

**Financial Results for the Third Quarter  
Fiscal Year Ending March 2010  
Investor Relations Presentation Materials**

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**ISEKI & CO., LTD.**

Kenji Minami, Vice President

February 19, 2010

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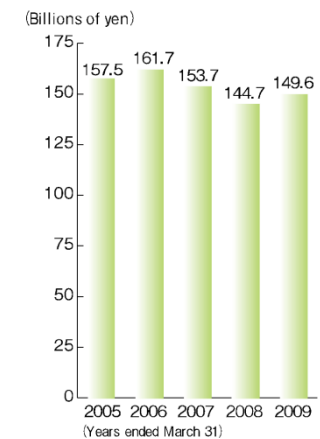
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# 1. Fiscal Year Ending March, 2010

## Outline of Financial Results for the Third Quarter

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Net Sales



# Outline of Third Quarter Business Performance

(9 months cumulative)

(JPY bn, %)

Item	08/Apr.-Dec. Actual	09/Apr.-Dec. Actual		10/Apr.-Dec. Actual		Change	10/Apr.-Dec. Plan	Change
			%		%			
Net Sales	106.1	114.6	100.0	107.9	100.0	(6.7)	107.9	-
(Domestic)	91.9	97.5	85.1	96.3	89.2	(1.2)	96.3	-
(Overseas)	14.2	17.1	14.9	11.6	10.8	(5.5)	11.6	-
Gross Profit	32.6	35.3	30.8	35.7	33.1	0.4	35.6	0.1
S. G. & A. Expenses	32.5	32.8	28.6	31.3	29.0	(1.5)	31.7	(0.4)
Operating Income	0.1	2.5	2.2	4.4	4.1	1.9	3.9	0.5
Ordinary Income	(0.1)	1.9	1.6	3.9	3.6	2.0	3.4	0.5
Net Income	(1.4)	1.0	0.8	2.7	2.5	1.7	2.4	0.3

\* Domestic sales companies, ISEKI-CHANGZHOU MFG. CO. LTD., etc.

Cumulative total: Jan. – Sep.

\* Non- consolidated: Overseas businesses, plants, etc.

Cumulative total: Apr. – Dec.

## Breakdown of Domestic Sales (9 months cumulative)

(JPY bn)

	08/Apr.- Dec.	09/Apr.-Dec.	10/Apr.- Dec.	Change		10/Apr.- Dec.	Change
	Actual	Actual	Actual		Notes		
Cultivating & Mowing Machinery	20.9	22.6	21.5	(1.1)	Tractors: (1.1)	21.5	-
Planting Machinery	9.0	11.3	9.4	(1.9)	Rice Transplanters : (1.9)	9.6	(0.2)
Harvesting & Processing Machinery	16.8	17.7	16.7	(1.0)	Combine Harvesters : (0.5)	16.5	0.2
<b>Agricultural Machinery Total</b>	<b>46.7</b>	<b>51.6</b>	<b>47.6</b>	<b>(4.0)</b>		<b>47.6</b>	<b>-</b>
Parts & Farming Implements	21.4	22.9	23.0	0.1		23.0	-
Construction of Facilities	2.8	2.7	6.5	3.8		6.5	-
Agricultural Machinery Related Business <sup>(*)1</sup>	13.4	13.6	13.3	(0.3)		13.3	-
Others <sup>(*)2</sup>	7.6	6.7	5.9	(0.8)	Stock transfer of an affiliated company	5.9	-
<b>Total</b>	<b>91.9</b>	<b>97.5</b>	<b>96.3</b>	<b>(1.2)</b>		<b>96.3</b>	<b>-</b>

\*1 Repair fee, agricultural materials, etc.

\*2 Revenue from coin-operated rice polishing machines, and other items.

## Breakdown of Overseas Sales (9 months cumulative)

(JPY bn)

Item	08/Apr.- Dec. Actual	09/Apr.- Dec. Actual	10/Apr.- Dec. Actual	Change	Notes	10/Apr.- Dec. Plan	Change
North America	3.3	4.9	2.4	(2.5)	Sluggish market due to recession	2.4	-
Europe	7.0	6.9	3.8	(3.1)	Sluggish market due to recession	3.8	-
Asia	2.5	2.9	3.9	1.0	Market expansion supported by agricultural policy	3.9	-
(China)*	1.1	2.0	3.0	1.0		3.0	-
Oceania	0.3	0.8	0.2	(0.6)		0.2	-
Products Total	13.1	15.5	10.3	(5.2)		10.3	-
Parts & Others	1.1	1.6	1.3	(0.3)		1.3	-
Total	14.2	17.1	11.6	(5.5)		11.6	-

\*Sales for China are actual results (Jan.-Sep.)

## Operating Income (9 months cumulative)

(JPY bn, %)

Item	08/Apr.-Dec. Actual		09/Apr.- Dec. Actual		10/Apr.- Dec. Actual		Change	10/Apr.- Dec. Plan	Change
		%		%		%			
Net Sales	106.1	100.0	114.6	100.0	107.9	100.0	(6.7)	107.9	-
Cost of G. S.	73.5	69.2	79.3	69.2	72.2	66.9	(7.1)	72.3	(0.1)
Gross Profit	32.6	30.8	35.3	30.8	35.7	33.1	0.4	35.6	0.1
S. G. & A. Expenses	32.5	30.7	32.8	28.6	31.3	29.0	(1.5)	31.7	(0.4)
Operating Income	0.1	0.1	2.5	2.2	4.4	4.1	1.9	3.9	0.5

\* Compared with the same period of previous year

[Factors to decrease profit]	•Decreased gross income by decreased revenue	: (2.1)	} Factors to decrease profit in the previous fiscal year.
	•Forex loss	: (0.4)	
	•Others	: (0.2)	
[Factors to increase profit]	•Improved profitability by price raise of products	: +1.7	
	•Reduced raw material price (cost down)	: +0.8	
	•Change in inventory valuation method	: +0.4	
	•Change in evaluation standard and method of inventory assets	: +0.2	
	•S.G.& A. expenses (distribution cost, etc)	: +1.5	

## Ordinary Income and Quarterly Net Income (9 months cumulative)

(JPY bn)

Item	08/Apr.-Dec.	09/Apr.- Dec.	10/Apr.- Dec.	Change	10/Apr.- Dec.	Change
	Actual	Actual	Actual		Plan	
Operating Income	0.1	2.5	4.4	1.9	3.9	0.5
Net Financial Income	(0.9)	(0.9)	(0.8)	0.1	(0.9)	0.1
Other Non-operating Income	0.7	0.3	0.3	-	0.4	(0.1)
Ordinary Income	(0.1)	1.9	3.9	2.0	3.4	0.5
Extraordinary Gains	1.4	0.6		(0.6)		-
Extraordinary Losses	(1.6)	(0.7)	(0.2)	0.5	(0.1)	(0.1)
Income before Income Taxes	(0.3)	1.8	3.7	1.9	3.3	0.4
Taxes, Deferred Taxes	(1.1)	(0.8)	(1.0)	(0.2)	(0.9)	(0.1)
2Q Net Income	(1.4)	1.0	2.7	1.7	2.4	0.3



# Balance Sheet

(JPY bn)

Item	07/Dec. Actual	08/Dec. Actual	09/Dec. Actual	Change from 08/Dec.	Change from 07/Dec.
Cash/Cash Equivalents	6.9	9.9	10.8	0.9	3.9
Accounts Receivables	34.2	29.0	35.5	6.5	1.3
Inventories	44.8	41.4	45.1	3.7	0.3
(Product Inventory)	28.0	25.9	30.5	4.6	2.5
Other Current Assets	3.7	3.2	2.6	(0.6)	(1.1)
Fixed Assets	91.2	89.3	90.2	0.9	(1.0)
<b>Total Assets</b>	<b>180.8</b>	<b>172.8</b>	<b>184.2</b>	<b>11.4</b>	<b>3.4</b>
Accounts Payables	40.1	42.4	44.1	1.7	4.0
Debs/Borrowings	66.7	56.6	60.8	4.2	(5.9)
Other Liabilities	21.0	20.9	23.6	2.7	2.6
(Total Liabilities)	127.8	119.9	128.5	8.6	0.7
Net Assets	53.0	52.9	55.7	2.8	2.7
(Retained Earnings)	4.2	5.0	6.7	1.7	2.5
<b>Total Liabilities and Shareholders' Equity</b>	<b>180.8</b>	<b>172.8</b>	<b>184.2</b>	<b>11.4</b>	<b>3.4</b>

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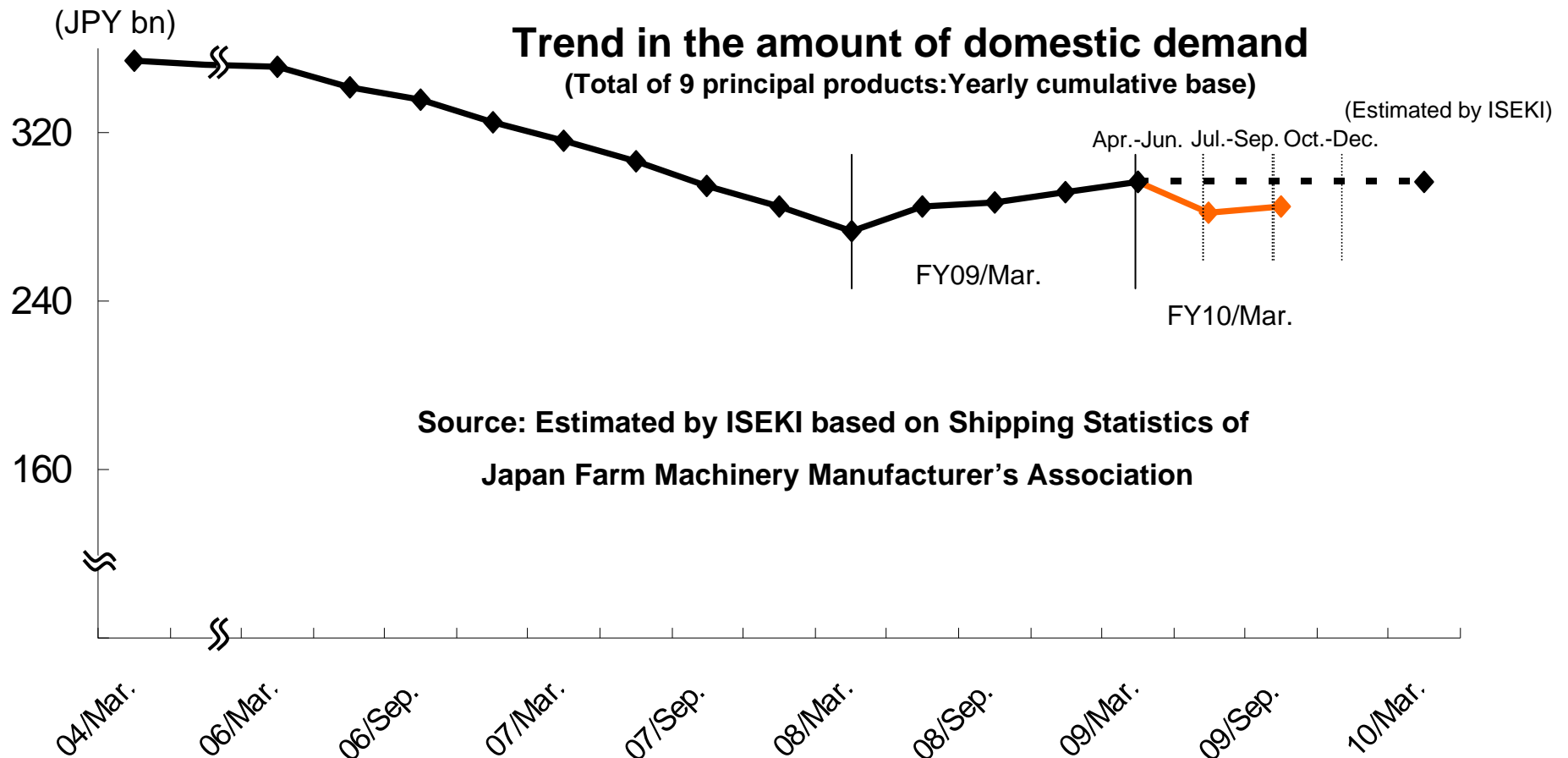
## 2. Recent Development in Domestic and Overseas Markets

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# Trends of Domestic Demand for Agricultural Machinery

## Trend of Demand for Agricultural Machinery (Forecast)



# Trends in Domestic Agricultural Machinery Market

## Trends in domestic agricultural machinery industry shipment and effective sales of ISEKI

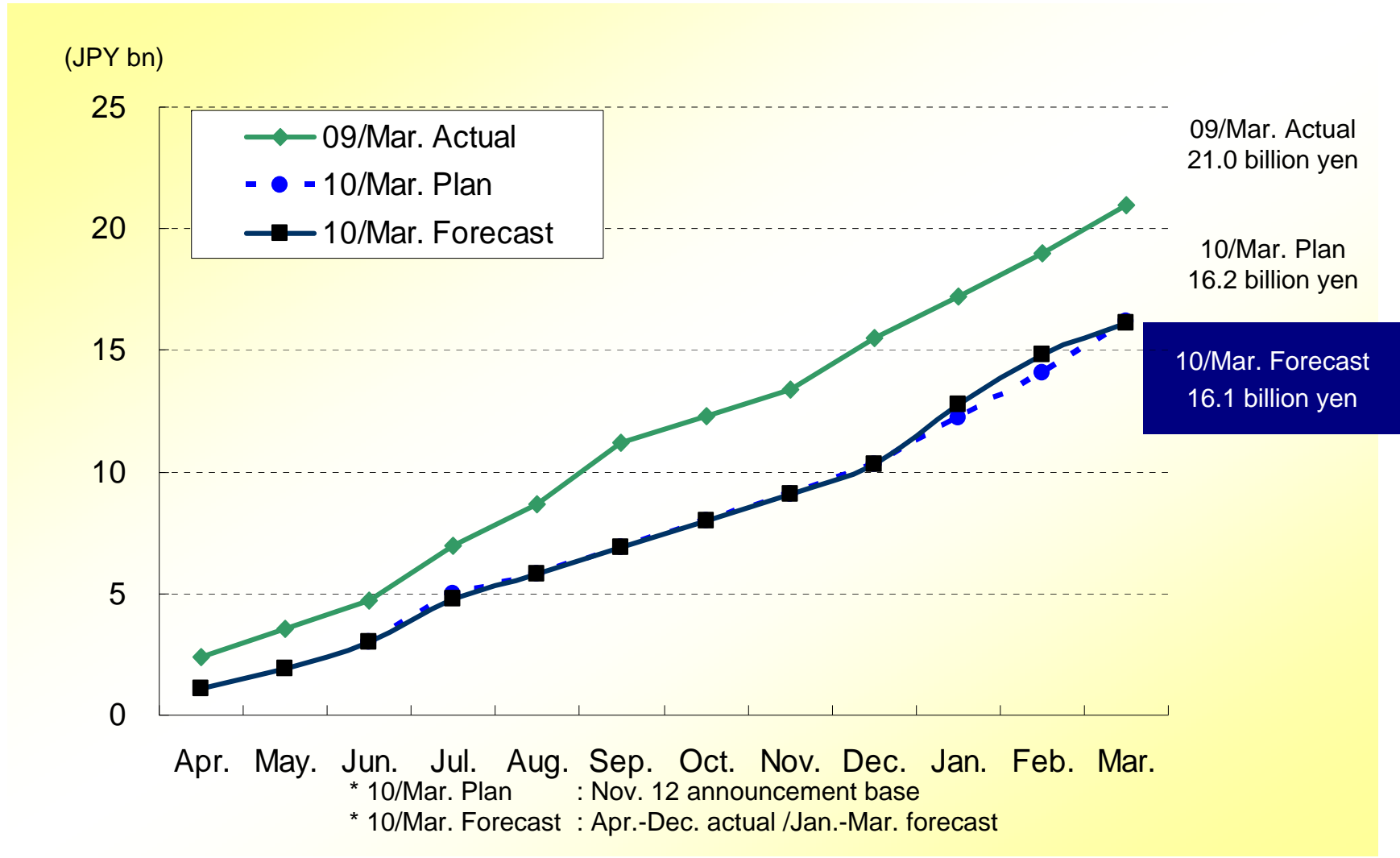
\* Total amount of 9 products, Y o Y growth rate (%)

\* Source: Estimated by ISEKI based on shipping statistics of Japan Farm Machinery Manufacturer's Association

	07/Jan.-Dec.	08/Jan.-Dec.	09/Jan.-Dec.
Industry (Shipment)	87	103	100
ISEKI (Effective sales)	89	109	95

- Shipping in the industry remained more or less the same as the previous year.

# Recent Trend of Overseas Product Sales



# Trend in Overseas Markets (North America)

## 1. Compact Tractor Market in North America

\* Tractors with 50PS engines (PTO40PS) or less, and lawn mowers are not included

	08/	09/	Y o Y change	
	Jan.- Dec.	Jan.- Dec.	Change	(%)
USA	99	80	(20)	80
Canada	14	11	(3)	76
N. America Total	113	90	(23)	80

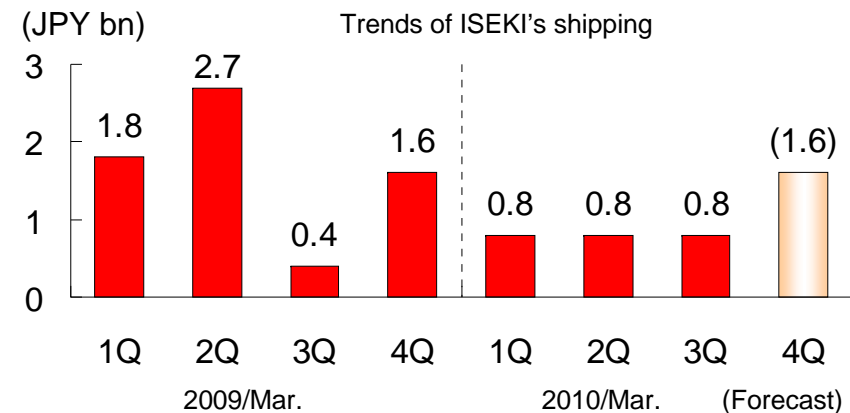
(Unit:1,000)

\* Figures have been rounded and non-adjusted.

Source: AEM statistics (Association of Equipment Manufacturers)

## 2. Trend in ISEKI's Sales (North America)

- While the market has not moved towards a major recovery, shipping to the OEM partner declined substantially due to the tightening of its inventory control of purchasing products.
- However, effective sales of the OEM partner remained above market trends, and the share increased.
- We will further strengthen our market competitiveness hereafter by an enriched line-up and cost reduction.



# Trends in Overseas Markets (Europe)

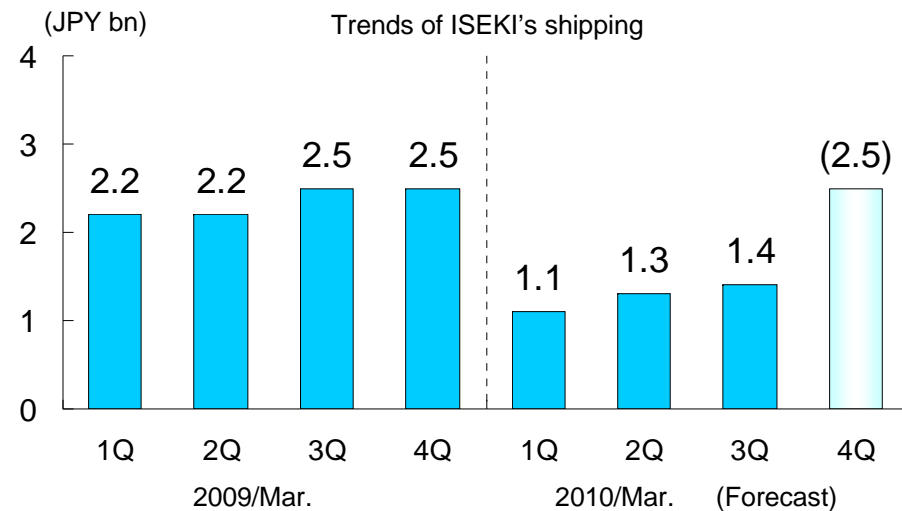
## 1. Trends in European Market

Sales in Landscaping market

- Despite regional differences, the market demand is inactive in general due to recession.
- By continued budget reduction in the landscaping market, we anticipate a weak trend in the professional market.

## 2. Trends in ISEKI's Sales (Europe)

- Effective sales by European agents in Jan/Dec 2009 were 94% compared with the same period of the previous year.
- Due to the expectation of a prolonged recession, agents tightened inventory control, squeezing purchasing. This caused a substantial decline in our shipping.
- The market is likely to remain weak in 2010, and we will try to step up shipping mainly through the introduction of the new type SXG15 in France.



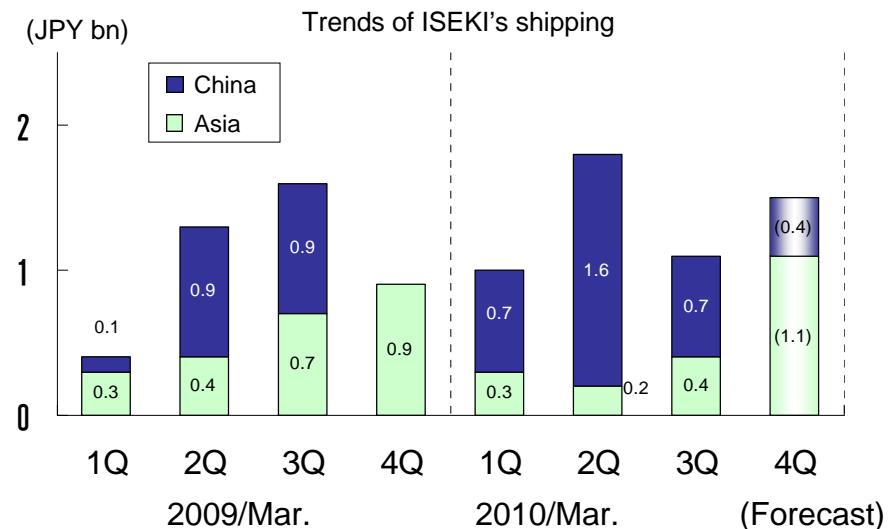
# Trends in Overseas Markets (Asia)

## 1. Trends in Asian Market

- China: Market expansion by strong support from the promotion of farming mechanization policy by the government.
- South East Asia: The market has been activated by a raise in the international grain prices and agriculture support policy by the government.

## 2. Trend of ISEKI's product sales (Asia)

- China : Market expanded supported by the agricultural policy. Both rice transplanters and combine harvesters were selling well.
- Korea : The economy is in a moderate recovery phase, but ISEKI's shipping remained weak due to weaker won.
- South East Asia (Thailand/Malaysia): We will continue to try to expand sales by an enriched line-up, such as more high-powered tractors.





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## **3. Performance Forecast for the Fiscal Year Ending March 2010**

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# Revised Performance Forecast for the Fiscal Year Ending March 2010

(JPY bn)

Item	10/Mar.		Change	09/Mar. Actual	Change
	Previous Forecast Announced on Nov. 12	Current Forecast			
Net Sales	150.0	148.0	(2.0)	149.6	(1.6)
(Domestic)	132.0	130.0	(2.0)	126.5	3.5
(Overseas)	18.0	18.0	–	23.1	(5.1)
Operating Income	3.3	3.3	–	1.6	1.7
Ordinary Income	2.1	2.1	–	0.8	1.3
Net Income	1.1	1.1	–	0.0	1.1

[Company forex rate]

	US Dollar	Euro
09/Sep.	¥ 95	¥ 130
09/Dec.	¥ 94	¥ 131
Company forex rate	¥ 90	¥ 130

# Revised Performance Forecast (Breakdown of Domestic Sales)

(JPY bn)

	10/Mar.		Change	09/Mar. Actual	Change
	Previous Forecast <small>Announced on Nov. 12</small>	Current Forecast			
Cultivating & Mowing Machinery	27.8	27.7	(0.1)	27.5	0.2
Planting Machinery	12.7	11.1	(1.6)	13.3	(2.2)
Harvesting and Processing Machinery	25.5	24.6	(0.9)	25.3	(0.7)
<b>Agricultural Machinery Total</b>	<b>66.0</b>	<b>63.4</b>	<b>(2.6)</b>	<b>66.1</b>	<b>(2.7)</b>
Parts & Farming Implements	29.8	30.4	0.6	29.5	0.9
Construction of Facilities	10.2	10.5	0.3	4.0	6.5
Agricultural Machinery Related Business	17.2	17.1	(0.1)	17.7	(0.6)
Others	8.8	8.6	(0.2)	9.2	(0.6)
<b>Total</b>	<b>132.0</b>	<b>130.0</b>	<b>(2.0)</b>	<b>126.5</b>	<b>3.5</b>

\*Cultivating Machinery : Tractors, Tillers

\*Planting Machinery : Rice transplanters, Vegetable transplanters

\*Harvesting & Processing Machinery : Combine harvesters, Dryers, Rice huller, etc.

\*Agricultural Machinery Related Business : Repair fees, Agricultural materials, etc

\*Others : Revenue from coin-operated rice polishing machines, and others (Incl. SUM Electro Mechanic Co., LTD.)

## Performance Forecast (Breakdown of Overseas Sales)

(JPY bn)

	10/Mar.		Change	09/Mar. Actual	Change
	Previpous Forecast <small>Announced on Nov. 12</small>	Current Forecast			
North America	4.1	4.0	(0.1)	6.5	(2.5)
Europe	6.3	6.3	-	9.4	(3.1)
Asia	5.4	5.4	-	4.2	1.2
(China)	3.4	3.4	-	1.9	1.5
Australia, etc.	0.4	0.4	-	0.9	(0.5)
<b>Overseas Products Total</b>	<b>16.2</b>	<b>16.1</b>	<b>(0.1)</b>	<b>21.0</b>	<b>(4.9)</b>
Parts & Others	1.8	1.9	0.1	2.1	(0.2)
<b>Total</b>	<b>18.0</b>	<b>18.0</b>	<b>-</b>	<b>23.1</b>	<b>(5.1)</b>

\* Company forex rate for the 2nd half: 1 US\$=¥90, 1 Euro=¥130

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## 4. Topics

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- Trend of Domestic Agricultural Policy
- "85th Anniversary of Inauguration" of ISEKI & CO., LTD.



Electric mini tillers  
"Elena" and "Asuna"

## Trend of Domestic Agricultural Policy [Points of FY2010 MAFF Budget]

### ○Matters of Importance of the FY2010 MAFF Budget

Total amount: ¥2.4517 trillion (95.8% compared with the previous year)

1. Introduction of income compensation system for each household
2. Creation of a new industry by conversion of rural areas into the sixth industries
3. Securement of farm land, and scale expansion by management of the Revised Agricultural Land Act.
4. Measures to secure safety of foods.

[Model measures under the income compensation system for each household  
:¥561.8 billion]

Newly created by FY2010 budget

- 1) Model business of rice farm income compensation for each household (¥337.1 billion)
  - Paid direct to selling farmers who produce in compliance with production target of rice
  - Targeted farmers: More than 1.8 million farm households
- 2) Business to better utilize and enhance self-sufficiency of paddy fields (¥216.7 billion)
  - Secure comparable income of food rice to selling farmers who engage in production of wheat, soybeans, rice powder and feed rice.

# [The 85th Anniversary of Inauguration] of ISEKI & CO., LTD.



Our company-wide unified slogan [Cheering Squad Supporting Dream of Agriculture! ISEKI]

- Engagements of ISEKI Group
  - FOOD ACTION NIPPON Increase food self-sufficiency ratio campaign  
[Local production, local consumption], [Energy saving/low cost agriculture],  
[Towards future of food]
  - Promotion of industry/government/academy partnership  
Promotion of joint study/development centering on advanced plant factories
  - Product strategy  
Introduction of commemorative products of the 85th anniversary  
(To follow HJ-Japan, electric mini tillers,...)
  - Sales promotion activities  
Enhancement of recognition and image by nation-wide unified TV commercial

## Notes on the Future Forecast

- The objective of this presentation document is to provide information, and it is not intended to invite any action.
- The document has been prepared by ISEKI based on currently available information and it involves potential risks and uncertainties. The forecast may not be consistent with actual results depending on fluctuation of the economic situation and market trends.
- In using this information, investors are expected to depend on their own judgment. ISEKI is not liable for any losses incurred by investment decision made utilizing the business forecast or targets given in this document.



Increase food self sufficiency ratio 1% campaign which leads to relief in the future

**FOOD ACTION NIPPON**

ISEKI group is partner of FOOD ACTION NIPPON.