

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

ISEKI & CO.,LTD.

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❖ Quarterly Financial Results and Seasonal Trends

1. Reporting period of consolidated subsidiaries

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

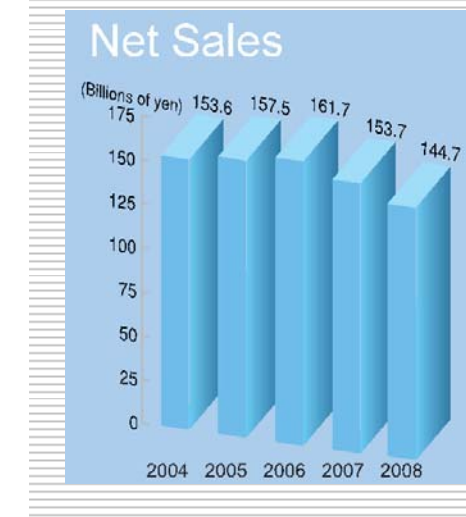
2. Seasonal Trends of Sales (FY Ending March 2008/Mar. Actual) (JPY bn)

	1st Q	2nd Q	3rd Q	4th Q	Total
Domestic	26.4	35.4	30.1	30.8	122.7
Overseas	3.5	5.9	4.8	7.8	22.0
Total	29.9	41.3	34.9	38.6	144.7
(%)	(21)	(29)	(24)	(27)	(100)

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

1. Fiscal Year Ending March, 2009

Outline of Financial Results for the First Quarter



Outline of Financial Results for the First Quarter

(JPY bn, %)

Item	07/Apr.- Jun. Actual		08/Apr.- Jun. Actual		Change	08/Apr.- Jun. Plan	Change
	Value	%	Value	%			
Net Sales	29.9	100.0	32.3	100.0	2.4	32.3	-
(Domestic)	26.4	88.2	27.0	83.6	0.6	27.1	(0.1)
(Overseas)	3.5	11.8	5.3	16.4	1.8	5.2	0.1
Gross Profit	9.9	33.3	10.1	31.3	0.2	10.1	-
S. G. & A. Expenses	10.6	35.5	10.6	32.9	-	10.7	(0.1)
Operating Income	(0.7)	(2.2)	(0.5)	(1.6)	0.2	(0.6)	0.1
Ordinary Income	(0.5)	(1.7)	(0.4)	(1.3)	0.1	(0.9)	0.5
Net Income	(0.4)	(1.5)	(0.5)	(1.6)	(0.1)	(1.1)	0.6

Breakdown of Domestic Sales

(JPY bn)

	07/ Apr.- Jun. Actual	08/ Apr.- Jun. Actual	Change		08/ Apr.- Jun. Plan	Change	
				Notes			Notes
Cultivating & Mowing Machinery	7.5	7.4	(0.1)		7.5	(0.1)	
Planting Machinery	2.7	3.4	0.7	Rice Transplanters : + 0.7	3.3	0.1	
Harvesting & Processing Machinery	3.7	4.0	0.3	Combine Harvesters : + 0.1	3.8	0.2	
Agricultural Machinery Total	13.9	14.8	0.9		14.6	0.2	
Parts & Farming Implements	5.5	5.9	0.4		5.7	0.2	
Construction of Facilities	0.3	0.2	(0.1)		0.1	0.1	
Agricultural Machinery Related Business (*1)	4.0	3.7	(0.3)		4.4	(0.7)	
Others (*2)	2.7	2.4	(0.3)		2.3	0.1	
Total	26.4	27.0	0.6		27.1	(0.1)	

*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/ Apr.- Jun. Actual	08/ Apr.- Jun. Actual	Change	Notes	08/ Apr.- Jun. Plan	Change
North America	0.3	1.8	1.5	Increase in shipment of Tractor to OEM partner	1.7	0.1
Europe	2.4	2.2	(0.2)		2.3	(0.1)
Asia	0.4	0.4	-		0.5	(0.1)
(China)*	0.0	0.1	0.1		0.1	-
Oceania	0.1	0.3	0.2		0.2	0.1
Products Total	3.2	4.7	1.5		4.7	-
Parts & Others	0.3	0.6	0.3	Engine : +0.2	0.5	0.1
Total	3.5	5.3	1.8		5.2	0.1

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

Operating income

(JPY bn, %)

Item	07/Apr.- Jun. Actual		08/Apr.- Jun. Actual		Change	08/ Apr.- Jun. Plan	Change
	Value	%	Value	%			
Net Sales	29.9	100.0	32.3	100.0	2.4	32.3	-
Cost of G. S.	20.0	66.7	22.2	68.7	2.2	22.2	-
Gross Profit	9.9	33.3	10.1	31.3	0.2	10.1	-
S. G. & A. Expenses	10.6	35.5	10.6	32.9	-	10.7	(0.1)
Operating Income	(0.7)	(2.2)	(0.5)	(1.6)	0.2	(0.6)	0.1

* Compared with the same period of previous year

[Factors to decrease profit]

- Change in inventory valuation method : (0.4)
- Forex loss : (0.2)
- Raised raw material price : (0.2)
- Change in evaluation standard and method of inventory assets : (0.2)
- Other : (0.1)

[Factors to increase profit]

- Increased gross income by increased revenue : +0.8
- Restructuring effect : +0.5

Ordinary Income, and Net Income

(JPY bn)

Item	07/Apr.- Jun.	08/Apr.- Jun.	Change	08/Apr.- Jun.	Change
	Actual	Actual		Plan	
Operating Income	(0.7)	(0.5)	0.2	(0.6)	0.1
Net Financial Income	(0.3)	(0.3)	-	(0.4)	0.1
Other Non-operating Income	0.5	0.4	(0.1)	0.1	0.3
Ordinary Income	(0.5)	(0.4)	0.1	(0.9)	0.5
Extraordinary Gains	0.8		(0.8)		-
Extraordinary Losses	(1.0)	(0.2)	0.8	(0.2)	-
Income before Income Taxes	(0.7)	(0.6)	0.1	(1.1)	0.5
Taxes, Deferred Taxes	0.3	0.1	(0.2)		0.1
1Q Net Income	(0.4)	(0.5)	(0.1)	(1.1)	0.6

* Factors of YoY change

[Extraordinary Gains] Gain on sale of securities : (0.7), Others : (0.1)

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

* Factors of change from the plan

[Others non-operating income] Forex gain :+0.2, other:+0.1

Balance Sheet

(JPY bn)

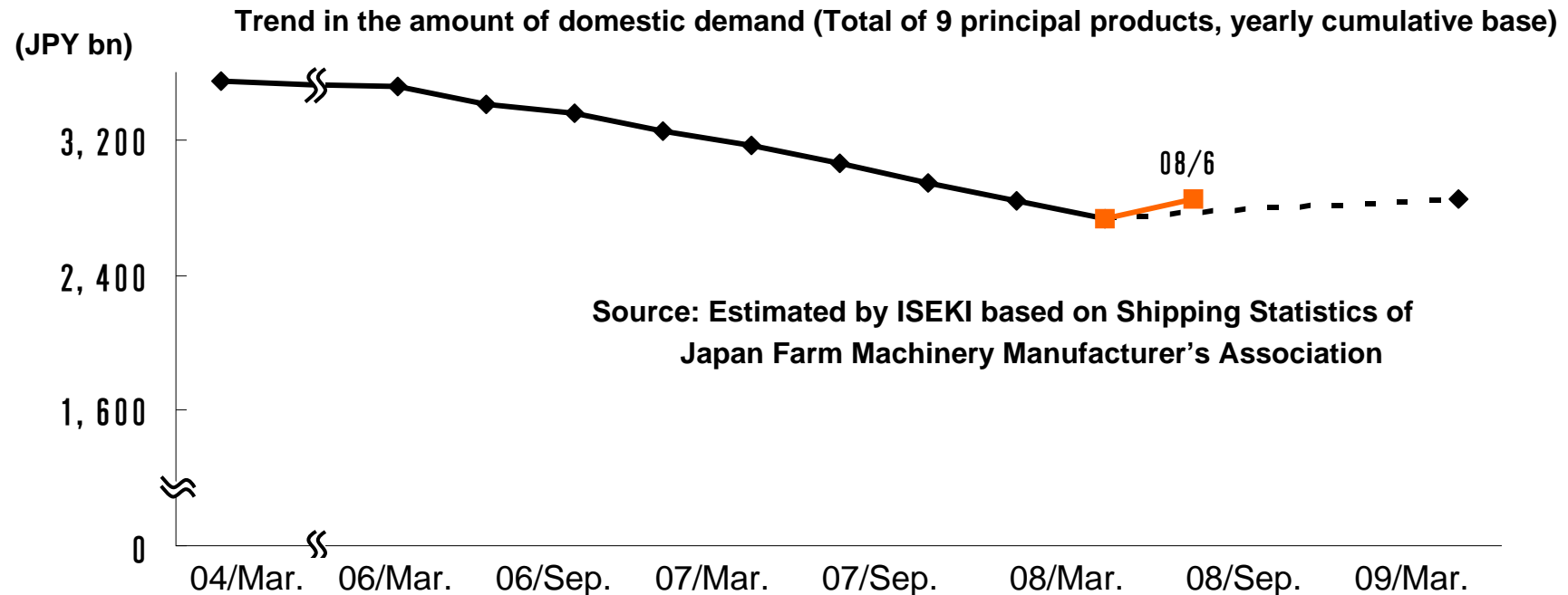
Item	07/ Jun. Actual	08/Jun. Actual	Change	(Reference) 08/Mar. Actual
Cash/Cash Equivalents	7.3	8.2	0.9	5.8
Accounts Receivables	32.4	35.8	3.4	28.9
Inventories	48.6	42.3	(6.3)	42.6
(Product Inventory)	30.2	25.5	(4.7)	27.1
Other Current Assets	4.3	2.6	(1.7)	3.4
Fixed Assets	94.1	92.5	(1.6)	92.5
Total Assets	186.7	181.4	(5.3)	173.2
Debts/Borrowings	68.8	69.0	0.2	57.9
Other Liabilities	63.0	60.1	(2.9)	62.8
(Total Liabilities)	131.8	129.1	(2.7)	120.7
Net Assets	54.9	52.3	(2.6)	52.5
(Retained Earnings)	5.1	3.6	(1.5)	4.1
Total Liabilities and Shareholders' Equity	186.7	181.4	(5.3)	173.2

2. Recent Development in Domestic and Overseas Markets



Trend of Domestic Demand for Agricultural Machinery

Trend of Demand for Agricultural Machinery (Forecast)



- (1) Globally tightened demand for food led to a hike in grain prices.
- (2) Government stepped up measures for higher food self-sufficiency ratio.
Focus on use of rice as a non-staple food (Use of rice flour as a wheat substitute, increase output of feed rice).
- (3) Hike in the price of agricultural materials (eg. fertilizer) and oil.
- (4) In the second half, agricultural machinery manufacturers will raise prices.

Trend of Domestic Agricultural Policy

[Towards improved food self-sufficiency ratio]

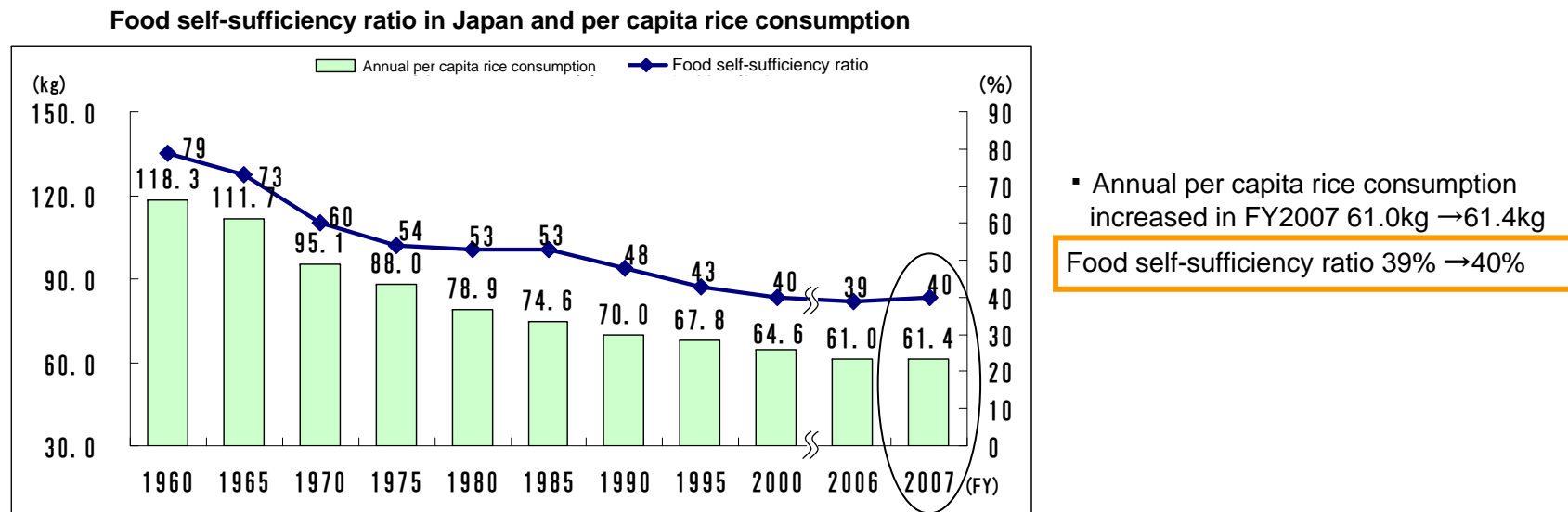
[21st century New Agricultural Policy 2008] Targeted food self-sufficiency ratio 45%. Full fledged use of rice flour and feed rice.

Announced actual demand for rice in 2007 and 2008 was 8.53 million tons, exceeding forecast by 0.2 million tons.

Food self-sufficiency ratio improved to 40% in 2007 (1 point gain from 39%).

Food self-sufficiency ratio target was revised upward from 45% to 50%. Time table to attain the target to be made by end of the year.

Source: Extract from public data of Ministry of Agriculture, Fishery and Forestry



Source: Extract from each statistical data of Ministry of Agriculture, Fishery and Forestry

Trend in Domestic Agricultural Machinery Market

1. Trends in domestic agricultural machinery industry shipping and effective sales of ISEKI

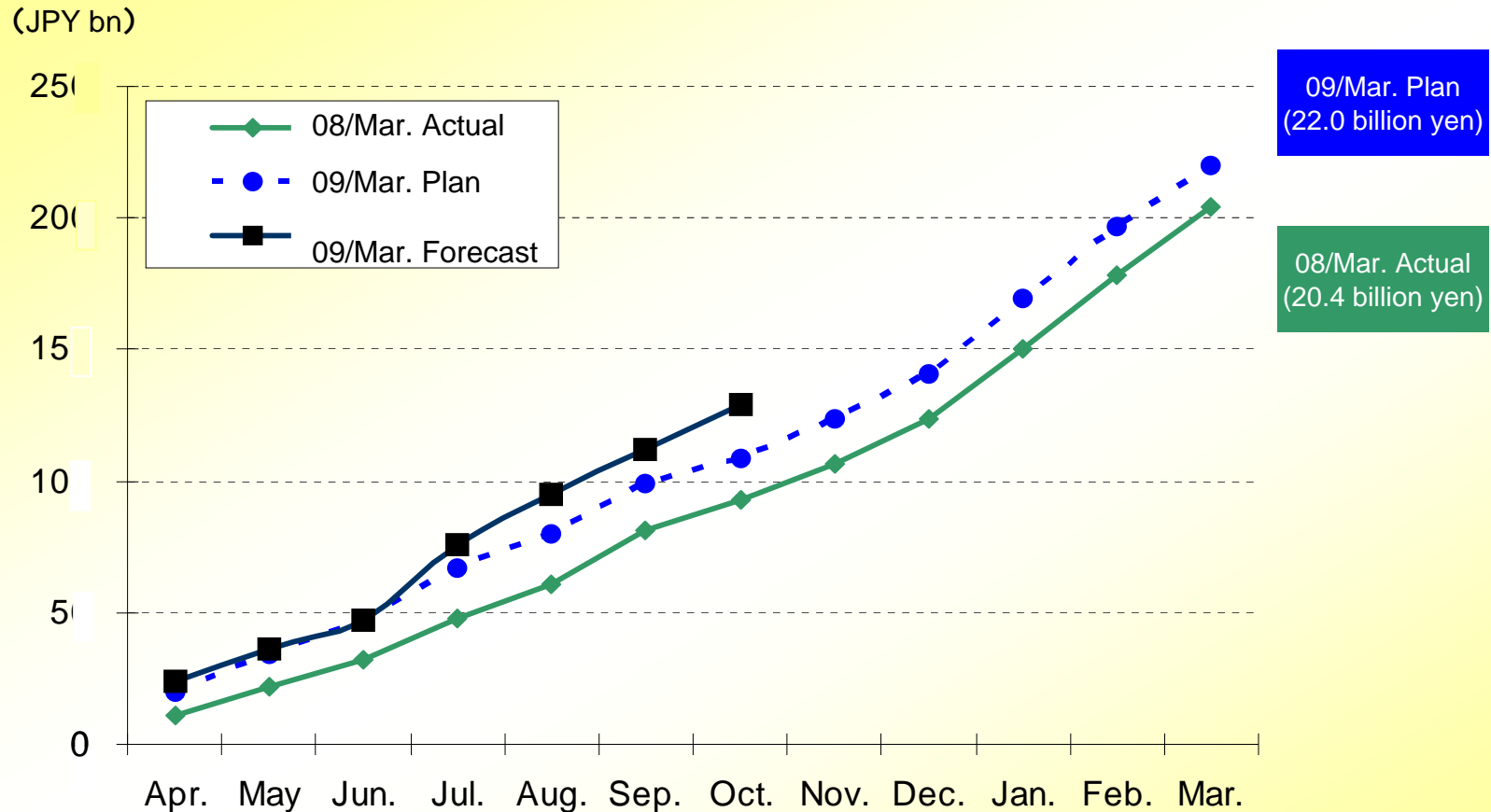
* Total amount of 9 products, Y o Y growth rate (%)

	07/Jan.-Jun.	08/Jan.-Jun.	09/Jan.-Jun.
Industry (Shipping) *	89	100	93
ISEKI (Effective sales)	89	111	100

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

- Shipping of the industry recovered to the level of the previous year.(YoY,Jan.-Jun.)
- Visible effects of ISEKI's new products and the recovery of from temporary sharp decrease in sales of tractors and combine harvesters.

Recent Trend of Overseas Sales



* 09/Mar/ Forecast: Apr.- Oct. Orders received base

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

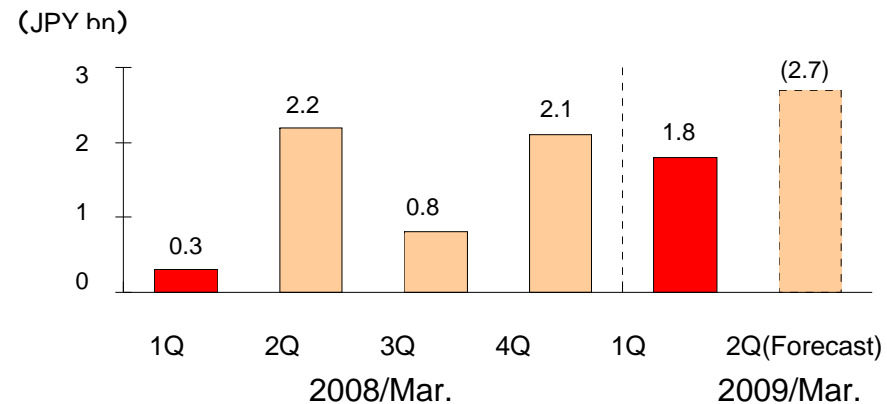
	07/ Jan.- Jul.	08/ Jan.- Jul.	Y o Y change	
			(%)	(%)
USA	77	66	(11)	87
Canada	7	9	2	121
N. America Total	84	75	(9)	90

(Unit:1,000、%)

Source: AEM statistics (Association of Equipment Manufacturers)

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

•ISEKI's shipping also recovered.



Trend in Overseas Markets (Europe)

1. Trends in European Market

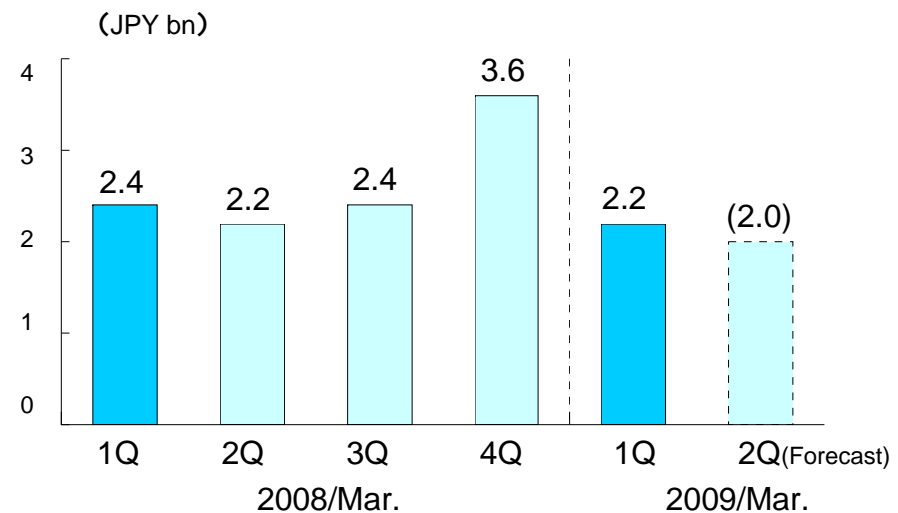
Sales in Landscaping market

- Sales in market for professionals were stable in general.
- Demand for consumer products declined due to inflation.

2. Trends in ISEKI's Sales (Europe)

•ISEKI's shipping stayed relatively slow affected by effective sales trend of distributors . We try to recover in the 2nd half centering on well selling products.

•Sales will be expanded to East and Central European market in future.



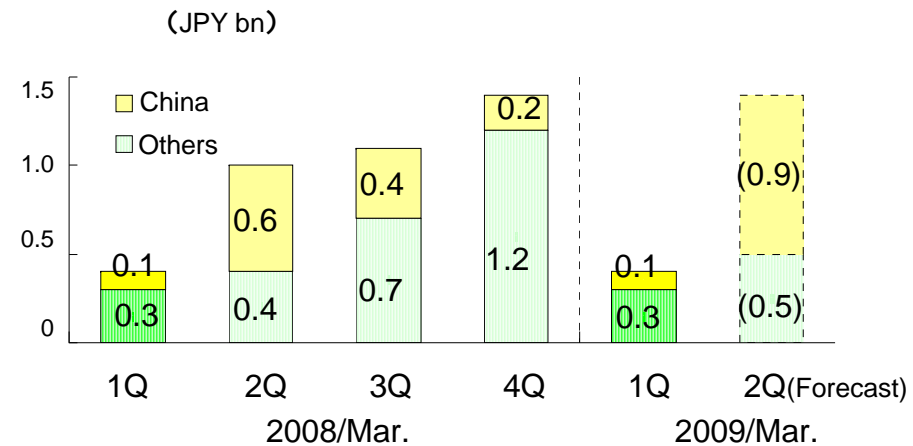
Trend in Overseas Markets (Asia)

1. Trends in Asian Market

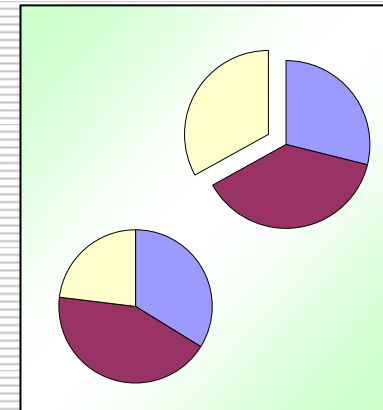
- China: Market expansion by promotion of farming mechanization policy by the government. Sales of rice transplanters continued to grow.
- South East Asia: Agricultural machinery demand expanded by global rise in grain prices.

2. Trend in ISEKI's sales (Asia)

- China : Rice transplanter sales continued to grow in line with market expansion.
- Korea : Effective sales of bigger size tractors shipped year were favorable.
- Thailand : Introduced 38HP tractors corresponding to increased demand for high power machinery.



3. Performance Forecast for the Fiscal Year Ending March, 2009 Revised Cumulative Performance Forecast for the Second Quarter



Revised Performance Forecast for the Fiscal Year Ending March 2009

(JPY bn)

Item	09/Mar.				Change		08/Mar.		Change	
	Previous Forecast		Current Forecast		2Q Sum Total	Full Year	Actual		Change	
	2Q Sum Total	Full Year	2Q Sum Total	Full Year			2Q Sum Total	Full Year	2Q Sum Total	Full Year
Net Sales	74.5	154.5	76.0	154.5	1.5	-	71.2	144.7	4.8	9.8
(Domestic)	63.6	130.5	63.6	130.5	-	-	61.8	122.7	1.8	7.8
(Overseas)	10.9	24.0	12.4	24.0	1.5	-	9.4	22.0	3.0	2.0
Operating Income	0.0	3.3	0.5	3.3	0.5	-	(0.3)	0.7	0.8	2.6
Ordinary Income	(0.6)	1.9	0.2	1.9	0.8	-	(0.4)	0.0	0.6	1.9
Net Income	(1.4)	0.6	(0.6)	0.6	0.8	-	(2.2)	(1.5)	1.6	2.1

▪ Company forex rate: \$1=¥105; 1Euro=¥155

- In view of sales trends in domestic and overseas markets, cumulative 2Q performance forecast has been revised.
- Full year performance remains unchanged due to uncertainty of future market trends and material price.

Revised Performance Forecast (Breakdown of Domestic Sales)

(JPY bn)

	09/Mar.				Change		08/Mar.		Change	
	Previous Forecast		Current Forecast				Actual			
	2Q Sum Total	Full Year	2Q Sum Total	Full Year	2Q Sum Total	Full Year	2Q Sum Total	Full Year		
*Cultivating & Mowing Machinery	16.4	28.0	16.6	28.0	0.2	-	16.4	26.9	0.2	1.1
Planting Machinery	7.7	12.3	8.0	12.3	0.3	-	7.4	11.5	0.6	0.8
Harvesting and Processing Machinery	7.5	25.7	7.6	25.7	0.1	-	6.7	24.2	0.9	1.5
Agricultural Machinery Total	31.6	66.0	32.2	66.0	0.6	-	30.5	62.6	1.7	3.4
Parts & Farming Implements	15.3	29.5	15.3	29.5	-	-	14.5	27.9	0.8	1.6
Construction of Facilities	1.5	5.8	1.2	5.8	(0.3)	-	1.8	4.0	(0.6)	1.8
Agricultural Machinery Related Business	10.0	18.2	10.0	18.2	-	-	9.7	17.6	0.3	0.6
Others	5.2	11.0	4.9	11.0	(0.3)	-	5.3	10.6	(0.4)	0.4
Total	63.6	130.5	63.6	130.5	-	-	61.8	122.7	1.8	7.8

*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 other items.

Performance Forecast (Breakdown of Overseas Sales)

(JPY bn)

	09/Mar.				Change		08/Mar.		Change	
	Previous Forecast		Current Forecast		2Q Sum Total	Full Year	Actual		2Q Sum Total	Full Year
	2Q Sum Total	Full Year	2Q Sum Total	Full Year			2Q Sum Total	Full Year		
North America	3.2	6.5	4.5	6.5	1.3	-	2.5	5.4	2.0	1.1
Europe	4.7	10.8	4.2	10.8	(0.5)	-	4.6	10.6	(0.4)	0.2
Asia	1.5	4.0	1.8	4.0	0.3	-	1.4	3.9	0.4	0.1
(China)	1.0	1.8	1.0	1.8	-	-	0.7	1.3	0.3	0.5
Australia, etc.	0.5	0.7	0.7	0.7	0.2	-	0.2	0.5	0.5	0.2
Overseas Products Total	9.9	22.0	11.2	22.0	1.3	-	8.7	20.4	2.5	1.6
Parts & Others	1.0	2.0	1.2	2.0	0.2	-	0.7	1.6	0.5	0.4
Total	10.9	24.0	12.4	24.0	1.5	-	9.4	22.0	3.0	2.0

▪ Company forex rate: \$1=¥105; 1Euro=¥155

Performance Forecast (Breakdown of Operating Income)

(JPY bn)

Item	09/Mar.				Change		08/Mar.		Change	
	Previous Forecast		Current Forecast		2Q Sum Total	Full Year	Actual		2Q Sum Total	Full Year
	2Q Sum Total	Full Year	2Q Sum Total	Full Year			2Q Sum Total	Full Year		
Net Sales	74.5	154.5	76.0	154.5	1.5	-	71.2	144.7	4.8	9.8
(Domestic)	63.6	130.5	63.6	130.5	-	-	61.8	122.7	1.8	7.8
(Overseas)	10.9	24.0	12.4	24.0	1.5	-	9.4	22.0	3.0	2.0
Cost of G. S.	52.0	105.8	53.2	105.8	1.2	-	49.5	99.6	3.7	6.2
Gross Profit	22.5	48.7	22.8	48.7	0.3	-	21.7	45.1	1.1	3.6
S. G. & A. Expenses	22.5	45.4	22.3	45.4	(0.2)	-	22.0	44.4	0.3	1.0
Operating Income	0.0	3.3	0.5	3.3	0.5	-	(0.3)	0.7	0.8	2.6

【Factors to increase or decrease operating income】

Increased gross income by increased revenue : +0.3

Reduced SG&A expenses : +0.2

Performance Forecast (Ordinary Income, Net Income)

(JPY bn)

Item	09/Mar.				Change		08/Mar.		Change	
	Previous Forecast		Current Forecast				Actual			
	2Q Sum Total	Full Year	2Q Sum Total	Full Year	2Q Sum Total	Full Year	2Q Sum Total	Full Year		
Operating Income	0.0	3.3	0.5	3.3	0.5	-	(0.3)	0.7	0.8	2.6
Net Financial Income	(0.7)	(1.3)	(0.7)	(1.3)	-	-	(0.6)	(1.2)	(0.1)	(0.1)
Other Non-operating Income	0.4	0.7	0.6	0.7	0.2	-	0.7	1.4	(0.1)	(0.7)
Other Non-operating Expenses	(0.3)	(0.8)	(0.2)	(0.8)	0.1	-	(0.2)	(0.9)	-	0.1
Ordinary Income	(0.6)	1.9	0.2	1.9	0.8	-	(0.4)	0	0.6	1.9
Extraordinary Gains		0.1	0.1	0.1	0.1	-	1.0	1.5	(0.9)	(1.4)
Extraordinary Losses	(0.3)	(0.6)	(0.4)	(0.6)	(0.1)	-	(1.6)	(2.0)	1.2	1.4
Taxes, Deferred Taxes	(0.5)	(0.8)	(0.5)	(0.8)	-	-	(1.2)	(1.0)	0.7	0.2
Net Income	(1.4)	0.6	(0.6)	0.6	0.8	-	(2.2)	(1.5)	1.6	2.1

4. Topics

1. July 1: Established Low Cost Agriculture Support Section
 - Sparse planting
 - Development of inside ridge processing machinery
 - :UBS 21(Provisional name)
2. Intellectual Property Right

Efforts for Low Cost Agriculture

1. Sparse Planting (in cultivation of rice)

- Sparse planting is a method of cultivation with fewer plants per 3.3m².

ISEKI's sparse planting: 37 times per 3.3 m²
(Traditionally: 60-80 plants)

- Unchanged or more harvest
- Halved raising seedling cost
- Reduced labor time

Merits for farmers

- Secure profits
- Expand scale

- ISEKI has know-how accumulated in approx. 9 years → Establishment of ISEKI's original cultivation technology.

Experimental fields: Demonstrated in area of 2,326 ha except for Hokkaido.

ISEKI intends to increase the number of technical advisors, allocate cultivation advisors and enhance sparse planting expertise of each sales personnel.

2. Development of machinery for outdoor culture, inside ridge processing:UBS21 (Provisional name)

Announcement of UBS21 jointly developed with the National Agriculture and Food Research Organization on July 17.
Trial sales starts in the current period followed by full-fledged sales in the next period.

In cultivation of leaf vegetables like Cabbage and Chinese cabbage, fertilizer and medicine are mixed only in the effective area for plants in the mid ridge section.

Able to reduce 30% of fertilizer, 50% of agrichemical.



Mixing section of fertilizer and agrichemical

Intellectual Property Right

1. Patent assessment ratio and rank in all industries

*Ranked 1st for 4 years running

	2005	2006	2007
Patent assessment ratio	83.7%	90.4%	89.3%
Rank in all industries	First	First	First

※ Patent assessment ratio= Number of Decision to patent grant / (Number of Decision to patent grant + Number of Decision of Refusal + Number of Withdrawal/ Abandonment)

2. Number of public patents by sector and rank

*Ranked 1st for 7 years running

		2004	2005	2006
Agriculture and fishery sector	Cases	409	339	328
	Rank	First	First	First

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

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.