

Loss on impairment of property, plant and equipment was recorded for the year ended March 31, 2009 as the assets and asset groups listed above remained unused. As a result, there was no expectation of future utilization of such assets and asset groups, and the market value of the above land declined.

The Company and its consolidated subsidiaries group their fixed assets at each unit which manages receipts and payments independently. They also group idle properties and properties loaned out individually.

The recoverable amounts of such assets and asset groups are measured at their estimated net selling value. An estimate of the net selling value of the impaired land is a reasonable reflection of its value as assessed for property tax purposes.

8. *Land Revaluation*

Effective March 31, 2001, the Company revalued its land held for business use in accordance with the "Amended Law on Land Revaluation." Differences on land revaluation have been accounted for as "land revaluation reserve" under net assets at the net amount of the relevant tax effect. The method followed in determining the land revaluation was in accordance with the "Enforcement Act Concerning Land Revaluation." The carrying value of this land exceeded its fair value by ¥10,123 million ($103,023 thousand) and ¥9,583 million at March 31, 2009 and 2008, respectively.

9. *Short-Term Borrowings and Long-Term Debt*

Short-term borrowings principally represent short-term notes, short-term bank borrowings on deeds, and bank overdrafts at average interest rates of 1.47% and 1.54% at March 31, 2009 and 2008, respectively.

The Company has concluded certain line-of-credit agreements with certain banks to reduce its interest-bearing debt, to achieve efficient financing and to improve its cash flows. The status of these lines of credit at March 31, 2009 is summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Lines of credit	¥19,730	$200,794
Short-term borrowings	3,700	37,655
Available credit	¥16,030	$163,139

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Zero coupon yen convertible bonds	**¥ 1,395**	¥ 1,395	**$ 14,197**
0.31% unsecured bonds due 2010	**1,000**	1,000	**10,177**
0.57% unsecured bonds due 2008	**–**	60	**–**
0.67% unsecured bonds due 2010	**100**	140	**1,018**
1.00% unsecured bonds due 2009	**50**	50	**509**
Borrowings principally from banks and insurance companies due through 2014 at an average interest rate of 1.82%	**27,144**	30,197	**276,247**
Lease obligations	**2,050**	–	**20,863**
	31,739	32,842	**323,011**
Less: current portion	**(12,362)**	(9,570)	**(125,809)**
	¥ 19,377	¥23,272	**$ 197,202**

On October 5, 2004, the Company issued ¥10 billion of zero coupon yen convertible bonds with stock acquisition rights. An outline of these bonds is as follows:

Type of shares to which stock acquisition rights apply	Common stock of the Company
Issue price of stock acquisition rights	Nil
Exercise price of stock acquisition rights	¥338
Principal of bonds	¥10 billion
Payment to be made upon exercise of stock acquisition rights	100% of the amount paid for each bond
Exercisable period	October 19, 2004 to September 21, 2009

Exercise of the stock acquisition rights shall be deemed as payment by the bondholder of the full amount required to be paid upon exercise of the stock acquisition rights, rather than as a redemption of the bond at its principal amount.

At March 31, 2009, assets pledged as collateral for short-term borrowings of ¥5,795 million ($58,976 thousand), long-term borrowings of ¥3,094 million ($31,488 thousand) including the current portion of ¥1,184 million ($12,050 thousand), other current liabilities of ¥10 million ($102 thousand), and other long-term liabilities of ¥69 million ($702 thousand) were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment:		
Land	¥ 7,826	$ 79,646
Buildings and structures	2,489	25,331
	¥10,315	$104,977

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥12,362	$125,809
2011	10,637	108,254
2012	6,432	65,459
2013	1,570	15,978
2014	463	4,712
2015 and thereafter	275	2,799
Total	¥31,739	$323,011

Installment payables to a local public entity due through 2016 were included in other current liabilities and other long-term liabilities. At March 31, 2009, the current portion of ¥10 million ($102 thousand) and the long-term portion of ¥69 million ($702 thousand) of these installment payables were interest bearing at an interest rate of 1.79%.

10. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporate, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 40.0% for the years ended March 31, 2009 and 2008. The overseas consolidated subsidiary is subject to the income taxes of the country in which it operates.

The effective tax rate for the year ended March 31, 2009 differed from the statutory tax rate for the following reasons:

	2009
Statutory tax rate:	**40.0%**
Permanently non-deductible expenses	**17.1**
Per capita portion of inhabitants' taxes	**31.7**
Change in valuation allowance for deferred tax assets	**79.3**
Tax refunds related to prior years	**(15.7)**
Consolidation adjustment for gain on sales of investment in subsidiaries, net	**(48.0)**
Other	**(4.8)**
Effective tax rate	**99.6%**

A reconciliation of the statutory tax rate to the effective tax rate for the year ended March 31, 2008 is not presented since a loss before income taxes and minority interests was recorded in the year.

The tax effects of temporary differences which gave rise to a significant portion of the deferred tax assets and liabilities at March 31, 2009 and 2008 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Accrued retirement benefits	**¥ 754**	¥ 663	**$ 7,674**
Accrued bonuses for employees	**146**	140	**1,486**
Unrealized gain on sales of inventories and property, plant and equipment	**33**	51	**336**
Net operating loss carryforwards	**133**	103	**1,353**
Other	**412**	191	**4,193**
Offset against deferred tax liabilities	**(373)**	(239)	**(3,796)**
Net deferred tax assets	**¥1,105**	¥ 909	**$11,246**
Deferred tax liabilities:			
Reserve for deferred taxation on compensation for expropriation or exchange of property	**¥ 60**	¥ 113	**$ 611**
Unrealized holding gain on securities	**272**	648	**2,768**
Land revaluation reserve	**7,595**	7,595	**77,295**
Prepaid pension cost	**101**	106	**1,028**
Other	**278**	274	**2,829**
Offset against deferred tax assets	**(373)**	(239)	**(3,796)**
Net deferred tax liabilities	**¥7,933**	¥8,497	**$80,735**

11. Accrued Retirement Benefits for Employees

The Company and certain domestic consolidated subsidiaries have defined benefit pension plans, i.e., tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. In addition to the retirement benefit plans described above, the Company and certain domestic consolidated subsidiaries pay additional retirement benefits under certain conditions.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2009 and 2008 for the defined benefit pension plans of the Company and its consolidated subsidiaries:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Retirement benefit obligation	**¥(25,157)**	¥(25,410)	**$(256,025)**
Plan assets at fair value	**9,904**	11,196	**100,794**
Unfunded retirement benefit obligation	**(15,253)**	(14,214)	**(155,231)**
Unrecognized benefit obligation at transition	**8,742**	10,223	**88,968**
Unrecognized actuarial loss	**3,341**	1,903	**34,001**
Unrecognized prior service cost	**(589)**	(723)	**(5,994)**
Net retirement benefit obligation	**(3,759)**	(2,811)	**(38,256)**
Prepaid pension cost	**(1,070)**	(1,353)	**(10,889)**
Accrued retirement benefits	**¥ (4,829)**	¥ (4,164)	**$ (49,145)**

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service cost	**¥1,551**	¥1,515	**$15,785**
Interest cost	**401**	496	**4,081**
Expected return on plan assets	**(176)**	(242)	**(1,791)**
Amortization:			
Net retirement benefit obligation at transition	**1,461**	1,460	**14,869**
Actuarial loss	**301**	215	**3,063**
Prior service cost	**(134)**	(134)	**(1,364)**
Other	**51**	64	**519**
Retirement benefit expenses	**3,455**	3,374	**35,162**
Special retirement benefits	**–**	921	**–**
Total	**¥3,455**	¥4,295	**$35,162**

Special retirement benefits for the year ended March 31, 2008 presented in the above table represent the additional retirement benefits to employees who applied for the voluntary retirement program.

As permitted under the accounting standard for retirement benefits, certain domestic consolidated subsidiaries calculate accrued retirement benefits for their employees by simplified method. The related retirement benefit expenses for these subsidiaries are included in service cost presented in the above table.

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2009 and 2008 are summarized as follows:

	2009	2008
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%

12. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The legal reserve of the Company was nil at March 31, 2009 and 2008.

Movements in common stock in issue and treasury stock for the years ended March 31, 2009 and 2008 are summarized as follows:

	Number of shares				Number of shares			
	2009				2008			
	March 31, 2008	Increase	Decrease	March 31, 2009	March 31, 2007	Increase	Decrease	March 31, 2008
Common stock	**226,536,329**	**–**	**–**	**226,536,329**	226,536,329	–	–	226,536,329
Treasury stock	**711,509**	**79,330**	**–**	**790,839**	690,113	21,396	–	711,509

13. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses amounted to ¥4,107 million ($41,797 thousand) and ¥3,894 million for the years ended March 31, 2009 and 2008, respectively.

14. Gain on Reversal of Accrued Retirement Benefits for Directors and Corporate Auditors

Gain on reversal of accrued retirement benefits for directors and corporate auditors relates to the resignation of two directors on June 28, 2007 who voluntarily declined to receive retirement benefits of ¥28 million, resulting in a related gain being recognized by the Company.

15. Payments to Vendors Related to Prior Years' Purchases

During the year ended March 31, 2008, the Japan Fair Trade Commission cautioned certain domestic consolidated subsidiaries to make compensation payments to their vendors with respect to discounts on purchases for the prior years in accordance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

In line with this caution, these subsidiaries made compensation payments of ¥126 million to vendors during the year ended March 31, 2008.

16. Leases

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of property leased to the Company and its domestic consolidated subsidiaries at March 31, 2009 and 2008, which would have been reflected in the accompanying consolidated balance sheets if finance leases, other than those which transfer the ownership of the leased property to the Company or its domestic consolidated subsidiaries, that started on or before March 31, 2008 (which are currently accounted for as operating leases) had been capitalized:

	Millions of yen						Thousands of U.S. dollars		
	2009			2008			**2009**		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	**¥ 17**	**¥ 15**	**¥ 2**	¥ 36	¥ 32	¥ 4	**$ 173**	**$ 153**	**$ 20**
Machinery, equipment and vehicles	**4,031**	**1,899**	**2,132**	4,421	1,810	2,611	**41,024**	**19,326**	**21,698**
Tools, furniture and fixtures	**3,996**	**2,665**	**1,331**	5,730	3,335	2,395	**40,667**	**27,122**	**13,545**
	¥8,044	**¥4,579**	**¥3,465**	¥10,187	¥5,177	¥5,010	**$81,864**	**$46,601**	**$35,263**

Lease payments relating to the finance leases accounted for as operating leases for the years ended March 31, 2009 and 2008 and the corresponding depreciation and interest expense computed by the straight-line method and the interest method, respectively, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Lease payments	**¥1,868**	¥1,922	**$19,011**
Depreciation	**1,720**	1,765	**17,505**
Interest expense	**145**	152	**1,476**

16. Leases (Continued)

Future minimum lease payments subsequent to March 31, 2009 for the finance leases accounted for as operating leases are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥1,414	$14,390
2010 and thereafter	2,167	22,054
Total	¥3,581	$36,444

Future minimum lease payments subsequent to March 31, 2009 for non-cancelable operating leases are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥210	$2,137
2010 and thereafter	574	5,842
Total	¥784	$7,979

17. Contingent Liabilities

The contingent liabilities of the Company and its consolidated subsidiaries at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Guarantees of bank loans of related parties and others	¥9,532	$97,008
Notes receivable endorsed	432	4,396

18. Derivatives

The Company and certain consolidated subsidiaries utilize derivative financial instruments to reduce foreign exchange rate and interest-rate risk, and manage them efficiently. The Company and certain consolidated subsidiaries utilize forward foreign exchange contracts to hedge the risk of fluctuation in value of assets and liabilities denominated in foreign currencies in the course of their import and export operations. In addition, the Company and certain consolidated subsidiaries utilize interest-rate swap contracts to hedge the risk of fluctuation in interest rates on their borrowings. Furthermore, the Company and certain consolidated subsidiaries utilize compound financial instruments, which include exchangeable bonds with an option to exchange the bonds for the stock of companies other than the issuer, for the purpose of efficient management of fund surplus. The Company and these consolidated subsidiaries do not enter into derivatives contracts for speculative or short-term trading purposes.

The Company and certain consolidated subsidiaries are exposed to certain market risk arising from their forward foreign exchange contracts, interest-rate swaps contracts, exchangeable bonds and other. They are also exposed to the risk of credit loss in the event of nonperformance by the counterparties with respect to their forward foreign exchange contracts or interest-rate swap agreements; however, the Company and these consolidated subsidiaries do not anticipate nonperformance by any of the counterparties, all of whom are financial institutions with high credit ratings. In addition, the Company and these consolidated subsidiaries have established internal policies which include procedures and authorization processes governing derivatives and comply fully with these guidelines.

Disclosure of fair value information on forward foreign exchange contracts and interest-rate swap contracts has been omitted because all open derivatives positions qualified for hedge accounting at March 31, 2009 and 2008.

Summarized below are the notional amounts and the estimated fair value of the compound financial instruments outstanding at March 31, 2009:

	Millions of yen				Thousands of U.S. dollars			
	Notional amount	Portion due after one year included herein	Fair value	Unrealized loss	Notional amount	Portion due after one year included herein	Fair value	Unrealized loss
Compound financial instruments:								
Non-market transactions:								
Exchangeable bonds and other	¥100	–	¥39	¥(61)	$1,018	–	$397	$(621)

19. Amounts Per Share

Amounts per share at March 31, 2009 and 2008 and for the years then ended were as follows:

	Yen		U.S. dollars
	2009	2008	**2009**
Net assets	**¥222.44**	¥225.76	**$2.26**
Net income (loss):			
Basic	**0.01**	(6.49)	**0.00**
Diluted	**0.01**	–	**0.00**
Cash dividends	**–**	–	**–**

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at year end. Basic net income (loss) per share is computed based on the net income (loss) attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of convertible bonds. Cash dividends per share represent the cash dividends proposed by the Company's Board of Directors as applicable to the respective years.

Diluted net income per share for the year ended March 31, 2008 has not been presented because a net loss for the year was recorded.

20. Business Reorganization

Effective January 1, 2008, the Company reorganized its 8 domestic consolidated subsidiaries and merged them into 3 domestic consolidated subsidiaries. The purpose of this reorganization was to increase sales by establishing a sales and service system closer to local customers by utilizing management resources held by the subsidiaries as well as by enhancing the ability to respond to changes in markets. The new companies' names, the companies merged, a description of their businesses and the legal form of the business combinations are summarized as follows:

New company names	Company merged	Description of business	Legal form of business combination
Iseki Kanto Co., Ltd.	Ibaraki Iseki Marketing Co., Ltd. Tochigi Iseki Marketing Co., Ltd. Saitama Iseki Marketing Co., Ltd. Chiba Iseki Marketing Co., Ltd.	Sales of agricultural machinery	Ibaraki Iseki Marketing Co., Ltd. became the surviving company and merged with the other companies.
Iseki Shinetsu Co., Ltd.	Nagano Iseki Marketing Co., Ltd. Niigata Iseki Marketing Co., Ltd.	Sales of agricultural machinery	Niigata Iseki Marketing Co., Ltd. became the surviving company and merged with the other company.
Iseki Kansai Co., Ltd.	Keiji Iseki Marketing Co., Ltd. Iseki Kinki Co., Ltd.	Sales of agricultural machinery	Iseki Kinki Co., Ltd. became the surviving company and merged with the other company.

The Company accounted for this reorganization as "transactions under common control" in accordance with "Accounting Standard for Business Combinations" (issued on October 31, 2003 by the Business Accounting Council of Japan) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 22, 2006). This business reorganization had no effect on the accompanying consolidated financial statements for the year ended March 31, 2008 because all companies merged were wholly-owned subsidiaries of the Company.

21. Related Party Transactions

Principal transactions and balances with affiliates for the year ended March 31, 2009 and 2008 are summarized as follows.

Name of affiliate	Type of transaction	Transactions: Millions of yen 2009	Transactions: Millions of yen 2008	Transactions: Thousands of U.S. dollars 2009
Higashi Nihon Agricultural Equipment Cooperative Union	Debt guarantee	**¥4,139**	¥4,139	**$42,123**
Nishi Nihon Agricultural Equipment Cooperative Union	Debt guarantee	**2,430**	–	**24,730**

Name of affiliate	Account name	Balances: Millions of yen 2009	Balances: Millions of yen 2008	Balances: Thousands of U.S. dollars 2009
Higashi Nihon Agricultural Equipment Cooperative Union	Notes and accounts receivable	**¥4,082**	¥ –	**$41,543**
Nishi Nihon Agricultural Equipment Cooperative Union	Notes and accounts receivable	**2,390**	–	**24,323**

Certain domestic consolidated subsidiaries own 25.0% of the voting rights of Higashi Nihon Agricultural Equipment Cooperative Union, a cooperative union which was established for purpose of joint purchases of the Company's products, and whose board members are the same as that of these domestic consolidated subsidiaries.

Certain domestic consolidated subsidiaries own 12.0% of the voting rights of Nishi Nihon Agricultural Equipment Cooperative Union, a cooperative union which was established for purpose of joint purchases of the Company's products, and whose board members are the same as that of these domestic consolidated subsidiaries.

Debt guarantees of Higashi Nihon Agricultural Equipment Cooperative Union and Nishi Nihon Agricultural Equipment Cooperative Union for the year ended March 31, 2009 are considered as contingent liabilities and are included in "Guarantees of bank loans of related parties and others" described in Note 17.

Principal transactions and balances with directors and their related companies for the year ended March 31, 2009, are summarized as follows.

Name of director/ company	Type of transaction	Transactions: Millions of yen	Transactions: Thousands of U.S. dollars
Hiroyuki Nakano	Housing improvements	¥ 20	$ 204
Hideo Kimura	Debt guarantee	265	2,697
Joji Kurihara	Debt guarantee and collateral offer	107	1,089
Meiwa Industry Co., Ltd.	Purchase of raw materials and supplies	154	1,567
	Purchase of tools, furniture and fixtures	49	499

Name of director/ company	Account name	Balances: Millions of yen	Balances: Thousands of U.S. dollars
Meiwa Industry Co., Ltd.	Notes and accounts payable, trade	¥63	$641
	Other current liabilities	17	173

Hiroyuki Nakano is an officer and a former representative director of the Company who owns 0.1% of the voting rights of the Company.

Hideo Kimura is a representative director of Gunma Iseki Sales Co., Ltd., a domestic consolidated subsidiary of the Company.

Joji Kurihara is a representative director of Iseki-Ueki MFG Co., Ltd., a domestic consolidated subsidiary of the Company.

Meiwa Industry Co., Ltd. is an ironworks and a pallet manufacturer, whose majority shareholder is a close-relative of Kiyokazu Sakamoto, a representative director of Iseki-Shinetsu Co., Ltd.

(Supplementary information)

Effective the year ended March 31, 2009, the Company has adopted "Accounting Standard for Related Party Disclosures" (ASBJ Statement No.11 issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No.13 issued on October 17, 2006). As a result of the adoption of this accounting standard, transactions between the Company and officers, major individual shareholders and other were newly disclosed.

22. Segment Information

(1) Business segment information

As the sales, operating income and assets of Agricultural Machinery Segment exceeded 90% of total assets, sales and operating income of all segments at March 31, 2009 and 2008 and for the years then ended, the disclosure of business segment information has been omitted.

(2) Geographical segment information

As sales and assets of Japan Segment exceeded 90% of total assets and sales of all segments at March 31, 2009 and 2008 and for the years then ended, the disclosure of geographical segment information has been omitted.

(3) Overseas sales information

Overseas sales for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen							
	2009				2008			
	United States	Europe	Other	Total	United States	Europe	Other	Total
Overseas sales	**¥6,698**	**¥10,013**	**¥6,346**	**¥ 23,057**	¥5,679	¥11,221	¥5,141	¥ 22,041
Consolidated net sales	**–**	**–**	**–**	**149,602**	–	–	–	144,714
Overseas sales as a percentage of consolidated net sales	**4.5%**	**6.7%**	**4.2%**	**15.4%**	3.9%	7.8%	3.5%	15.2%

	Thousands of U.S. dollars			
	2009			
	United States	Europe	Other	Total
Overseas sales	**$68,166**	**$101,903**	**$64,584**	**$ 234,653**
Consolidated net sales	**–**	**–**	**–**	**1,522,512**

(a) The principal countries and areas in each segment were as follows:

Europe: France, Germany, the United Kingdom, Belgium, Switzerland, the Netherlands.

Other: South Korea, Taiwan, China, Thailand, Australia, New Zealand.

(b) Overseas sales consisted of export sales of the Company and sales of its overseas consolidated subsidiary.

Report of Independent Auditors

The Board of Directors
ISEKI & CO., LTD.

We have audited the accompanying consolidated balance sheets of ISEKI & CO., LTD. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ISEKI & CO., LTD. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shinnihon

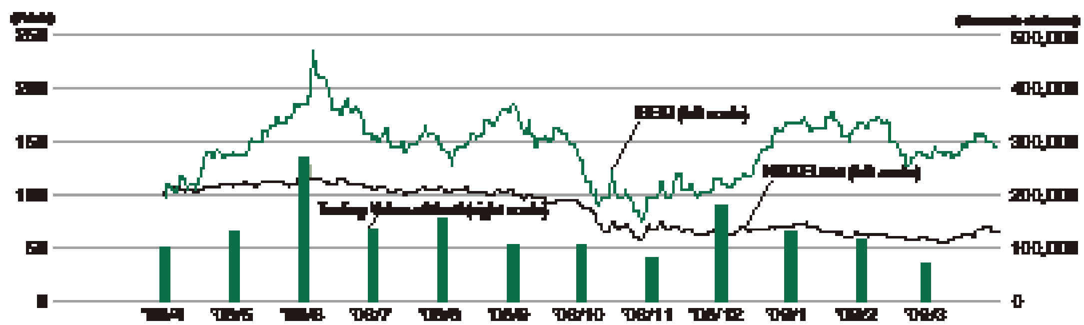
Osaka, Japan
June 25, 2009

Corporate Data

As of March 31, 2009

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
Web Site	http://www.iseki.co.jp/
Founded	August 1926
Paid-in Capital	¥22,785 million
Number of Employees (Consolidated)	6,514
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	226,536,329
Number of Shareholders	28,865
Independent Auditor	Ernst & Young ShinNihon LLC

Stock Performance and Trading Volume per Month



	'08/4	'08/5	'08/6	'08/7	'08/8	'08/9	'08/10	'08/11	'08/12	'09/1	'09/2	'09/3
Opening Price	[illegible]	228	305	258	241	[illegible]	222	183	140	235	273	221
High	238	317	357	278	[illegible]	300	224	205	275	297	281	254
Low	182	223	244	224	203	200	104	147	145	237	205	213
Closing Price	238	302	247	248	204	225	159	147	275	274	253	255
Trading Volume of Stock (Unit: thousands)	108,731	153,008	274,847	137,716	154,418	105,287	108,838	85,779	184,775	138,203	116,622	73,817

Share Price on April 1, 2008: ¥182 = 100

ISEKI
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