

Financial Results for the First Quarter Fiscal Year Ending March, 2008 Investor Relations Presentation

ISEKI & CO.,LTD.

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❖ Quarterly Financial Results and Seasonal Trends

1. Reporting Period of Consolidated Companies

	Term end	(1st Q)
18 sales companies, 1 sales-related company and Iseki-Changzhou Mfg.Co., Ltd.	December 31	(Jan. ~ Mar.)
ISEKI & CO., LTD and 14 other affiliate companies	March 31	(Apr. ~ Jun.)

2. Seasonal Trend of Sales (FY Ending March, 2007 Actual) (JPY, bn)

	1st Q	2nd Q	3rd Q	4th Q	Total
Domestic	29.4	38.1	33.5	33.9	134.9
Overseas	4.2	4.5	3.7	6.4	18.8
Total	33.6	42.6	37.2	40.3	153.7
(%)	22	28	24	26	100

(Note)

(Feature) The domestic sales in first quarter are lower than in other quarters.

1 . Outline of Financial Results for the First Quarter

Outline of Financial Results for the First Quarter

(JPY bn, %)

Item	06/Apr.-Jun. Actual		07/Apr.-Jun. Actual		Change	07/Apr.- Jun. Plan	Change
	Value	%	Value	%			
Net Sales	33.6	100.0	29.9	100.0	(3.7)	30.4	(0.5)
(Domestic)	29.4	87.3	26.4	88.2	(3.0)	26.7	(0.3)
(Overseas)	4.2	12.7	3.5	11.8	(0.7)	3.7	(0.2)
Gross Profit	11.2	33.3	9.9	33.3	(1.3)	9.8	0.1
S.G.& A. Expenses	10.8	32.0	10.6	35.5	(0.2)	10.8	(0.2)
Operating Income	0.4	1.2	(0.7)	(2.2)	(1.1)	(1.0)	0.3
Ordinary Income	0.3	1.0	(0.5)	(1.7)	(0.8)	(1.1)	0.6
1st Quarter Net Income	0.2	0.5	(0.4)	(1.5)	(0.6)	(0.8)	0.4

(06/Apr.-Jun. Actual are after revisions)

Breakdown of Domestic Sales

(JPY bn, %)

	06	07	Change		07	Change	
	Apr.-Jun. Actual	Apr.-Jun. Actual		Notes	Apr.-Jun. Plan		Notes
Cultivating & Mowing Machinery	8.2	7.5	(0.7)	Tractors : (0.8)	7.6	(0.1)	Tractors : (0.1)
Planting Machinery	2.5	2.7	0.2	Rice Transplanters : + 0.2	2.7	-	
Harvesting & Processing Machinery	5.5	3.7	(1.8)	Combine Harvesters : (1.4)	3.8	(0.1)	Combine Harvesters : (0.1)
Agricultural Machinery Total	16.2	13.9	(2.3)		14.1	(0.2)	
Parts & Farming Implements	5.9	5.5	(0.4)		5.5	-	
Construction Agricultural Facilities	0.3	0.3	-		0.3	-	
Agricultural Machinery Related Business (*1)	4.1	4.0	(0.1)		4.0	-	
Others (*2)	2.9	2.7	(0.2)		2.8	(0.1)	
Total	29.4	26.4	(3.0)		26.7	(0.3)	

*1 Repair fee, agricultural materials, etc.

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

Breakdown of Overseas Sales

(JPY bn, %)

Item	06/ Apr.-Jun. Actual	07/ Apr.-Jun. Actual	Change	Notes	07/ Apr.-Jun. Plan	Change
North America	1.4	0.3	(1.1)	Decrease from inventory adjustment by OEM partner	0.5	(0.2)
Europe	2.0	2.4	0.4		2.3	0.1
Asia (China)*	0.4 0.1	0.4 0.0	- (0.1)		0.6 0.1	(0.2) (0.1)
Oceania	0.1	0.1	-		0.1	-
Products Total	3.9	3.2	(0.7)		3.5	(0.3)
Parts & Others	0.3	0.3	-		0.2	0.1
Total	4.2	3.5	(0.7)		3.7	(0.2)

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

Operating income

(JPY bn, %)

Item	06/Apr.-Jun. Actual		07/Apr.-Jun. Actual		Change	07/ Apr.-Jun. Plan	Change
	Value	%	Value	%			
Net Sales	33.6	100.0	29.9	100.0	(3.7)	30.4	(0.5)
Cost of G. S.	22.4	66.8	20.0	66.7	(2.4)	20.6	(0.6)
Gross Profit	11.2	33.2	9.9	33.3	(1.3)	9.8	0.1
S. G. & A. Expenses	10.8	32.0	10.6	35.5	(0.2)	10.8	(0.2)
Operating Income	0.4	1.2	(0.7)	(2.2)	(1.1)	(1.0)	0.3

(06/Apr.-Jun. Actual are after revision)

※Compared with the same period of previous year

[Factors to decrease profit]

▪ Gross profit decreased due to decreased revenue : (1.3)

[Factors to increase profit]

▪ Reduced S.G. & A. Expenses : + 0.2

※Compared with the Plan

Gross profit decreased due to unattained sales target : (0.2)

Improved gross profit margin by reduced costs, etc : + 0.3

Reduced S.G. & A. Expenses : + 0.2

First Quarter Ordinary Income and Net Income

(JPY bn, %)

	06/Apr.-Jun. Actual	07/Apr.-Jun. Actual	Change	07/Apr.-Jun. Plan	Versus Plan
Operating Income	0.4	(0.7)	(1.1)	(1.0)	0.3
Net Financial Income	(0.3)	(0.3)	-	(0.3)	-
Other Non-operating Income	0.2	0.5	0.3	0.2	0.3
Ordinary Income	0.3	(0.5)	(0.8)	(1.1)	0.6
Extraordinary Gains	-	0.8	0.8	1.5	(0.7)
Extraordinary Losses	-	(1.0)	(1.0)	(1.5)	0.5
Income before Income Taxes	0.3	(0.7)	(1.0)	(1.1)	0.4
Taxes, Deferred Taxes	(0.1)	0.3	0.4	0.3	-
1Q Net Income	0.2	(0.4)	(0.6)	(0.8)	0.4

(06/Apr.-Jun. Actual are after revision)

※Reason of increase/decrease compared to the same period of previous year

[Non-operating Income] Foreign exchange gains : + 0.2, Others : + 0.1

[Extraordinary Gains] Gain sale of securities : + 0.7, Others : + 0.1

[Extraordinary Losses] Special loss for recruitment of voluntary retirees : (0.9), Others : (0.1)

Balance Sheet

(JPY bn)

Item	06/Jun Actual	07/Jun Actual	Change	(Refernce) 07/Mar. Actual
Cash/Cash Equivalents	8.0	7.3	(0.7)	5.3
Accounts Receivables	37.4	32.4	(5.0)	32.0
Inventories	43.3	48.6	5.3	45.5
Other Current Assets	4.9	4.3	(0.6)	3.6
Fixed Assets	93.4	94.1	0.7	95.0
Total Assets	187.0	186.7	(0.3)	181.4
Debs/Borrowings	66.0	68.8	2.8	58.3
Other Liabilities	65.1	63.0	(2.1)	67.4
(Total Liabilities)	131.1	131.8	0.7	125.7
Net Assets	55.9	54.9	(1.0)	55.7
(Retained Earnings)	5.7	5.1	(0.6)	5.5
Total Liabilities and Shareholders' Equity	187.0	186.7	(0.3)	181.4

(06/Jun. Actual are after revision.)

2 . Performance Forecast for the Fiscal Year ending March 2008

Revised Performance Forecast for the Fiscal Year Ending March 2008

(JPY bn)

Item	08/Mar.				Change		07/Mar.		Change	
	Previous Forecast		Current Forecast		Interim	Annual	Actual		Interim	Annual
	Interim	Annual	Interim	Annual			Interim	Annual		
Net Sales	74.9	157.0	72.0	154.0	(2.9)	(3.0)	76.2	153.7	(4.2)	0.3
(Domestic)	66.0	136.0	63.1	133.0	(2.9)	(3.0)	67.5	134.9	(4.4)	(1.9)
(Overseas)	8.9	210.0	8.9	21.0	-	-	8.7	18.8	0.2	2.2
Operating Income	1.0	3.0	1.0	3.0	-	-	2.4	2.2	(1.4)	0.8
Ordinary Income	0.8	2.3	0.8	2.3	-	-	2.3	1.3	(1.5)	1.0
Net Income	0.1	0.8	0.1	0.8	-	-	1.2	0.0	(1.1)	0.8

※Foreign exchange rate: \$1 = ¥ 115; 1 Euro = ¥ 155

- Domestic sales forecast has been revised to reflect the actual situation in the domestic market
- Drop in gross profit from lower sales will be offset by cost reductions, etc.

Revised Performance Forecast

(Breakdown of Domestic Sales)

(JPY bn)

	08/Mar.				Change		07/Mar. Actual		Change	
	Previous Forecast		Current Forecast		Interim	Annual	Interim	Annual	Interim	Annual
	Interim	Annual	Interim	Annual						
Cultivating & Mowing Machinery *	17.9	29.5	17.3	29.3	(0.6)	(0.2)	18.1	29.3	(0.8)	-
Planting Machinery *	6.8	10.6	7.2	11.6	0.4	1.0	6.7	10.6	0.5	1.0
Harvesting and Processing *	7.8	28.5	7.5	27.7	(0.3)	(0.8)	9.1	28.7	(1.6)	(1.0)
Agricultural Machinery Total	32.5	68.6	32.0	68.6	(0.5)	-	33.9	68.6	(1.9)	-
Parts & Farming Implements	15.8	30.2	14.5	28.9	(1.3)	(1.3)	15.6	29.8	(1.1)	(0.9)
Construction of Facilities	2.5	6.0	1.8	5.3	(0.7)	(0.7)	3.0	6.3	(1.2)	(1.0)
Agricultural Machinery Related *	9.6	19.4	9.3	18.5	(0.3)	(0.9)	9.4	18.6	(0.1)	(0.1)
Other *	5.6	11.8	5.5	11.7	(0.1)	(0.1)	5.6	11.6	(0.1)	0.1
Total	66.0	136.0	63.1	133.0	(2.9)	(3.0)	67.5	134.9	(4.4)	(1.9)

- *Cultivating Machinery : Tractors, Mowers
- *Planting Machinery : Rice transplanters, vegetable transplanters
- *Harvesting & Processing Machinery : Combine harvesters, dryers, rice huller, etc.
- *Agricultural Machinery Related : Repair fees, agricultural materials, etc
- *Other : Revenue from coin-operated rice polishing machines, and other items.

Performance Forecast

(Breakdown of Overseas Sales)

(JPY bn)

	08/Mar.				Change		07/Mar.		Change	
	Previous Forecast		Current Forecast				Actual			
	Interim	Annual	Interim	Annual	Interim	Annual	Interim	Annual		
North America	2.6	7.0	2.6	6.2	-	(0.8)	3.4	6.5	(0.8)	(0.3)
Europe	4.1	9.4	4.1	9.4	-	-	3.5	8.3	0.6	1.1
Asia	1.3	2.8	1.3	3.6	-	0.8	0.9	2.2	0.4	1.4
(China)	0.5	0.9	0.5	1.1	-	0.2	0.4	0.7	0.1	0.4
Australia, etc.	0.2	0.5	0.2	0.5	-	-	0.2	0.4	-	0.1
Overseas Products Total	8.2	19.7	8.2	19.7	-	-	8.0	17.4	0.2	2.3
Parts & Others	0.7	1.3	0.7	1.3	-	-	0.7	1.4	-	(0.1)
Total	8.9	21.0	8.9	21.0	-	-	8.7	18.8	0.2	2.2

※Foreign exchange rate: \$1 = ¥ 115; 1 Euro = ¥ 155

(Reference) Intellectual Property Rights

Source: Japan Patent Office
 “Annual Report on Patent Policy”

1. All-industry patent assessment rate and rank

*Ranked 1st for 3rd year running

	2004	2005	2006
Patent assessment rate	84.6%	83.7%	90.4%
All-industry rank	1st	1st	1st

※ Patent assessment rate

= No. of Decision to patent grant / (No. of Decision to patent grant + No. of Decision of Refusal+ No. of Withdrawal/Abandonment)

Source: Japan Patent Office
 “Annual Report on Patent Policy”

2. No. of publicized cases by area and rank

*Ranked 1st for 6 years running

		2003	2004	2005
Agriculture, Forestry and Fisheries area	No. of cases	300	409	339
	Rank	1st	1st	1st

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.
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