

**Financial Results for the Second Quarter  
Fiscal Year Ending March, 2009  
Investor Relations Presentation Materials**

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**ISEKI & CO.,LTD.**

Seiichiro Gamo, President

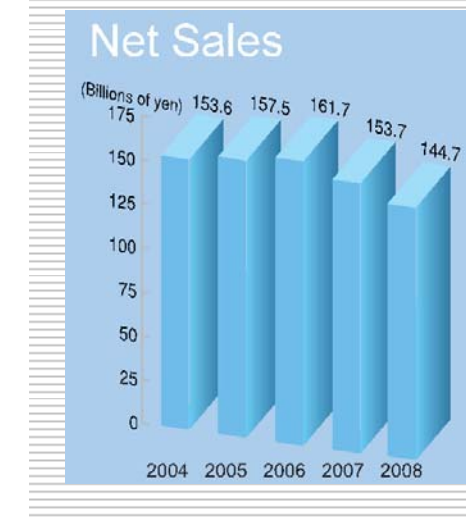
November 20, 2008

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# 1. Fiscal Year Ending March, 2009

## Outline of Financial Results for the Second Quarter



## Outline of Financial Results for the Second Quarter

(JPY bn, %)

Item	07/2Q Cumulative		08/2Q Cumulative		Change	08/2Q Plan Announced on Aug.13	Change
	Value	%	Value	%			
Net Sales	<b>71.2</b>	100.0	<b>77.0</b>	100.0	5.8	<b>76.0</b>	1.0
(Domestic)	61.8	86.8	64.6	83.8	2.8	63.6	1.0
(Overseas)	9.4	13.2	12.4	16.1	3.0	12.4	-
Gross Profit	21.7	30.5	23.4	30.3	1.7	22.8	0.6
S. G. & A. Expenses	22.0	31.0	22.2	28.8	0.2	22.3	(0.1)
Operating Income	<b>(0.3)</b>	(0.4)	<b>1.2</b>	1.6	1.5	<b>0.5</b>	0.7
Ordinary Income	<b>(0.4)</b>	(0.5)	<b>1.1</b>	1.5	1.5	<b>0.2</b>	0.9
Net Income	<b>(2.2)</b>	(3.1)	<b>0.7</b>	0.9	2.9	<b>(0.6)</b>	1.3

# Breakdown of Domestic Sales

(JPY bn)

	07/2Q	08/2Q	Change		08/2Q	Change	
	Cumulative	Cumulative		Notes	Plan Announced on Aug.13		Notes
Cultivating & Mowing Machinery	16.4	17.0	0.6	Tractors: +0.6	16.6	0.4	Tractors: +0.4
Planting Machinery	7.4	8.8	1.4	Rice Transplanters : + 1.3	8.0	0.8	Rice Transplanters: +0.7
Harvesting & Processing Machinery	6.7	7.3	0.6	Combine Harvesters : + 0.5	7.6	(0.3)	Dryers: (0.2)
<b>Agricultural Machinery Total</b>	<b>30.5</b>	<b>33.1</b>	<b>2.6</b>		<b>32.2</b>	<b>0.9</b>	
Parts & Farming Implements	14.5	15.4	0.9		15.3	0.1	
Construction of Facilities	1.8	1.7	(0.1)		1.2	0.5	
Agricultural Machinery Related Business (*1)	9.7	9.7	-		10.0	(0.3)	
Others (*2)	5.3	4.7	(0.6)	OEM Construction Machinery:(0.5)	4.9	(0.2)	
<b>Total</b>	<b>61.8</b>	<b>64.6</b>	<b>2.8</b>		<b>63.6</b>	<b>1.0</b>	

\*1 Repair fee, agricultural materials, etc. \*2 Revenue from coin-operated rice polishing machines and other items.

# Breakdown of Overseas Sales

(JPY bn)

Item	07/2Q Cumulative	08/2Q Cumulative	Change	Notes	08/2Q Plan Announced on Aug.13	Change
North America	2.5	4.5	2.0	Increase in shipment of tractor to OEM partner	4.5	-
Europe	4.6	4.4	(0.2)		4.2	0.2
Asia	1.4	1.7	0.3		1.8	(0.1)
(China)*	0.7	1.0	0.3		1.0	-
Oceania	0.2	0.6	0.4		0.7	(0.1)
Products Total	8.7	11.2	2.5		11.2	-
Parts & Others	0.7	1.2	0.5	Engine : +0.4	1.2	-
Total	9.4	12.4	3.0		12.4	-

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

# Operating Income

(JPY bn, %)

Item	07/2Q Cumulative		08/2Q Cumulative		Change	08/2Q Plan <small>Announced on Aug.13</small>	Change
	Value	%	Value	%			
Net Sales	71.2	100.0	77.0	100.0	5.8	76.0	1.0
Cost of G. S.	49.5	69.5	53.6	69.6	4.1	53.2	0.4
Gross Profit	21.7	30.5	23.4	30.4	1.7	22.8	0.6
S. G. & A. Expenses	22.0	31.0	22.2	28.8	0.2	22.3	(0.1)
Operating Income	(0.3)	(0.4)	1.2	1.6	1.5	0.5	0.7

\* Compared with the same period of previous year

[ Factors to decrease profit]

- Change in inventory valuation method : (0.4)
- Forex loss : (0.4)
- Raised raw material price : (0.7)
- Increased S.G. & A. expenses (distribution cost, etc.) : (0.2)

[ Factors to increase profit]

- Increased gross income by increased revenue : +1.8
- Restructuring effect : +0.5
- Increased income by decreased inventory : +0.7
- Others : +0.2

# Ordinary Income and Net Income

(JPY bn)

Item					
	07/2Q Cumulative	08/2Q Cumulative	Change	08/2Q Plan Announced on Aug.13	Change
Operating Income	(0.3)	1.2	1.5	0.5	0.7
Net Financial Income	(0.6)	(0.6)	-	(0.7)	0.1
Other Non-operating Income	0.5	0.5	-	0.4	0.1
Ordinary Income	(0.4)	1.1	1.5	0.2	0.9
Extraordinary Gains	1.0	0.2	(0.8)	0.1	0.1
Extraordinary Losses	(1.6)	(0.3)	1.3	(0.4)	0.1
Income before Income Taxes	(1.0)	1.0	2.0	(0.1)	1.1
Taxes, Deferred Taxes	(1.2)	(0.3)	0.9	(0.5)	0.2
2Q Net Income	(2.2)	0.7	2.9	(0.6)	1.3

\* Factors of YoY change

[Extraordinary Gains] Gain on sale of investment securities : (0.8)

[Extraordinary Losses] Special loss for voluntary retirees: +0.9, Others: +0.4

[Taxes, Deferred Taxes] Effect of liquidation of deferred tax asset by ISEKI (Non-consolidated) last year : +0.9



# Balance Sheet

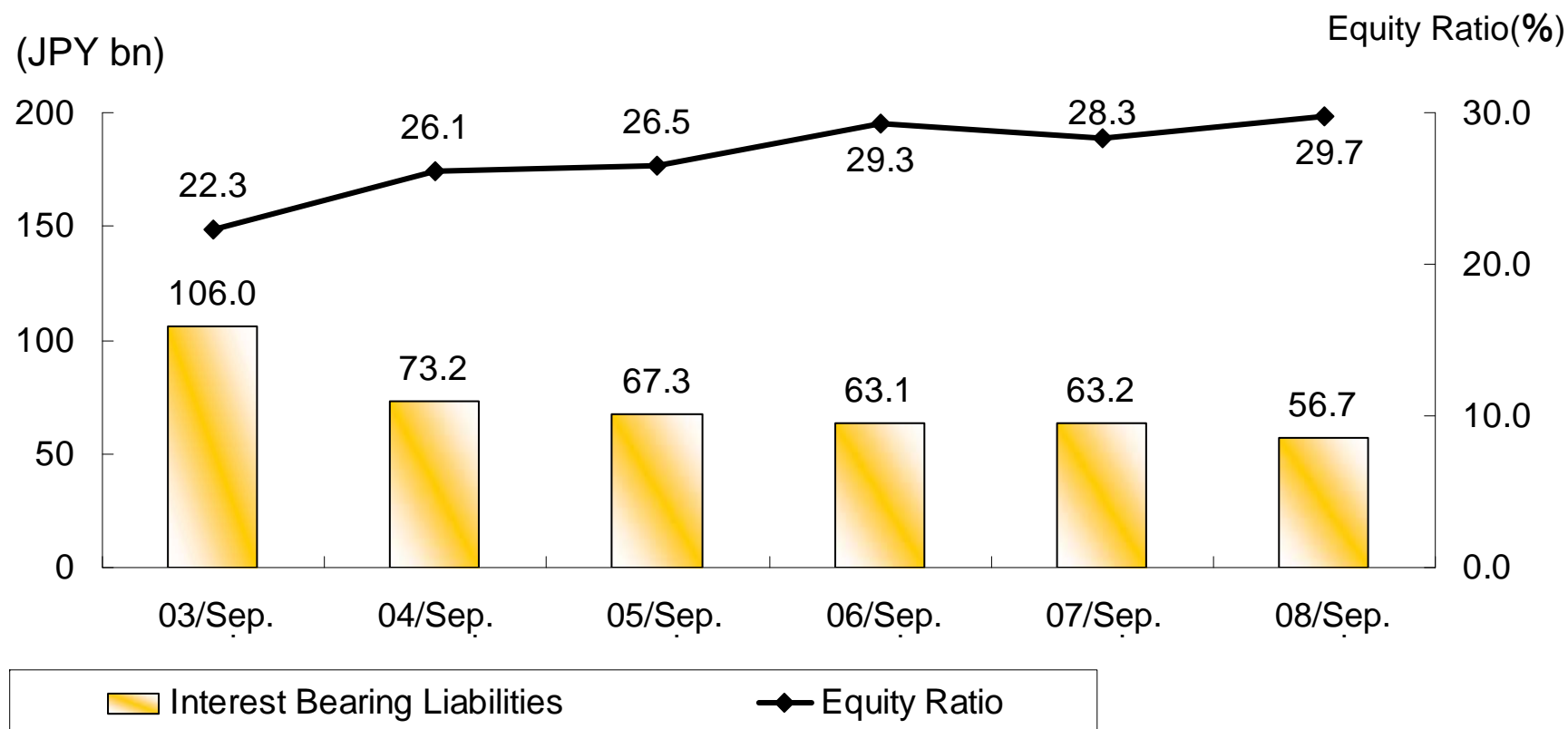
(JPY bn)

Item	07/ Sep. Actual	08/Sep. Actual	Change	(Refernce) 08/Mar. Actual
Cash/Cash Equivalents	7.3	6.8	(0.5)	5.8
Accounts Receivables	33.5	34.4	0.9	28.9
Inventories	45.2	38.6	(6.6)	42.6
(Product Inventory)	28.3	22.8	(5.5)	27.1
Other Current Assets	2.8	2.6	(0.2)	3.4
Fixed Assets	92.0	90.9	(1.1)	92.5
<b>Total Assets</b>	<b>180.8</b>	<b>173.3</b>	<b>(7.5)</b>	<b>173.2</b>
Debts/Borrowings	63.2	56.7	(6.5)	57.9
Other Liabilities	64.9	63.6	(1.3)	62.8
<b>(Total Liabilities)</b>	<b>128.1</b>	<b>120.3</b>	<b>(7.8)</b>	<b>120.7</b>
<b>Net Assets</b>	<b>52.7</b>	<b>53.0</b>	<b>0.3</b>	<b>52.5</b>
(Retained Earnings)	3.3	4.8	1.5	4.1
<b>Total Liabilities and Shareholders' Equity</b>	<b>180.8</b>	<b>173.3</b>	<b>(7.5)</b>	<b>173.2</b>

# Trend of Interest Bearing Liabilities & Equity Ratio

## [Trend of consolidated interest bearing liabilities and equity ratio in 2Q]

Balance of interest bearing liabilities  
(Including discount bill)

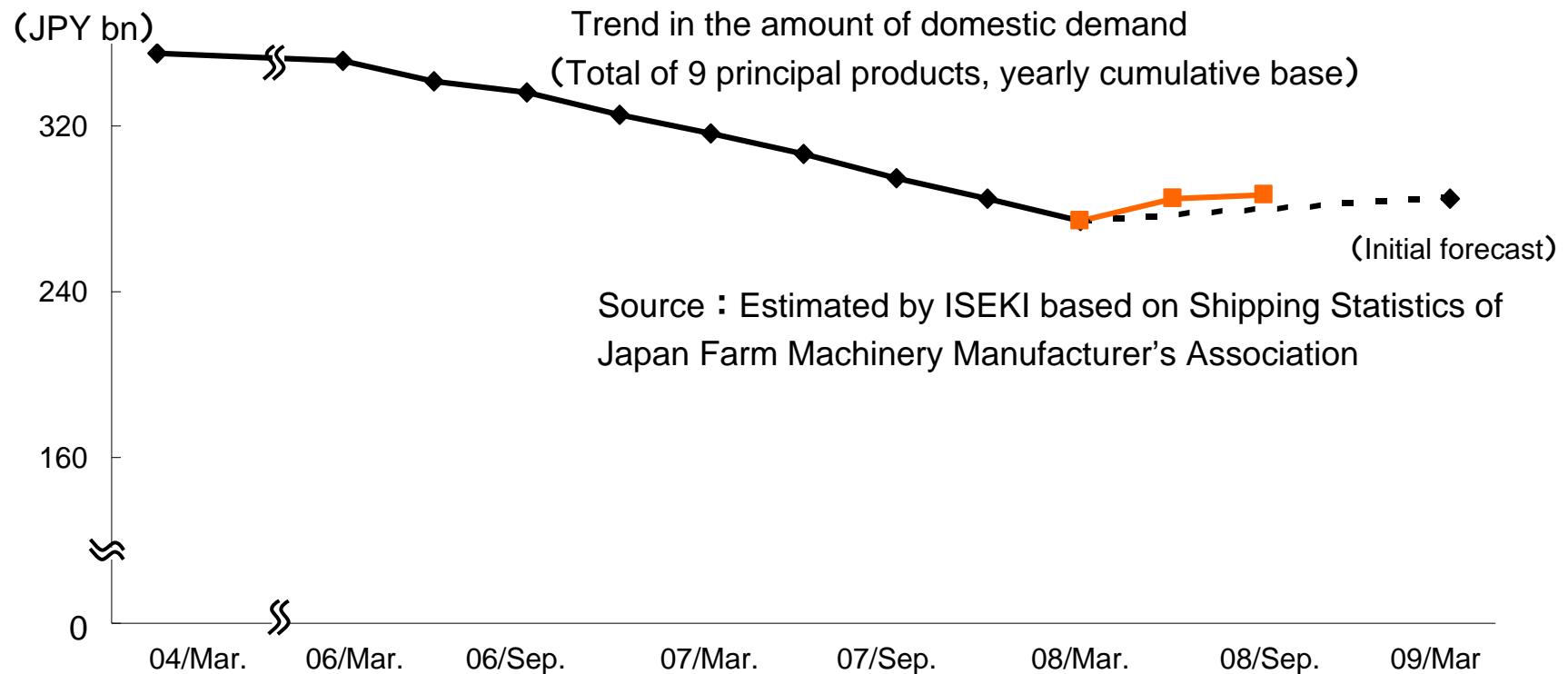


## 2. Recent Development in Domestic and Overseas Markets



# Trend of Domestic Demand for Agricultural Machinery

## Trend of Demand for Agricultural Machinery (Forecast)



- (1) Recovery trend of the market from the start of this year.
- (2) Increased demand in June and July before price raise by agricultural machinery manufacturers.
- (3) Demand dipped in August and September by effect of the price raise, but the trend is for gradual recovery.

# Trend in Domestic Agricultural Machinery Market

## 1. Trends in domestic agricultural machinery industry shipping 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.-Sep.	08/Jan.-Sep.	07/Oct.-08/Sep.
Industry (Shipping) *	89	101	97
ISEKI (Effective sales)	87	115	110



- Shipping in the industry on yearly cumulative base is on a weak tendency, but there is a recovery trend exceeding the previous year Y 0 Y (Jan.-Sep.).
- ISEKI's effective sales on yearly cumulative base exceeded previous year. Because of the increased demand before price raise, Jan.-Sep. sales moved solidly for all products.

# Trend of Domestic Agricultural Policy

## [Latest trend]

October Supplementary budget of MAFF for FY2008 Total ¥260.2 billion

[Measures for fuel, feed and fertilizer in farming] ¥79.0 billion


- Relief program for hiked fertilizer and fuel  Compensation approx.70% after harvesting
- Relief program for urgent conversion of fertilizing system  Support to preparation of new cost saving system for fertilizing technology



ISEKI: Inside ridge processing machine (UBS21)

October Prime Minister Aso announced additional economic measures. Budget for measures for agriculture, forestry and fishery ¥143.5 billion.

[Full utilization of paddy field]:

- Expanded crop conversion to rice powder and feed rice  Subsidy ¥55 thousand/10 a
- Fresh wheat planting by double cropping

## [Budgetary request of MAFF for FY2009]

113.6% compared with FY2008. ¥2.9967 trillion

Theme for FY2009: Reinforced domestic food supply capacity

[Comprehensive countermeasures for effective use and increased supplying capacity of paddy field, etc.]

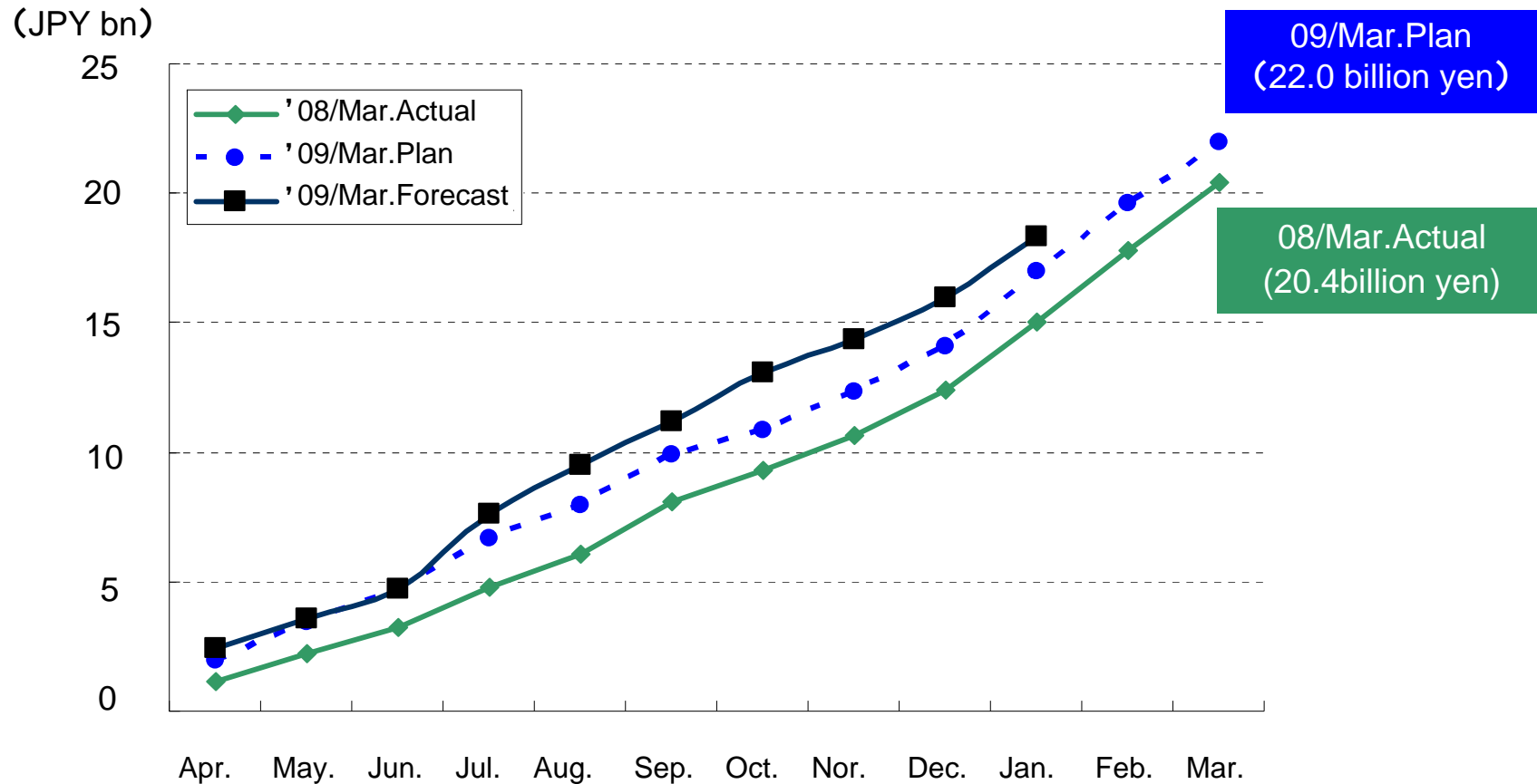
¥302.5 billion

- Measures to promote effective use of paddy field, etc.
- Subsidy for establishment of production centers
- Subsidy for emergency countermeasures for reclamation of abandoned farm land



Overall support of efforts to improve food self sufficiency ratio  
 -Towards 50% self-sufficiency ratio-

# Recent Trend of Overseas Sales



•09/Mar.Forecast : Jan.-Apr. is based on orders received

# 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

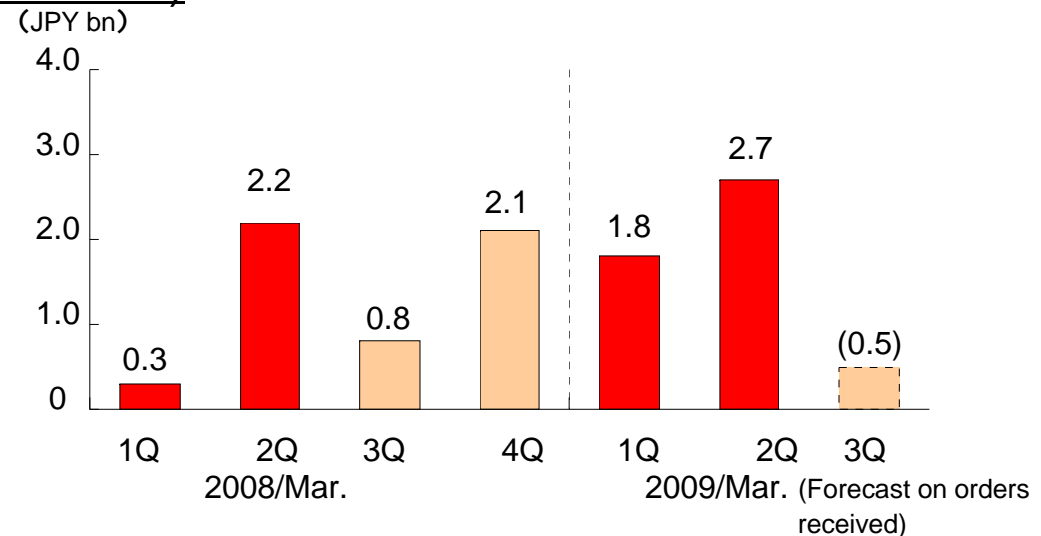
	07/Jan.~Oct.	08/Jan~Oct.	Y o Y change	
				(%)
USA	104	90	(14)	87
Canada	10	12	2	125
N.America Total	114	102	(12)	90

(Unit:1,000)

Source : **A E M** statistics (Association of Equipment Manufacturers)

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

- Effective sales in Jan.-Oct. by OEM partner exceeded market average. Aggressive sales promotion continued to be rewarded.
- ISEKI's shipping has exceeded level of the previous year to date.





# Trend in Overseas Markets (Europe)

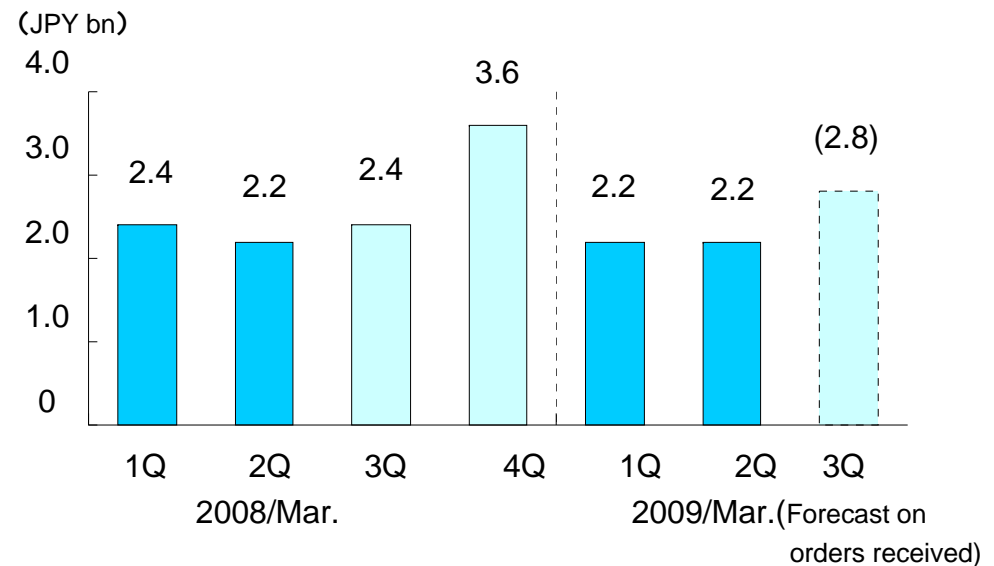
## 1. Trends in European Market

Sales in landscaping market

- Sales in market for professionals stayed relatively stable in general, but tend to slow down.

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

- Effective winter sales of European distributors were unfavorable due to warm climate in some areas. But there is recovery trend after season.
- ISEKI's shipping delayed the plan until 2Q, but Apr.-Dec. shipping will be in line with the previous year.



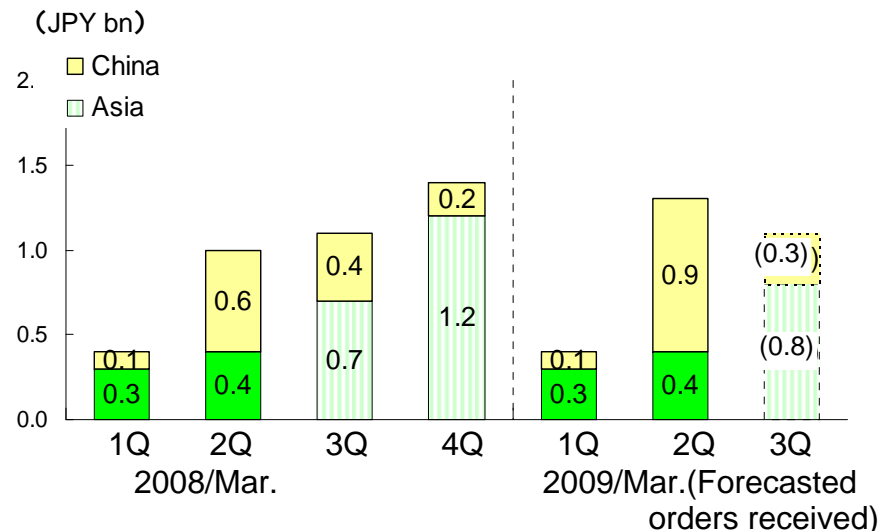
# Trend in Overseas Market (Asia)

## 1. Trends in Asian Market

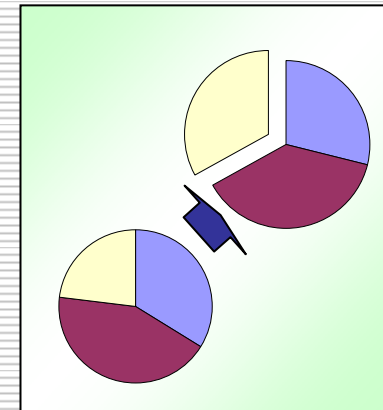
- China: Market expansion by promotion of farming mechanization policy by the government. Sales of rice transplanters fared well.
- South East Asia: Market expanded by policy to increase rice culture

## 2. Trend in ISEKI's Sales (Asia)

- China  
Sales of rice transplanters and combine harvesters fared well in line with market expansion.
- Korea  
Effective sales of tractors shipped last year were favorable. Prospect up to 3Q is solid, but need to watch trend afterward.
- South East Asia  
Introduced 38hp tractors with a good start.



## 3. Performance Forecast for the Fiscal Year Ending March 31, 2009



## Revised Performance Forecast for the Fiscal Year Ending March 2009

(JPY bn)

Item	09/Mar.		Change	08/Mar.	Change
	Previous Forecast	Current Forecast		Full Year	
Net Sales	154.5	152.5	(2.0)	144.7	7.8
(Domestic)	130.5	128.5	(2.0)	122.7	5.8
(Overseas)	24.0	24.0	-	22.0	2.0
Operating Income	3.3	2.9	(0.4)	0.7	2.2
Ordinary Income	1.9	1.9	-	0.0	1.9
Net Income	0.6	0.8	0.2	(1.5)	2.3

- Company forex rate in latter half year: \$1=¥100; 1Euro=¥135
- Previous performance forecast was announced on May 15.

[Special Note].

As of October 1: Shares of a consolidated subsidiary, SUM Electro Mechanic Co., LTD. were transferred (Main business: R&D, manufacturing and sales of testing equipment, measuring equipment, etc.)

## Revised Performance Forecast (Breakdown of Domestic Sales)

(JPY bn)

	09/Mar.		Change	08/Mar.	Change
	Previous Forecast	Current Forecast		Actual	
				Announced on May 15	
*Cultivating & Mowing Machinery	28.0	29.0	1.0	26.9	2.1
Planting Machinery	12.3	13.3	1.0	11.5	1.8
Harvesting and Processing Machinery	25.7	25.7	-	24.2	1.5
<b>Agricultural Machinery Total</b>	<b>66.0</b>	<b>68.0</b>	<b>2.0</b>	<b>62.6</b>	<b>5.4</b>
Parts & Farming Implements	29.5	29.2	(0.3)	27.9	1.3
Construction of Facilities	5.8	4.0	(1.8)	4.0	-
Agricultural Machinery Related Business	18.2	17.9	(0.3)	17.6	0.3
Others	11.0	9.4	(1.6)	10.6	(1.2)
<b>Total</b>	<b>130.5</b>	<b>128.5</b>	<b>(2.0)</b>	<b>122.7</b>	<b>5.8</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)

	09/Mar.		Change	08/Mar.	Change
	Previous Forecast	Current Forecast		Actual	
				Announced on May 15	
North America	6.5	6.4	(0.1)	5.4	1.0
Europe	10.8	9.9	(0.9)	10.6	(0.7)
Asia	4.0	4.7	0.7	3.9	0.8
(China)	1.8	2.0	0.2	1.3	0.7
Australia, etc.	0.7	0.9	0.2	0.5	0.4
Overseas Products Total	22.0	21.9	(0.1)	20.4	1.5
Parts & Others	2.0	2.1	0.1	1.6	0.5
Total	24.0	24.0	-	22.0	2.0

▪ Company forex rate in latter half year: \$1=¥100; 1Euro=¥135

## Performance Forecast ( Breakdown of Operating Income )

(JPY bn)

Item	09/Mar.		Change	08/Mar.	Change
	Previous Forecast	Current Forecast		Actual	
Net Sales	154.5	152.5	(2.0)	144.7	7.8
(Domestic)	130.5	128.5	(2.0)	122.7	5.8
(Overseas)	24.0	24.0	-	22.0	2.0
Cost of G. S.	105.8	104.5	(1.3)	99.6	4.9
Gross Profit	48.7	48.0	(0.7)	45.1	2.9
S. G .& A. Expenses	45.4	45.1	(0.3)	44.4	0.7
Operating Income	3.3	2.9	(0.4)	0.7	2.2

**【Factors to increase profit】**

Increased gross income by increased revenue  
from domestic agricultural machinery : +0.6  
Reduced SG&A expenses (personnel costs) : +0.3

**【Factors to decrease profit】**

Added price raise of raw materials : (0.4)  
Review of forex rate : (0.4)  
Others (Facilities, SUM Electro  
Mechanic Co., LTD.) : (0.5)

## Performance Forecast (Ordinary Income, Net Income)

(JPY bn)

Item	09/Mar.		Change	08/Mar.	Change
	Previous Forecast	Current Forecast		Actual <small>Announced on May 15</small>	
Operating Income	3.3	2.9	(0.4)	0.7	2.2
Net Financial Income	(1.3)	(1.3)	-	(1.2)	(0.1)
Other Non-operating Income	0.7	1.1	(0.4)	1.4	(0.3)
Other Non-operating Expenses	(0.8)	(0.8)	-	(0.9)	0.1
<b>Ordinary Income</b>	<b>1.9</b>	<b>1.9</b>	<b>-</b>	<b>0</b>	<b>1.9</b>
Extraordinary Gains	0.1	0.6	0.5	1.5	(0.9)
Extraordinary Losses	(0.6)	(0.7)	(0.1)	(2.0)	1.3
Taxes, Deferred Taxes	(0.8)	(1.0)	(0.2)	(1.0)	-
<b>Net Income</b>	<b>0.6</b>	<b>0.8</b>	<b>0.2</b>	<b>(1.5)</b>	<b>2.3</b>

**【Factors to increase or decrease profits】**

[Non-operating Income] Increased revenue from the disposal of waste products, etc. : +0.4  
 [ Extraordinary Gains] Gain on sale of investment securities, etc. : +0.5



## 4. Topics

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**FOOD  
ACTION  
NIPPON**

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

# FOOD ACTION NIPPON Promotion Partner

What we can do now as a Japanese corporate group of agricultural machinery production



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

**FOOD ACTION NIPPON**

- Hints of food self sufficiency ratio 1% up campaign which you can act on now.
  1. Select seasonal foods.
  2. Use locally-produced foods
  3. Eat mostly rice with plenty of vegetables
  4. Reduce leftovers
  5. Know about, try and support the 1% campaign

==Basic message of national campaign==

We wish the children of our children, and children of the remote future may all be able to feed themselves

As of October 10, 2008, ISEKI & CO.,LTD. was registered as a promotion partner of FOOD ACTION NIPPON.

While we promote use of domestic foodstuff at the mess room of our group companies, we endeavor to improve food self-sufficiency ratio by way of awareness campaign to our group employees, their family and local community.

Liveliness of customers means liveliness of ISEKI, and of children in future.

# 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 decisions 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.