

November 12, 2009

ISEKI & CO., LTD.

Supplementary Information to the Six Months of Financial Results

(Apr.1, 2009—Sep. 30, 2009)

I. Six Months Consolidated Business Results

(Billions of yen, %)

	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter	Variance		2 <sup>nd</sup> Quarter	Variance
	Last Fiscal Year	This Fiscal Year	Amount	%	Plan	Amount
Net Sales	77.0	<b>69.7</b>	(7.3)	(9.5)	69.5	0.2
Domestic	64.6	<b>61.8</b>	(2.8)	(4.3)	61.5	0.3
Overseas	12.4	<b>7.9</b>	(4.5)	(36.1)	8.0	(0.1)
Gross Profit on Sales	23.4	<b>23.5</b>	0.1	0.7	23.0	0.5
Gross Profit Margin	30.4%	<b>33.8%</b>	3.4%	—	33.1%	0.7%
Selling, General and Administrative Expenses	22.2	<b>21.0</b>	(1.2)	(5.2)	21.4	(0.4)
Operating Income	1.2	<b>2.5</b>	1.3	108.2	1.6	0.9
Balance of Financial Income	(0.6)	<b>(0.5)</b>	0.1	—	(0.6)	0.1
Other Non-operating Income	0.5	<b>0.2</b>	(0.3)	—	0.3	(0.1)
Ordinary Income	1.1	<b>2.2</b>	1.1	95.1	1.3	0.9
Extraordinary Gains	0.2		(0.2)	—		—
Extraordinary Losses	(0.3)	<b>(0.1)</b>	0.2	—	(0.1)	—
Income Before Income Taxes and Minority Interests	1.0	<b>2.1</b>	1.1	104.0	1.2	0.9
Income taxes	(0.3)	<b>(0.5)</b>	(0.2)	—	(0.4)	(0.1)
Net Income	0.7	<b>1.6</b>	0.9	131.3	0.8	0.8

1) Comparison with the same period of the previous year

A. Net Sales: Net sales for the second quarter FY2010 declined by ¥7.3 billion (down 9.5 %) compared to the same period last year.

- Domestic sales declined by ¥2.8 billion (down 4.3%) to ¥61.8 billion, which was mainly caused by the effect of the sluggish economy, inactive market trends by restrained purchasing due to the delayed implementation of an urgent machinery leasing support program, coupled with lack of last minute demand before the raise of retail prices which existed last year.
- Overseas sales declined ¥4.5 billion (down 36.1%) to ¥7.9 billion, since while the Chinese market remained solid, the other areas (North America, Europe, Australia, etc.) suffered the effects of the recession and the deteriorated exchange environment.

B. Operating income:

Operating income increased ¥1.3 billion (up 108.2%) compared to the same period last year.

Ordinary income:

Ordinary income increased ¥1.1 billion (up 95.1%) compared to the same period last year.

- Operating income increased ¥1.3 billion to ¥2.5 billion mainly due to improved profitability by the raising of retail prices and the cost reduction effect of selling, general and administrative expenses, which more than compensated for reduced gross income from reduced revenue.
- Ordinary income increased ¥1.1 billion to ¥2.2 billion mainly due to the effects of the evaluation loss of foreign exchange.

C. Quarterly Net Income : Net Income increased ¥ 0.9 billion (up 131.3%) compared to the same period last year.

2) Comparison with the plan

A. Net sales

- Both domestic and overseas sales were almost in line with planned figures.

B. Operating Income, Ordinary Income, Net income

- Operating income and ordinary income increased ¥0.9 billion mainly due to reduced selling, general and administrative expenses, coupled with restraint of fixed costs.
- Quarterly net income increased ¥0.8 billion compared with the plan.

(Sales Breakdown)

	(Sales Breakdown)			(Billions of yen)	
	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter	Variance	2 <sup>nd</sup> Quarter	Variance
	Last Fiscal Year	This Fiscal Year		Quarter Plan	
Agricultural Machinery	33.1	<b>31.2</b>	(1.9)	30.2	1.0
Parts & Farming Implements	15.4	<b>15.4</b>	—	15.7	(0.3)
Construction of Facilities	1.7	<b>1.8</b>	0.1	1.8	—
Others	14.4	<b>13.4</b>	(1.0)	13.8	(0.4)
Domestic Sales Total	64.6	<b>61.8</b>	(2.8)	61.5	0.3
North America	4.5	<b>1.6</b>	(2.9)	1.5	0.1
Europe	4.4	<b>2.4</b>	(2.0)	2.3	0.1
Asia	0.7	<b>0.5</b>	(0.2)	0.7	(0.2)
China	1.0	<b>2.3</b>	1.3	2.5	(0.2)
Australia and others	0.6	<b>0.1</b>	(0.5)	0.1	—
Total Product Sales	11.2	<b>6.9</b>	(4.3)	7.1	(0.2)
Spare Parts	0.4	<b>0.5</b>	0.1	0.4	0.1
Others	0.8	<b>0.5</b>	(0.3)	0.5	—
Overseas Sales Total	12.4	<b>7.9</b>	(4.5)	8.0	(0.1)
Total	77.0	<b>69.7</b>	(7.3)	69.5	0.2

## II. Revision of performance forecast for the fiscal year ending March 31, 2010.

The business performance forecast for the fiscal year ending March 31, 2010 (April 1, 2009 – March 31, 2010) announced on May 14, 2009 has been revised as follows.

### Forecasts of annual business performance for the fiscal year ending March 31, 2010

			(Billions of yen, % )			
	Previous forecast	Latest forecast	Variance		Actual results from previous fiscal year	Variance from latest forecast
			Amount	%		
Net Sales	154.0	<b>150.0</b>	(4.0)	(2.6)	149.6	0.4
Operating Income	3.8	<b>3.3</b>	(0.5)		1.6	1.7
				(13.2)		
Ordinary Income	2.8	<b>2.1</b>	(0.7)		0.8	1.3
				(25.0)		
Net Income	1.6	<b>1.1</b>	(0.5)	(31.3)	0.0	1.1

#### Reasons for revision

##### 1) Net sales (down ¥4.0 billion)

Sales of domestic products are expected to be lower than the forecast, while the demand seems to have remained inactive in spite of an expected boost of demand by the implementation of the urgent machinery leasing support program, due to extra-agricultural income declining by the recession, as well as continued restraint of purchase, in order to confirm trends of the agricultural policy. On the other hand, while construction of facilities is expected to exceed the forecast with firmly continued orders received, domestic sales as a whole are expected to decrease ¥1.0 billion.

Sales of overseas products are expected to decrease ¥3.0 billion due to an inactive demand other than Chinese market, especially in Europe and North America.

##### 2) Operating income (down ¥0.5 billion)

We expect operating income to decrease ¥0.5 billion, mainly by the effect of reduced sales and the effect of the foreign exchange environment.

With respect to the foreign exchange rates in the second half of the year, our company rate is ¥90/US\$1 and ¥130/Euro1.

			(Billions of yen, % )			
	Previous forecast	Latest forecast	Variance		Actual results from previous fiscal year	Variance from latest forecast
			Amount	%		
Net Sales	94.5	<b>91.0</b>	(3.5)	(3.7)	90.3	0.7
Operating Income	0.7	<b>0.7</b>	—	—	(0.3)	1.0
Ordinary Income	0.8	<b>0.7</b>	(0.1)	(12.5)	1.6	(0.9)
Net Income	0.7	<b>0.6</b>	(0.1)	(14.3)	1.1	(0.5)