

# Outline of our business

## Economic report

ISEKI Group is engaged in business activities mainly concerning development and manufacture and sale of agricultural machinery related to rice and vegetable cropping.

### < Major products >

## We respond to a wide-variety customer needs!

To respond to a wide-variety customer needs, the sales, development, and manufacturing departments work together. We develop products in support of energy-saving and low cost agriculture, environmental preservation and the safety of agricultural work. In domestic business, in addition to the agricultural machinery for rice cultivation, which is our main field, we engage in the mechanization of crops and vegetable cultivation, where the needs for laborsaving are high, and the utilization of advanced technologies, such as introduction of IT in agriculture, use of robots in agricultural machinery and plant factory. In overseas business, we provide products which meet the needs of customers and areas in a wide range of fields, including lawn mowing, light civil work and environmental conservation, in addition to agricultural machinery.

### Cultivating & Mowing machinery

Tractors, tillers, high clearance multipurpose vehicles, mowers



Tractors



Tractors



Tractors



Tractors



Tillers and high clearance multipurpose vehicles



High clearance multipurpose vehicles



Mowers



Mowers

### Planting machinery

Rice transplanters, vegetable transplanters



Ride-on rice transplanters



Walk-behind rice transplanters



Vegetable transplanters



Vegetable transplanters

### < Overview of account settlement as of December 2015 at the end of FY2015 >

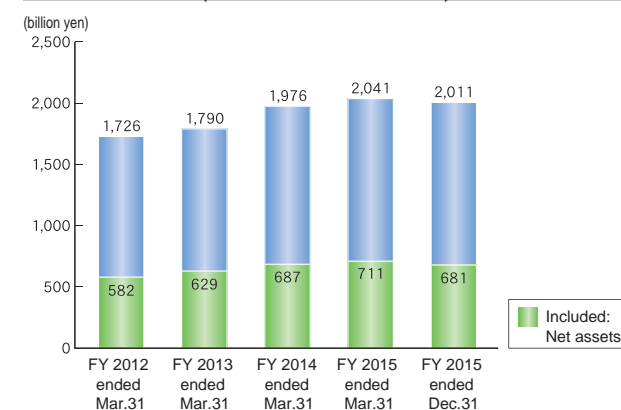
The fiscal year-end has been changed from FY2015.

The fiscal year-end of ISEKI & Co., Ltd and subsidiaries has been change to the period from January 1 to December 31 so that we can improve business management and operation efficiency in terms of budget planning etc. and can disclose management information on a timely and precise manner to improve management transparency.

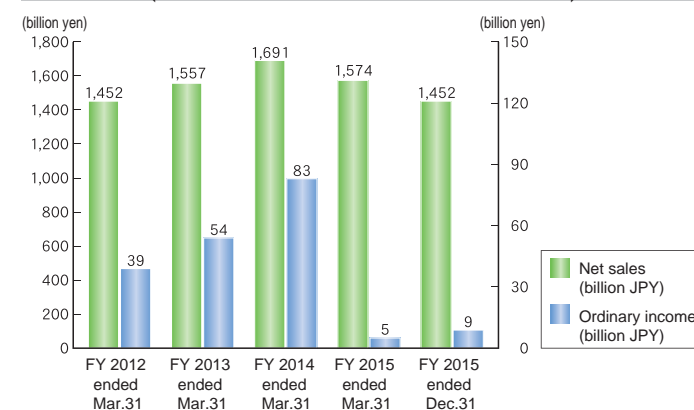
As a transitional treatment, nine-month results were included in the consolidated results for the fiscal year ended 31, 2015.

Note: Two subsidiaries in France only adopt September 31 as their fiscal year-end.

### < Total assets trends >



### < Achievement trends (consolidated) >



Corporate Social Responsibility Report 2016 by ISEKI & CO., LTD.

Note: As a transitional treatment, nine-month results were included in the consolidated results for the fiscal year ended 31, 2015.

### Harvesting Machinery

Combine Harvesters, Binders



Combine Harvesters



Combine Harvesters



Combine Harvesters



Binders

### Processing Machinery

Dryers, Rice Hullers, Rice Cleaners, Rice Graders, Vegetable Harvesting and Processing Machinery



Dryers



Rice Hullers



Rice Graders



Coin-operated Rice Cleaners



Vegetable Harvesting Machinery

### Miscellaneous

Implements, Spare Parts, Agricultural Facilities, etc.



Implement (In-Ridge Partial Fertilizer)



Hydroponics facility



Plant growth diagnosis device

## To provide "products that satisfy customers"!

"No. 1 patent allowance rate in Japan!"

"No. 1 open patent per specialty field for 14 consecutive years"

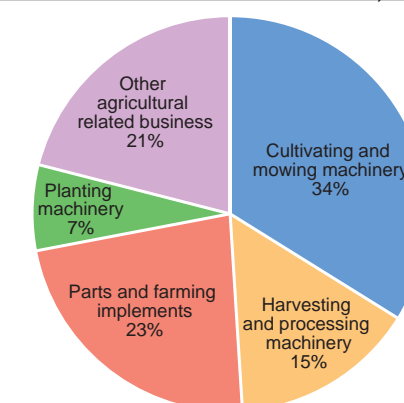
With an aim to "provide products that satisfy customers," ISEKI is actively pursuing the development, introduction, and implementation of new technology.

In the "Patent Administration Annual Report 2015 Edition," ISEKI has secured the No.1 ranking in the following categories:

- No.1 with the number of patent allowance rate in 2014 (Patent allowance rate: 99.2%)
- No.1 with the open patent per specialty field in 2013 (other special machinery sector)

\*For details, see the "Intellectual Property Report" and our website.

### < Sales results per product type in FY ended December, 2015 >



### < Company profile >

Company Name	ISEKI & CO., LTD.
Head Office	700 Umaki-cho, Matsuyama-shi, Ehime-ken, 799-2692 JAPAN Tel 089-979-6111 Fax 089-978-6440
Tokyo Headquarters	5-3-14, Nishi-Nippori, Arakawa-ku, Tokyo, 116-8541 JAPAN Tel 03-5604-7602 Fax 03-5604-7701
Foundation	August 1926
Paid-in Capital	23,344 million yen (as at December 31, 2015)
Number of Employees	Consolidated: 6,021 Non-Consolidated: 744 (as at December 31, 2015)

Corporate Social Responsibility Report 2016 by ISEKI & CO., LTD.

Note: As a transitional treatment, nine-month results were included in the consolidated results for the fiscal year ended 31, 2015.



# Domestic business

## Economic report

### Developing initiatives to cope with the agriculture facing significant changes we will further expand our domestic business!

Domestic agriculture is now undergoing significant changes, which provide the conventional farming just to produce staple rice with various opportunities to grow other crops like feed rice or vegetables. Furthermore, major change is recently occurring due to introduction of large-scale farming, together with the application of IT and robotic technology into the farming. In response to these changes we will enhance our "support capacity to the customers" by providing high-quality marketing services from various points of view and offering proposals that suit farm management of our customers.

#### Maintenance bases for large-scale farming and introduction of large agricultural machines

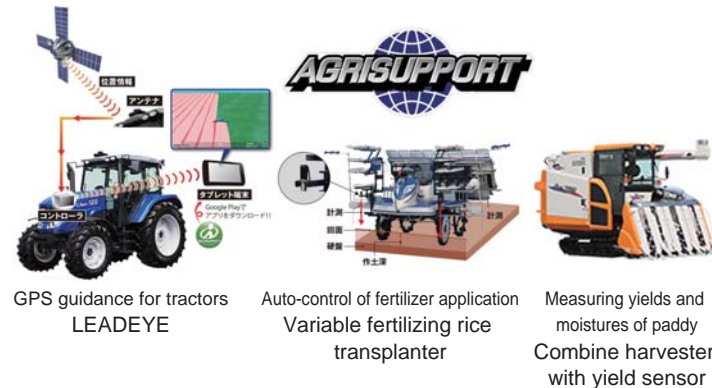
To cope with the trend of large-scale farming, we offer "wide line-up of large machines" and "refurbishment of our maintenance bases" in various locations in Japan.



Large maintenance and service facility (Mashiki town, Kumamoto prefecture)

#### Advanced technology and smart agriculture machinery

We develop and promote the "smart agricultural machinery" and "farm business and management methods," utilizing advanced technologies, such as ICT and robot technology, to improve productivity and efficiency.



Autonomous tractor(under development)

#### Expansion of vegetable machinery to support crop conversion

As to the crop conversion of soybeans, wheat, vegetables, from rice paddies, and the expansion of production, we offer various support with the enhanced line-up that covers the new mechanization system of vegetable farming and know-hows to utilize the machines.



In-Ridge Partial Fertilizer

#### Dream Agricultural Research Institute (Yumesoken)

##### - Research and promotion base of advanced farm business that will support domestic agriculture -

We will enhance joint work with administrative offices, research institutes, universities, JA, and companies to reinforce research, demonstration, and promotion of advanced cultivation technologies and agricultural machinery.

##### <Outline of the activities>

- Advanced farm business technology research
  - (1) Research and demonstration of advanced cultivation technologies, such as low cost agriculture, new strains cultivation, etc.
  - (2) Research and development of advanced agricultural machinery, such as ICT, robot, plant factory, etc.
  - (3) Research of data analysis and effective use of agricultural ICT.
- Farm business promotion
  - (1) Providing consultation of farm business to the farmers, agricultural firms, etc.
  - (2) Human resources development of the group employees, turning them into someone who can offer farm business proposals
  - (3) Offering information on the farm business



Dream Agricultural Research Institute (Yumesoken) and Exhibition Hall (Tsukubamirai city, Ibaraki prefecture)

#### Farm business proposals to support farmers

To establish the cultivation technologies, such as low cost, laborsaving production and crop conversion, we are engaged in "Agri-Heros support project." In this project, we foster human resources who can make farm business proposals from various points of view to support all kinds of farmers like agricultural firms, large-scale farmers and female farmers etc., hoping that they can play a significant role in domestic agriculture in the future.



#### Enhancement of support system (nationwide)

To provide support to farmers nationwide, we will establish large maintenance and service facilities at the sales subsidiaries throughout the country and assign staff who have completed trainings in the "Agri-Heros support project" where they learn how to promote cultivation technologies, agricultural machinery application technologies, advanced agricultural machinery, etc.



#### ISEKI high-tech green house

We research and demonstrate advanced technologies for cultivation and environmental control of the plant factory. Also, we provide trainings to develop human resources in the facility.



ISEKI high-tech green house (Matsuyama city, Ehime prefecture)



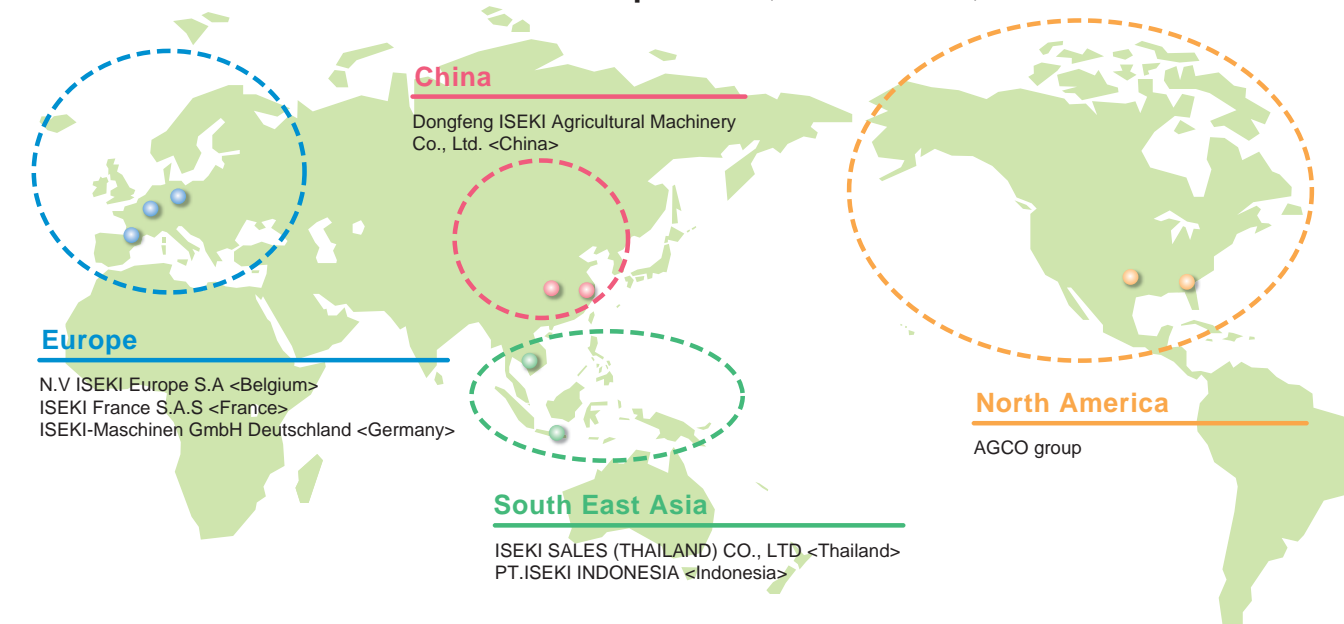
# Overseas business

## Economic report

In addition to the expansion of business in North America and Europe, we regard the business in China and Southeast Asia as our engine of growth and further accelerate our global strategies.

Carrying out our global strategies, we will strive to maintain an overseas sales ratio of at least 20% and improve profitability.

## Main overseas locations and business partners (as at March 31, 2016)



### Business in Europe

#### We will expand sales through initiatives taken by ISEKI France S.A.S

Since the establishment of N.V. ISEKI Europe S.A. in Belgium in 1971, we have introduced products, such as tractors and riding mowers, mainly into the landscaping market and expanded our sales area. Through initiatives taken by our new subsidiary in France, we will further expand the sales by launching new strategic products that meet our customers' requirement.



Full-fledged launch of economy tractors produced in Indonesia in 2016



ISEKI France S.A.S, strategic sales base in Europe

### Business in North America

#### We will increase our market share by full-scale distribution of economy tractors, our strategic product.

In North America, we provide products, such as compact tractors and utility tractors to AGCO cooperation, an agricultural machinery manufacturer with a wide sales network in America, as an OEM supplier. We will expand our market share broader distribution of economy tractors and wider lineup of utility tractors.



Sales start of economy tractors in 2015



Enhancement of utility tractor line

### Business in China

#### We will expand the sales through full-fledged launch of tractors and introduction of new products.

In Chinese market, where agricultural mechanization is advancing rapidly, through the establishment of Dongfeng ISEKI Agricultural Machinery Co., Ltd., we will increase the sales through full-fledged launch of tractors and introduction of new products such as combine harvesters. In 2016, we are constructing a new plant to increase production by supplying not only in China but also in the Southeast Asian market like Indonesia and Thailand.



Full-fledged launch of tractors produced in China in 2016



New plant in Xiangyang, Hubei province

### Business in South East Asia

#### We will try to expand sales through full-scale production at PT. ISEKI INDONESIA and full-fledged launch of strategic tractors.

In the Southeast Asian market, PT. ISEKI INDONESIA, which now reaches full production, will manufacture tractors for the North American and European markets and increase the production for the Asian countries. Also, we will try to establish the ISEKI brand by enhancing the sales of ISEKI SALES THAILAND, which has started selling strategic tractors.



PT. ISEKI INDONESIA, production site for strategic tractors



Strategic tractor for Southeast Asia