Intellectual Property Report 2012

August 2012

ISEKI & CO., LTD.

Contents

Preamble in Publishing Intellectual Property Report 2012

The business foundations of the ISEKI Group are in agriculture and agricultural machinery. We are constantly endeavoring to improve the functions, performance, quality, and cost and service competitiveness of our products through our development, production, and marketing activities. Through these activities, we are working to strengthen our competitiveness in the market by differentiating our products and securing a superior position. We engage in business activities placing emphasis on intellectual property, through creative activities in core technologies of agricultural machinery, agriculture-related products and others, and securing technical rights and the use of the resultant intellectual achievements of such activities, such as inventions and creations, by strategic intellectual property activities, leading to new creation.

This Intellectual Property Report 2012 covers a wide range of related topics, including our initiatives in R&D, the creation of inventions and patent strategies, product design initiative and trademarks. It also includes the response to the globalization, features and technologies of new products, intellectual property systems, awards received for our patents and inventions, and information risks related to intellectual property.

[Cautionary Statements]

1. This booklet has been prepared to provide information to the public and is not intended to solicit any kind of action.
2. This booklet contains the results of the Company's analyses, including forward-looking statements regarding the outlook for the Company, its plans, policies, prospects, strategies, interpretations of facts, and other information related to the future. All such statements and other information are based on forecasts, assumptions, plans, and other information collected by the Company at the time of preparation of this booklet.
3. In preparing forecasts, with the exception of known facts, the Company makes use of certain assumptions. There are no guarantees that these assumptions are objective and accurate or will prove to be true in the future. These assumptions are dependent on technology and demand trends in Japan and in other countries, economic conditions, competitive conditions, and other factors. If these assumptions change, it is possible that matters and outcomes, other than known facts, stated in this report may differ from the statements in this publication
4. Data on the number of patents made public stated in this publication, the number of patents held, and other data related to intellectual property are those of Iseki Co., Ltd., and do not include data on subsidiaries or affiliates.

Message from the President

Since its foundation in 1926, Iseki Group constantly pursued the streamlining and laborsaving of agriculture. During this process, Iseki Group has pioneered a great variety of innovative agricultural machinery ahead of the others and has brought them to the market.

In view of the global issues of growing population and food supply, as well as contemporary issues of food self-sufficiency and national land preservation, we are aware that the social mission of agricultural machinery manufacturers will become progressively more important. Iseki Group will continue our activities based on our fundamental philosophy of contributing to agriculture in Japan and around the world through “offering products that will give satisfaction to users”.

At present, the principal business of the Iseki Group is the “development, manufacturing and sales of agricultural machinery for the cultivation of rice, vegetables and other crops”. In other areas of business, we are also engaged in aggressive business activities in both areas of hardware and software. An example of this is the provision of high quality and low priced products in support of energy saving, and low cost agriculture through the eyes of customers, as well as the proposal of useful technologies for low cost agriculture to be used by farmers. Also, in order to reinforce the promotion of global expansion, we will engage in the development of products that are compatible with the diversifying market needs and business activities that are rooted in the local community. With respect to the fore-mentioned business activities, we are committed to providing active and timely disclosure of corporate information concerning our management strategies, result of activities and other matters with our customers, shareholders, investors, analysts and other stakeholders.

Iseki Group positions intellectual property as an important managerial resource, and we have reported on our R&D activities and the achievements through various occasions such as a securities report, investor relations presentations and a new product presentation.

In this Intellectual Property Report, we intend to report on the Group’s basic stance of R&D, its R&D activities, and current state and the use of resultant intellectual properties. We hope this publication will provide you with a good understanding of the commitment of the ISEKI Group, which places much importance on R&D and intellectual property.

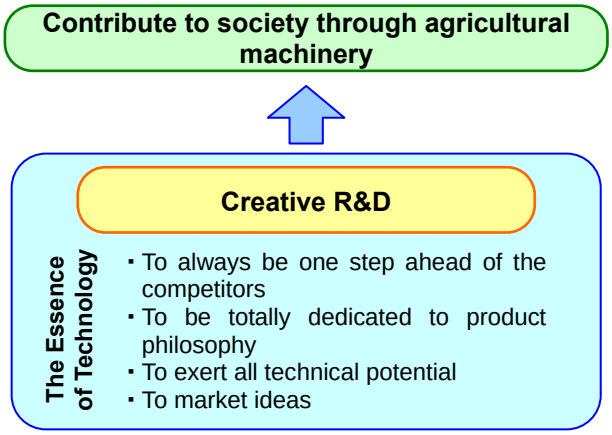
President

Noriyuki Kimura

1 Guideline for Research and Development

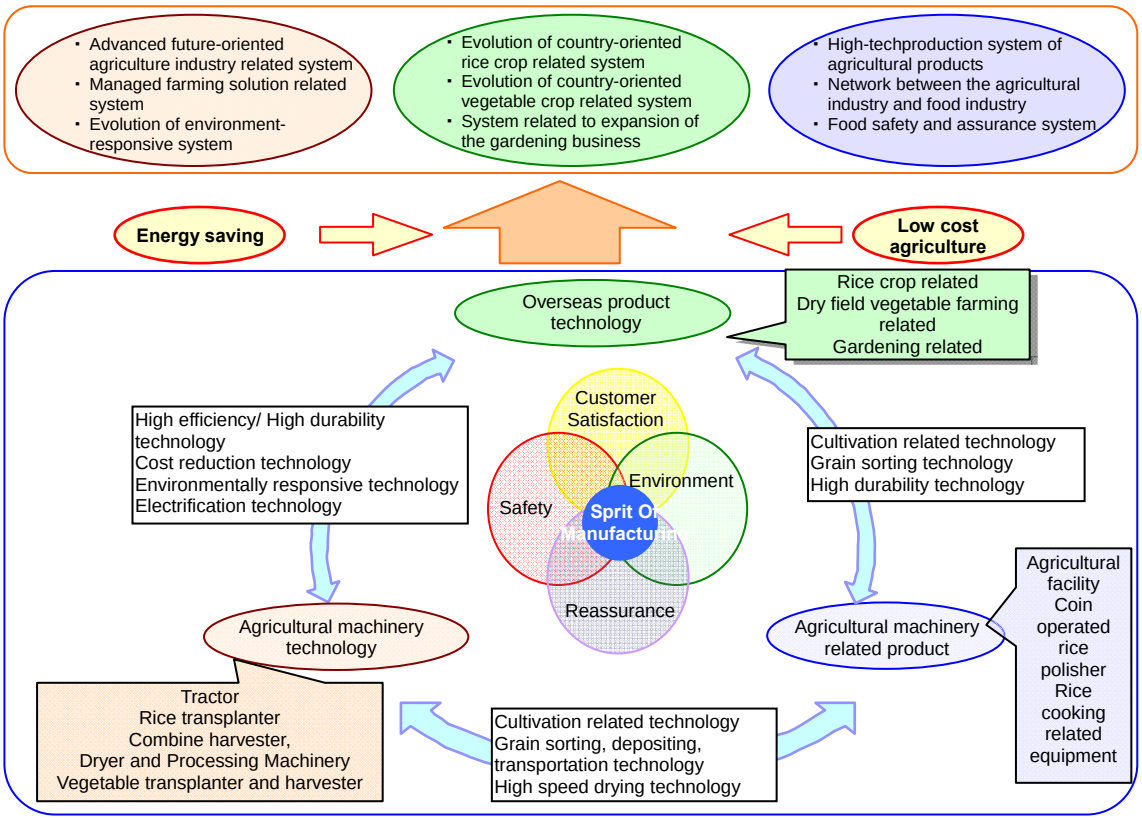
In the midst of the changing environment surrounding the agricultural industry, Iseki Group holds a mission to "contribute to the society through agricultural machinery"; and each one of our technical experts is engaged in creative R&D based on the "technical spirit". By fully mobilizing our accumulated technologies, we will contribute to agriculture through providing products and service with a high level of satisfaction from the stand point of customers. We will continue to keep abreast of the agriculture industry for years to come.

With regard to the R&D investment, we are making a deliberate investment based on a forecast of the demand and market trend in mid to long term perspectives. R&D expenditure for the consolidated fiscal year 2011 was approx. ¥3.9 billion.



2 Strategic Directions of R&D

In every sector of agricultural machinery technology, agricultural machinery related product technology and overseas product technology, Iseki has adopted 4 key words, "Customer Satisfaction", "Safety", "Conformability" and "Environment" as "Spirit of Manufacturing", and to promote R&D giving direction in each of the three sectors. In particular, we aim for the realization of "a rich society with sustainable development", by R&D focusing on "low cost agriculture" and "energy saving".



1. Agricultural machinery technology:

1) **Tractor** We are engaged in the R&D of fuel efficiency technology which navigates energy saving operation, technology to improve the working environment by reducing vibration/ noise; environment-responsive technology by enhanced fuel consumption mainly through reduced weight/ mounting of emission gas treatment equipment, etc.; user friendly new shift transmission technology which excels in transmission operability; technology to enhance the traveling performance and operating accuracy that is excellent in maintenance works of rice and dry field; and management support technology of primary farmers, as well as the technology to enhance traveling and working safety, and technology to enhance operability in pursuit of universal design.

2) **Rice transplanter** We are engaged in the R&D of autonomous straight move control technology; labor saving control technology to reduce work load; technology to enhance the operability such as transmission operability and turning operability, high-speed/ high-accuracy planting technology for large scale farmers; energy saving/environmentally-conscious technology, mainly by engine control and use of electric operation; low cost agriculture support technology and labor saving technology of anterior/posterior rice planting work.

3) **Combine harvester** We are engaged in the R&D of environment-responsive technology through enhanced fuel efficiency of engine/ enhanced fuel consumption by lightened machine body / mounting of emission gas cleaning equipment, etc.; and technology mainly to improve the operating environment by noise reduction. Labor saving technology by enhanced threshing capacity/ enhanced grain emission speed/ enhanced grain recovery ratio, and technology to improve working safety is also included in these efforts.

4) **Dryer and rice huller** We are engaged in the R&D of drying method by energy other than kerosene, and the working environment improvement technology by pursuing low noise/ low vibration, etc. of dryer, as well as technology to enhance operability and technology to reduce residual rice of the rice huller.

5) **Vegetable transplanter & processing machines** Taking advantage of know-how nurtured by wet-rice technology, we are promoting integrated vegetable growing systems for seedling raising, soil preparation, transplanting, cultivation control, harvesting and preparation. We are engaged in R&D of low cost/labor saving technology, environment-responsive technology, support for local consumption of local products, and new crops.

6) **Tiller / Controller** We engage in R&D of technology which pursue environmental friendliness as well as easy operability, and various attachments suitable for the mode of work.

7) **Engine** We are engaged in the R&D of engine control technology which brings out optimum working efficiency peculiar to agricultural machinery, engine performance compensation technology suited for high land operations, technology of low noise/low vibration, cleaning technology of emission gas by mounting of emission gas cleaning equipment, and low fuel consumption technology by fuel injection control, etc.

2. Agricultural machinery related product technology:

We are engaged in the R&D of environment-type plant factories that is a high-tech production system for agricultural products aiming at high quality / high yielding; information technology of agricultural facilities, biomass related technology, labor saving technology of seeding/raising seedling facilities, and general-purpose technology for various species of vegetable seedling.

3. Overseas product technologies:

For Europe and North America, we are engaged in R&D of low price tractors with specialized function to a specific work in pursuit of optimum specification for each country, tractors equipped with an exhaust-purifying unit that has enhanced traveling speed change performance, as well as being in pursuit of low vibration and noise, and garden machinery with enhanced traveling and operational stability on slope ground by low gravity center designing.

For China, we are engaged in R&D of rice transplanters, combine harvesters and vegetable growing machinery with enhanced adoptability to local crop and field conditions, as well as enhanced work efficiency, precision and labor saving, and in pursuit of low cost mainly by way of achieving higher durability to oil pressure and of working parts, as well as mechanism control technology.

We are engaged in R&D of tractors, rice transplanters and combine harvesters in pursuit of higher efficiency and functions such as high-speed/high precision working technology for Korea and Taiwan; and highly durable/ low cost type tractors/ rice transplanters in pursuit of adoptability to the local conditions, for South East Asia.

Thus, we promoted the low cost designing of products in order to respond to the low price needs from domestic and overseas markets along with promotion of high performance and high quality product development that meet the market needs.

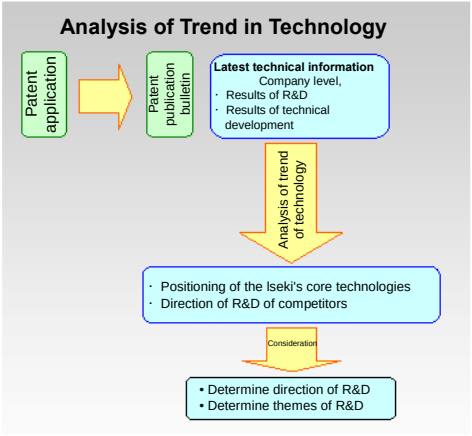
3 Strategy of Intellectual Property

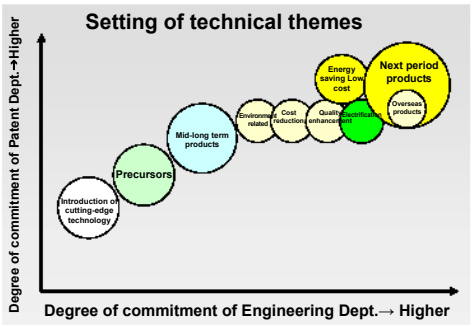
1. Creation of inventions/Patent application strategy

We conducted an analysis in the trend of technology of our competitors, clearly defining the positioning of Iseki's core technologies, identifying the direction of the R&D of our competitors, setting the direction of our R&D themes and R&D, and making the results common information. These results include technical and planning sections in order to exploit such information as a resource to build business strategies and R&D strategies.

Also, Iseki sets technical themes based on the consensus of the entire company. This consensus includes the development and marketing sections out of core technology and promising technology and the market trend related to core technology, and we are striving for "quality" enhancement and "volume" expansion of inventions by promoting unique invention proposal campaigns employing creative methods addressed to each technical theme centering on our core technologies.

Our technical experts have strong adherence and will to invent / create, proposed inventions regarding technologies which will be put to practical use in the near future are being created actively. Proposed inventions must pass through a vigorous selection process based on our internal regulations and evaluation criteria; furthermore we aggressively apply patents by employing Iseki's unique measures for efficient patent application, thus creating the construction of a patent network, promoting to ensure the priority of product development.





2. Design / Trade mark strategy

We promote stronger design protection and enhancement of Iseki's brand value by product differentiation and discrimination with our competitors through the accumulation of appealing designs as well as affectionate pet names of design rights and trade mark rights respectively.

Iseki's philosophy for product design

Basis Policy for design	・Attractive product which suites the operating environment. ・Product which gives bigger attachment in long use.
Design procedure	・Confirmation of actual sites of usage, voice of the market. ・Analysis of the design trends and building of concept.
Development of design	・Progression of Iseki's individuality (product features, product colors) ・Creation of fresh appeal with a contemporary feeling.
Direction of design	・Appealing design which derives satisfaction from usage. ・Design which anticipates the future of agricultural machinery.

Iseki's stance for trade marks

Basic understanding of pet names

・Agricultural machinery is a helpmate that works together with a farmer.
・Agricultural machinery which allows for familiarity and affection through daily work from land preparation, transplanting of seedlings, maintenance, harvesting and shipping.

Representative trademarks of Iseki

・"SANAE" which almost became a pronoun for rice transplanter
・"FRONTIER" which triggered auto threshing combine harvester, unprecedented in the world.
・"GEAS" represents tractor ・"ERENA" represents tiller ・"DRY BOY" for dryer ・"SUPER MATE" for rice huller
・"POLIMATE" for rice weighing and grading machine ・"NAUERU" for vegetable transplanter

Strategy ahead of its time

- Creation of pet names associated with the sales strategy responding to bipolarization of the agricultural structure, and low cost agriculture/energy saving.

3. Iseki's strategy for intellectual property rights overseas

In overseas markets, Iseki is making steady efforts in securing intellectual property rights such as very strictly selected patents, design rights and trademark rights inventions which is consistent with our business strategy addressed to Asian countries including China, the U.S., and Europe.

We analyze market trends and the situation of intellectual property in each country to decide intellectual strategy in line with expansion of Iseki's global business activities in joint efforts with divisions in charge of development and international operations. Furthermore, we utilize our unique overseas patent information searching system in order to evaluate the effectiveness of our company's technologies in light of the situation of intellectual property and technical trends in each country.
Thus, we apply highly effective technologies in each country, trying to secure effective rights and accumulate such rights in each country.

4 Analysis of Market Superiority of Technology

1. Agricultural Machinery Technology

Hereunder, we would like to explain features and associated technologies regarding tractors, rice transplanters, combine harvesters and others.

1) Tractor We newly developed the 31 HP engine type "ATK 3000" to the well-reputed low cost and high performance "ATK Series" for their excellent traveling performance, stable body balance and simple and easy maneuverability. The ATK 3000 responds to the market needs by equipping a "one-touch function selector dial" and others. We also enriched our lineup by developing a semi-crawler type "ATK 430C" with outstanding wet field performance.

One-touch function selector dial A convenient function at traveling or tillage that can be selected simply by turning the dial. "Traveling (2WD)" position for two-wheel driving/ "4WD" position for four-wheel driving/ "Super full turn position" by which the front wheels accelerate at turning/ "tillage" position to set multiple control functions at the same time. Maneuverability has been improved upon since multiple functions are set simply by positioning the dial at "tillage", namely the four-wheel driving, the super full turn, the backup function to elevate the implement when going astern, as well as the horizontal control of the operating machine.

We developed a new 18HP engine type "TH 185" to "TH 5 Series" with a high basic performance and "comfortable, reassuring and kind" equipment. We also enriched the line up by developing a 17.5HP engine type "TQ 17" to the TRQ series "Tra Q", for small scale farmers.

2) Rice transplanter We developed a new 8 lane planting "PZ 83" to the well-reputed riding rice transplanters PZ 3 series. The PZ 83 has achieved energy saving, operation labor saving, and high precision planting by being equipped with "New Sanae Z shift", "Electric Sanae Z seedling rail" and "New Sanae Z rotor".

New Sanae Z shift A mounting motor assist mechanism for electronic control engine throttle operation that automatically controls

the suitable speed of the engine rotation both for rice planting work and on the road travelling.

This is achieved by simply operating the shift transmission lever as it enables a smooth starting and stopping and has an improved feel of shift transmission. It realizes a smooth travelling performance either in rice planting work in the rice fields or on the road travelling. Also, a safe backward movement can be secured when by preventing abrupt acceleration slowing the engine rotation speed at the maximum speed shifting position of the shifting transmission lever. Moreover, highly-efficient work is achieved by realizing a high output of maximum 23HP by high-output mode that controls the rotation speed to high rotation speed side.

Electric Sanae Z seedling rail By only one switch action, the spare seedling frame that arranged spare seedling tables on both sides vertically in multistage can be changed to a flat seedling rail that connected the seedling tables to the front and rear. It accomplished labor saving of the seedling feeding work enabling easy seed feeding work both for the operator riding on the machine body and the supporter on the footpath.

New Sanae Z rotor Being equipped with a "Z flow control" that prevents major undulation by adopting a new shaped drive frame that flows water current from before to backward, it realizes land leveling of the field while preventing pushing/undulating, and neat planting at headland treatment and field with abundant admixtures.

Furthermore, we developed a rice transplanter for seedling grown in the cell called the "PZP80HG" to plant molded pot seedlings equipped with an advanced Z function "Sanae Z turn/ Sanae Z shift/ Sanae rotor". Being equipped with a super turning pedal, this machine can be turned properly controlling the wheel slippage.

3) Combine harvester We developed a highly efficient and powerful 4 row combine harvester called the "HFZ472". It mounts a common rail type inter-cooler turbo diesel engine to the Frontier Z series. In addition to Iseki's unique twin eight threshers/ swing & zoom auger/ i-T.A.C.H./ multi-function power steering, it is equipped with "large twin dust proof screens" and "remote controlled auxiliary step" that allow comfortable work with a higher efficiency.

Large twin dust proof screens It enables a stable engine performance even under heavy load condition such as high speed rice harvesting work by preventing the clogging of the dust proof net to secure sucking space and enhancing cooling efficiency of the engine, with equipped 2 rotating plates inside the dust proof screen to eliminate dust.

Remote controlled auxiliary step Being equipped with a lever for the remote control of auxiliary step to the right of the operating seat, the auxiliary step can be ejected or retracted easily sitting on the cockpit.

We developed a new 3 row combine harvester "HFC330" with the fastest working speed in the class, to the well-reputed HFC series as new category harvesters. It is equipped with a twin flapper and a sieve scraper that are both well-reputed for the HFC433, in addition to Iseki's unique remote controlled divider, twin eight threshers, recovery chamber for suck grains, zoom auger, i-T.A.C.H. and easy shift, allowing for high precision work to be carried out comfortably with a lot less loss.

4) Drying machine We developed a grain dryer "GML" that is equipped with epoch-making "heat recycling technology" that reuses discharged wind for drying. It is able to speed dry and energy saving dry, with a reduction in the use of kerosene by a maximum of 13%. It also reduces the use of electricity by a maximum of 41% compared with Iseki's conventional grain dryer "GB".

Heat recycling By controlling the amount of discharged air, and watching the condition of husk and the air, heat recycling supplies a mixture of discharged air that contains humidity and heat with hot-air to a drying chamber. Drying time may be shortened by adjusting humidity in the drying chamber concurrently by elevating the grain temperature which accelerate moisture removal. Also, by mounting a far-infrared radiation radiator, husk can be warmed to the core by synergetic effect with heat recycling technology (far-infrared heat recycling). Furthermore, by setting the dryer to "eliminate unevenness of moisture content" mode, the grain temperature may be elevated quickly. The moisture transfer among grain may also be activated. In addition, the moisture unevenness of the entire grain may be minimized, and the moisture unevenness among grain group harvested from different fields with different moisture value may be minimized, thus appropriate drying may be attained.

5) Vegetable growing machinery In regard to the vegetable transplanting machinery, we developed a full automatic transplanter called the "PVC1-60LG" that plants cell-molded seedlings. It mounts an engine corresponding to emission gas voluntary restraint, being equipped with rotary type seedling mechanism and hopper scraper to remove mud within the planting hopper, thus enhancing planting posture and maintenance property.

In regard to the vegetable harvesting machinery, we developed a carrot harvesting machine called the "VHC1120" in response to requests for high efficient work and labor saving. It is equipped with a "mud removal device", a "tapping chain with protective plate", a "turning disk for residual leaves (the disk device which knocks down a root)", a "slant-type hanger arm", and a "easy change system", allowing high precision and highly efficient harvesting work comfortably.

Mud removal device It allows the saving of labor for washing work in the posterior process through reduced mixing of mud in the flexible container bag. This is achieved by scraping off mud adhered to uprooted carrots by a vibration type scraper attached to the starting point of drawing and conveyance device.

Tapping chain with protective plate By making a top equalization device that aligns cut position of stems and leaves by position control of the upper edge of carrots as a chain type, we covered each one of the links that constitutes the chain with stainless steel made protective plates. This allows stable delivery at high speed operation, preventing carrots from contamination by machine oil or rust.

Turning disk for residual leaves (the disk device which knocks down a root) This disk

works by dropping carrots after cutting the stems and leaves, and directing the upper portion of the carrot towards the clean roller side by rotating the resin made disk along with the rotary blade (for cutting stems and leaves). The residual stems and leaves are removed by having them contact with the clean roller with accuracy, thus enabling the efficient disposition of residual leaves and aligned conveyance.

Slant-type hanger arm By slanting the arm for the suspension of the flexible container bag at the start of harvesting work, keeping the insertion side of sorting conveyer low and the other side high at the slot of flexible container bag, this arm prevents carrots from being omitted by minimizing the gap of the emitted carrots from the sorting conveyer. Also, in response to increased amount of carrots stored, by elevating the end point side of the sorting conveyer by using a switch attached to an operation lever, the slit position of the flexible container bag becomes horizontal gradually in tandem with the move, allowing for full capacity.

Easy change system This system enables the bringing down of the flexible container bag on the ground, slanting the bucket that mounts the flexible container bag by electric motor and by making the machine body go astern. Easy work is possible for a single person as it enables operation by a single switch that is attached to the operation panel.

6) High-clearance multipurpose vehicle We developed the most suitable riding tiller “JKB” for spreading work of pesticides for paddy fields, and for seeding work, intertillage work and spreading work of pesticides for dry-field farming of soy bean. It mounts a large displacement diesel engine, a large capacity pest control tank and a large pump, allowing shorter working hours on large section fields. Also, it is equipped with an “automatic boom up-and-down function” and a “radiator net cleaner”.

Automatic boom up-and-down function At circling, the external boom lance is elevated automatically, simply by turning the steering. This allows the machine to avoid obstacles such as ridges. After circling, the boom is lowered to its original position automatically, thus allowing efficient circling work.

Radiator net cleaner The scraper scrapes off dust such as rice pollen that is stuck to the radiator net forcibly. This occurs when the engine is ignited and helps maintain the engine cooling capacity at a high level, thus enabling stable and continuous work.

7) Tractor We developed a mini-tractor called the “KCR” that mounts a “furrowing plate” to provide simple furrowing work. Beginners of tilling work will find furrowing especially easy.

Furrowing plate The furrowing plates are piled inside the tillage cover, and by raising the cover, furrowing work can be done readily by the furrowing plates which are located at the rear of tillage clip.

2. Product technology related to agricultural machinery

Hereunder, we introduce features of our products related to coin rice polisher and agricultural facilities and our future commitment.

1) Coin rice polisher We developed a coin rice polisher that is capable of hulling and rice polishing, and named it the “CPH410”. By mounting a high-speed impeller type rice huller,

noise has been reduced by approximately 5dB. And by pushing the “whiteness” button, a wide range of rice polishing may be selected from rinse free rice to partial polished rice. It is equipped with an “entrance shutter & clean device” and an “unpolished rice carry back function”.

Entrance shutter & clean device When a coin is inserted, the raw rice shutter slot opens automatically and it is closed automatically at termination of rice polishing. This prevents wrong input or roguery. Also, the inside of the machine is cleaned before and after the rice polishing work to keep it in a clean condition.

Unpolished rice carry back function Since the rice return button is set anew to return raw rice inside the hopper to the rice return slot, residual rice in the hopper (due to shortage of the fee paid) can be easily retrieved.

2) **Agricultural facility** We developed a seed disinfection drying system to disinfect by attaching medicinal solution evenly to seed rice supplied to the seed rice disinfection device from early stage of its operation, as well as dry disinfected seed rice by seed rice drying device and ship.

Furthermore, we conducted a joint study with Ehime University on an “agricultural product high-tech production system”. We established anew “the design engineering course of plant factory” (sponsored course), promoting the establishment of cultivation technology of high-sugar content tomatoes, and a study on an “intelligent plant factory system, including self-running plant nourishing analysis equipment”.

3. Overseas product technology

Hereunder, we would like to introduce features of our products introduced in overseas markets and the current situation of development, according to each country.

1) **Europe/North America/Oceania** We developed a tractor called the “TG” with enhanced traveling performance for Europe. We also developed a mower for Europe called the “SXG” with enhanced mowing performance and an easily removable collector. We developed a simple and easily usable tractor that mounts an emission purification device for North America and Europe.

2) **China** We developed the riding rice transplanter PZ60 equipped with diesel engine and the advanced Z function “Sanae Z turn”. In order to respond to a planting method peculiar to China’s double cropping, we developed a 25 cm lane distance type riding rice transplanter for China called the “PZ80-25E18”. This rice transplanter is capable of dense planting of a maximum 23,000 stocks per mú (approximately 6.7 ares). Furthermore, we are developing technology for threshing/sorting capacity and grain processing capacity to increase the grain recovery ratio and operating efficiency of the high-power/ highly efficient/ highly durable combine harvesters, HF608 and 558.

We also developed a semiautomatic tobacco transplanter called the “PVH1-TE18” to cope with tobacco cultivation in China, the world’s biggest producer of leaf tobacco. It is equipped with a “long stroke planting hopper”, and “automatic pore making device” and a “balance-type double sensor”.

Long stroke planting hopper This is for planting tracks that respond to deep planting required in tobacco

cultivation. It works as a link mechanism by moving back and forth that gives up and down movement to planting hopper. Durability of the machine has been improved by supporting the plating hopper on both the left and right sides.

Automatic pore making device This device works up and down in tandem with planting to make water retention pore for irrigation. Since water can be retained in the water retention pore, frequent irrigation is not required in tobacco cultivation. This thus leads to a lot of labor saving.

Balance type double sensor Being equipped with both left and right grounding sensors that move up and down independently, the change of the elevating valve is controlled by the average height of the grounding sensors, thus realizing proper planting depth. This prevents instability of up-and-down control of the machine body on rough condition of the ground by soil mass, etc.

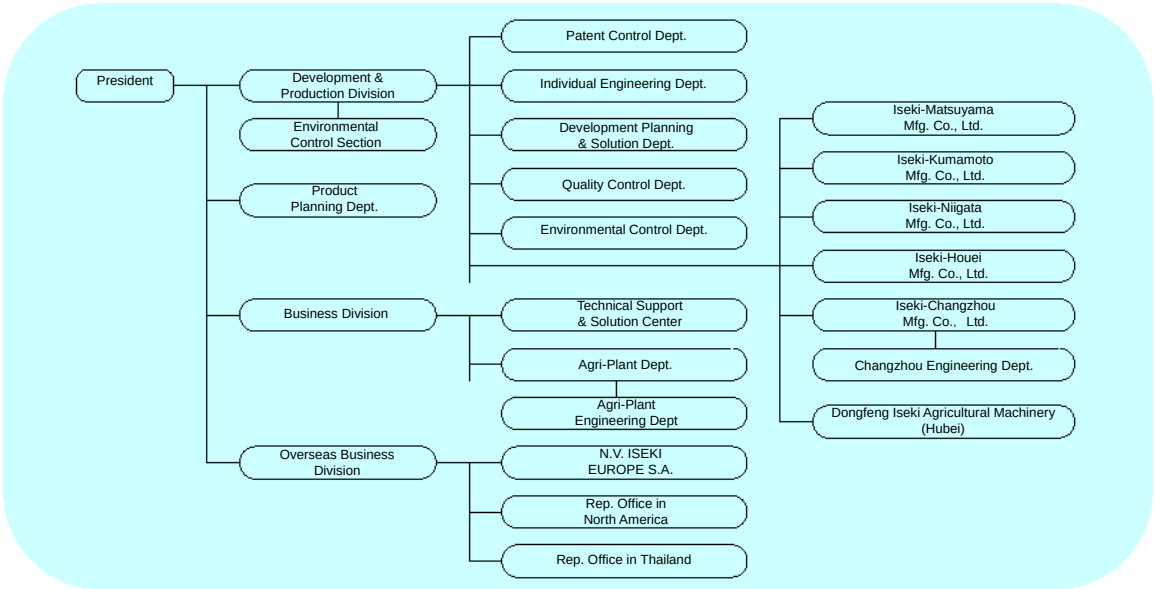
3) Taiwan We are developing tractors/large rice transplanters/combine harvesters of high efficiency/high durability.

4) Korea We are developing large-scale rice transplanter/combine harvester with high efficiency/high durability/high functionality.

5) South East Asia We developed tractor with enhanced operability and safeness for Thailand. We are developing a low priced rice transplanter with high durability suitable to the working condition/field condition peculiar to the area for Malaysia.

5 System for R&D and Intellectual Property

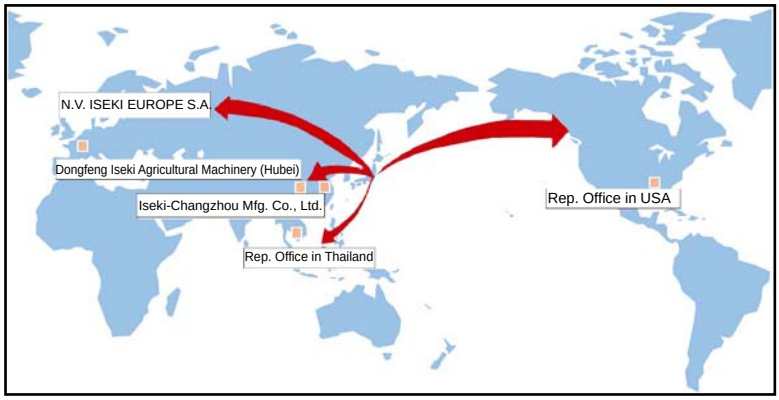
1. R&D organization chart



2. R&D System

1) Product development and technical development

The principal business of the Iseki Group is development, manufacturing and sales of agricultural machinery for the



cultivation of rice, vegetables and other crops, and R&D concerning business engaged by the group are primarily conduced by ISEKI.

2) Network for Development of Overseas Products

The Company has established a global promotion system of technical development by way of development network between the Company and Europe, USA, China and South East Asian region. In particular, we promote acceleration of R&D speed regarding products for overseas such as establishment of Changzhou Technical Department in China.

3. System for Intellectual Property

1) Management Systems We have an integrated administration system to conduct administration / guidance / education of intellectual property of the Iseki Group as a whole by our Patent Control Department which belongs to the Development & Production Division.

2) Personnel Training We post the "exhibition of the overall potential of Iseki Group" as a policy of the Group, placing emphasis on training of personnel which is the nucleus of the policy. In particular, we try to improve the level of engineers by providing education on intellectual properties every year according to their job position and years of experience in order to effectively promote self development and OJT. As a result, the number of proposed invention exceeds 21,000 cases per year, leading to creation of many inventions with high quality.

Iseki Group also holds presentation meeting of technical research every year. It was 22nd meeting last year, and it contributes to enhance the skill level of the entire Iseki Group by sharing R&D results and mutual close application and education through arguing.

4. Industry-academia-government Alliance

As a principle, Iseki uniquely develops its core technologies. However, we promote joint research and development with universities, testing and research institutions and the like in regard to areas related to part of the core technologies or peripheral technology in order to accomplish speedy as well as efficient R&D.

Joint study with testing & research institutions and universities

6 Acquisition, Management and Secrecy Maintenance

With respect to inventions and ideas, acquisition and management of rights, corporate confidential information, etc, we stipulated their handling in our working regulations, regulations for the handling of inventions created by job assignment, regulations for treatment of trade marks, code of conduct of the Iseki Group, patent business manual, etc. We conduct a thorough compliance and any disregard for the regulations whether intentionally or by sheer accident, the person involved is subject to penalties.

We provide incentives for inventions and creation to the inventors with compensation for transfer of inventions, compensation for implementation, awards and prizes in and outside the company through interpretation and use of working regulations, regulations for the handling of inventions created by job assignment, evaluation criteria for payment of compensation, etc.

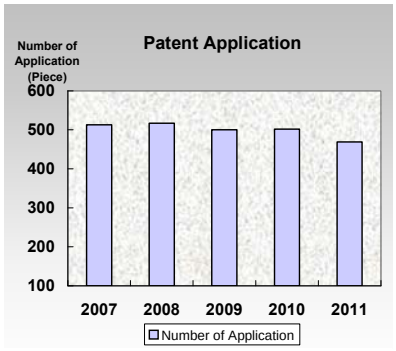
We also manage intellectual property in the strictest of manners by numerous regulations and standards from the time of creation of the invention until its renouncement. For instance, in evaluating the value of patents, we created our "Criteria for Evaluation of Patent Rights" in April 1995, which sets forth methods for calculating the price of patent rights. We conduct periodical review of these criteria to ensure that they are in accord with common understanding and practices in the society, taking advantage of it in our patent assets management, patent rights negotiations and so forth.

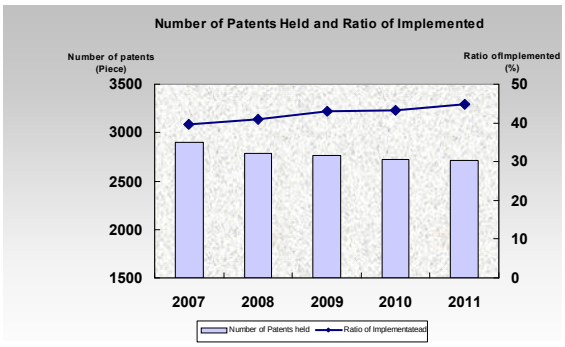
7 Situation of Intellectual Property

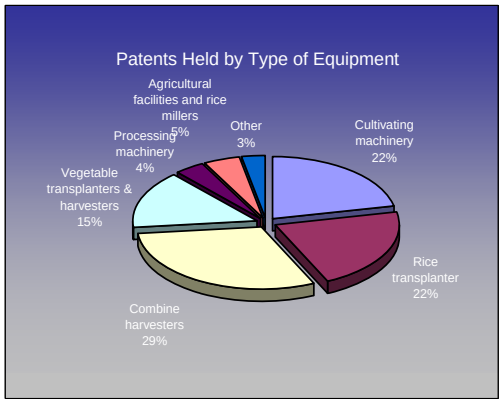
1. Patents Held

1) In Japan

We make application of inventions that are strictly screened by our internal regulations and the evaluation criteria in a proactive manner, trying to acquire and build up effective patent rights, which reached approx. 2,700 patents in the fiscal year 2011.



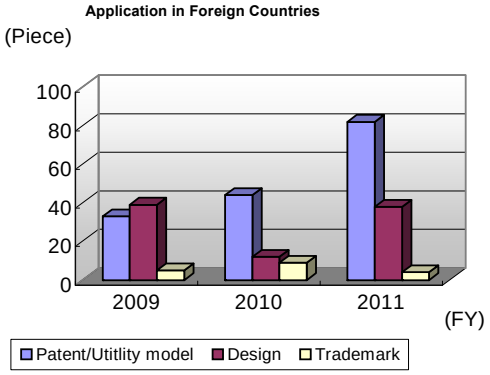


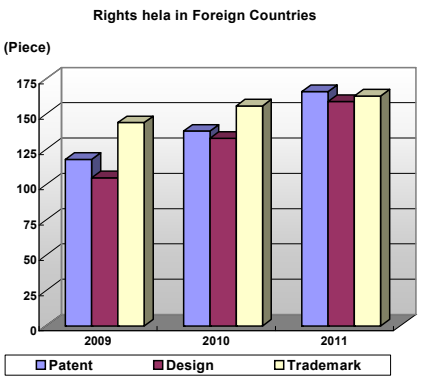


As of March 31, 2011, the number of patents held for our three major product categories (cultivating machinery, rice transplanters and combine harvesters) as well as vegetable transplanters & harvesters accounted for 88% of the total patents held.

2) Overseas

We are making applications for carefully selected intellectual property to Europe, USA and Asian nations including China. The number of intellectual property rights held is on the rise every year. In particular, we make aggressive applications of our design and trade marks in the Asian region in order to eliminate imitation and mockery.





2. Patent Assessment Ratio and Applied For

Iseki has maintained high patent assessment ratio every year. And it has been ranked high being top in all industries between 2004 and 2010, and the second in 2011.

Year	2004	2005	2006	2007	2008	2009	2010	2011
Patent assessment ratio	84.6 %	83.7 %	90.4 %	89.3%	85.8%	88.5%	91.8%	91.8%
Rank in all industries	First	First	First	First	First	First	First	Second

Patent assessment ratio = Number of decision to patent grant / (Number of decision to patent grant + Number of decision of refusal + Number of withdrawals or abandonment)

* Number of withdrawals or abandonment = The number of applications withdrawn or abandoned after notice on the reason of rejection.

In the agriculture and fishery sector among the sectional list of public patents in Japan, Iseki has been ranked top for 7 consecutive years from 2000 to 2006, followed by the top rank in the “other special machinery sector” from 2007 to 2010 when the sector was reclassified. This means top ranking for 11 consecutive years.

Sector	Agriculture and fisheries							*The other special machinery			
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Rank	First	First	First	First	First	First	First	First	First	First	First

* Since the 2009 edition, the sector classification has been changed, and agriculture and fisheries were included in [the other special machinery sector].

(Patent Administration Annual Report 2002 edition – 2012 edition)

8 Awards and Recognitions

1. History of Awards

Iseki has produced a long list of prize-winning technical experts who have received national decorations, national medals of honor, citations as contributor to scientific technology, citations for inventions, official commendations by the Minister of Education, Culture, Sports, Science and Technology, official commendations by the Agricultural Machinery Academy for their contribution to the development, improvement and commercialization of agricultural machinery technology.

In 1952, Kunisaburo Iseki, founder of Iseki received a national prize for invention from the Japan Institute of Invention and Innovation. In 1993, Iseki was awarded the Chairman’s Prize to Commemorate a Century of Agricultural Experimentation and Research (jointly sponsored by the Ministry of Agriculture, Forestry and Fishery and the Association to Commemorate a Century of Agricultural Experimentation and Research) in recognition of our development and diffusion of head-feeding combine harvesters equipped with automatic threshers of which commercialization was achieved by Iseki for the first time in Japan.

In 2008, Iseki received the “Meritorious Award for Intellectual Property” (Award for Excellent Enterprises Active in the Industrial Property Rights System, Commissioner of the Japan Patent Office Award) in recognition of our traditional management of placing importance on intellectual property rights.

Iseki received excellent awards for two consecutive years in FY2010 and 2011 in the R&D/New Technology Division of FOOD ACTION NIPPON AWARDS sponsored by the Ministry of Fishery, Agriculture and Forestry.

2. Awards for Invention

Iseki has received award from the public utilities corporation, the Japan Institute of Invention and Innovation every year, and to date, 189 awards including 18 national awards have been received. The frontier spirit of the founder towards research and development has been succeeded consistently, which created tradition within the Company to create new technology with practical value through intellectual and creative activities.

1) Details of Awards

Number of Award-wining Inventions 192 (As of March 31, 2012)

Contents of Awards

○ National Awards for Invention 18

Special Awards	President's Award of the Japan Institute of Invention and Innovation	1
	The Asahi Shimbun Award	1
Special Awards		2
Invention Awards		14

○ Regional Awards for Invention **174**

Special Awards	Encouragement Award of the Minister of Education, Culture, Sports, Science and Technology (Former Encouragement Award of the Director-General of the Science and Technology Agency)	9
	Encouragement Award of the Commissioner of the Japan Patent Office	5
	ward of the Director-General of the Regional Bureau of International Trade and Industry (Award of the Director-General of the Shikoku Regional Bureau of International Trade and Industry)	7
	Encouragement Award of the President of the Japan Institute of Invention and Innovation	7
	Encouragement Award of the President of the Japan Patent Attorneys Association	4
	Total	32
District Head Awards		12
Outstanding Invention Awards etc.		37
Invention Encouragement Awards		92
Investment Encouragement and Merit Award		1

2) Fiscal Year 2010 Shikoku Region Invention Award

Japan Institute of Invention and Innovation Ehime Pref. Chapter Head Award (1 award)

Patent No.4367171 Auto-swing type grain emission device

Invention Encouragement Prize (2 awards)

Patent No.3632417 Shortening mechanism of right/left width of riding rice transplanter

Patent No.4362678 Medication spraying device of medication spraying vehicle

3. FOOD ACTION NIPPON AWARDS

Iseki Group participates in FOOD ACTION NIPPON Headquarters established in MAFF as the first registrant, contributing to improved food self-sufficiency.

Iseki has received the award for excellence for two years in a row in the R&D/New Technology Division of FOOD ACTION NIPPON AWARD in FY2011 for the development of the first in the industry, 7 row harvesting combine harvester "HJ7120" to follow the "sparse planting rice transplanter" in FY2010. This is in high appreciation of Iseki's technical capacity, and we would like to continue to support low cost agriculture toward higher food self-sufficiency ratio, exerting this technical competency.

4. History of Main Awards for R&D

Awarded Fiscal Year	Name of Awards	Details of Awards/Object
1952	National Awards for Invention, Special Award	Automatic wind power control device of revolving thresher
1954	National Awards for Invention, Invention Award	Automatic rope slant control device of rice huller Banseki
1956	National Awards for Invention, Invention Award	Second processing device of self-feeding thresher
1959	National Awards for Invention, President's Award of the Japan Institute of Invention and Innovation	Feeding device of thresher
1960	National Awards for Invention, Special Award	Rice plant mower with binding device
	National Awards for Invention, Invention Award	Rice break preventive device of self-feeding thresher
	Regional Awards for Invention, Encouragement Award of the Director-General of the Science and Technology Agency	Second slot delivery machine to install to thresher
1961	National Awards for Invention, Invention Award	Second slot delivery machine to install to thresher
1962	National Awards for Invention, Invention Award	Rice huller
1963	National Awards for Invention, Invention Award	Suction selection type thresher
1964	National Awards for Invention, Invention Award	Rice huller
1966	National Awards for Invention, Invention Award	Power transmission device of power tiller
1968	National Awards for Invention, Invention Award	Crimp net frame removal device of thresher
	National Awards for Invention, Invention Award	Pressure control grouping device of reaping binder
1969	Regional Awards for Invention, Encouragement Award of the Commissioner of the Japan Patent Office	Reaping thresher
1970	National Awards for Invention, Invention Award	Reaping thresher
	National Awards for Invention, Invention Award	Tilling device of power tiller
1975	Regional Awards for Invention, Encouragement Award of the Commissioner of the Japan Patent Office	Rice planting device of rice planter
1976	Regional Awards for Invention, Encouragement Award of the Director-General of the Science and Technology Agency,	Rice feeding device of rice planter
1978	Regional Awards for Invention,	Traveling device of rice planter

	Encouragement Award of the Director-General of the Science and Technology Agency,	
1979	National Awards for Invention, Asahi Shinbun Award	Traveling device of rice planter
	Regional Awards for Invention, Encouragement Award of the Director-General of the Science and Technology Agency	Grain haulm transfer device of combine harvester
1981	Regional Awards for Invention, Encouragement Award of the Commissioner of the Japan Patent Office	Reaping portion vertical position control device of harvester
1982	Regional Awards for Invention, Encouragement Award of the Director-General of the Science and Technology Agency	Traveling device of rice planter
1983	Regional Awards for Invention, Encouragement Award of the Director-General of the Science and Technology Agency	Planting device of rice planter
1985	National Awards for Invention, Invention Award	Seedling raising method
1993	President's Award of A Century Commemorative Society of Agricultural Testing and Study	Development and diffusion of self-reaping combine harvester
1998	Regional Awards for Invention, Encouragement Award of the Commissioner of the Japan Patent Office	Rice transplanter with fertilizing device
	The Japanese Society of Agricultural Machinery, Mori Technical Award	Research concerning development of hydroponic seedling raising and transplanting technology of wet rice
2000	Regional Awards for Invention, Encouragement Award of the Director-General of the Science and Technology Agency	Transmission device of speed-change gear of combine harvester
2002	Regional Awards for Invention, Encouragement Award of the Minister of Education, Culture, Sports, Science and Technology,	Transplanter
2003	National Awards for Invention, Invention Award	Transplanter
	Regional Awards for Invention Encouragement Award of the Commissioner of the Japan Patent Office,	Agricultural work machine
2004	The Japanese Society of Agricultural Machinery, Kansai Branch, Technical Development Award	Development of air emission system of small size general purpose combine harvester

2005	Encouragement Award of the Minister of Education, Culture, Sports, Science and Technology, Development Division, Science and Technology Award	Development of high performance riding type rice transplanter
2006	The Japanese Society of Agricultural Machinery, Academic Award	Research on wind selection of gain by combine harvester
2008	Intellectual Property Merit Award, Award for Excellent Companies utilizing Industrial Property Rights, Award of the Commissioner of the Japan Patent Office	Patent utilizing excellent company
	Regional Awards for Invention Encouragement Award of the Minister of Education, Culture, Sports, Science and Technology,	Speed-change control system of powered vehicle
2010	FOOD ACTION NIPPON Awards 2010, R&D/New technology, Excellent Award	Sparse planting rice transplanter
2011	FOOD ACTION NIPPON Awards 2010, R&D/New technology, Excellent Award	Development of industry's first 7 lane reaping combine harvester "HJ7120"

9 Information on Legal Actions Related to Intellectual Property

There is no suit at issue related to intellectual property rights which could affect our management in or outside the country. In promoting our business and R&D, we will implement intellectual property strategies steadily with the greatest of care.

Corporate Data

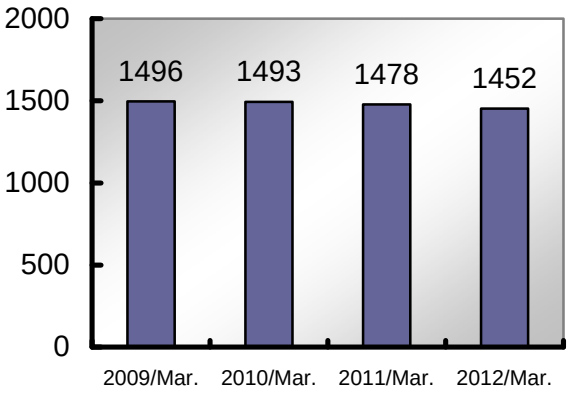
Company Name	ISEKI & CO., LTD.
Head Office	700 Umaki-cho, Matsuyama, Ehime , Japan
Tokyo Headquarters	3-14, Nishi-Nippori 5-chome, Arakawa-ku, Tokyo, Japan
Foundation	August 1926
Paid-in Capital	23,344 million yen (as of March 31,2012)
Employees	Consolidated: 6,295 (as of March 31, 2012)
Principal Business	ISEKI'S principal business is the manufacture and sale of following products
	Cultivating machinery ····· Tractors, Tillers, Cultivators, Mowers
	Planting machinery ····· Rice transplanters, Vegetable transplanters
	Harvesting machinery ····· Combine harvesters, Binders, Harvesters, Vegetable harvesters
	Processing machinery ····· Rice hullers, Dryers, Rice polishers, Rice Graders, Vegetable Processing Machinery
	Others ····· Farming implements, Repair parts, Agricultural facilities

Affiliated companies involved in development & manufacturing

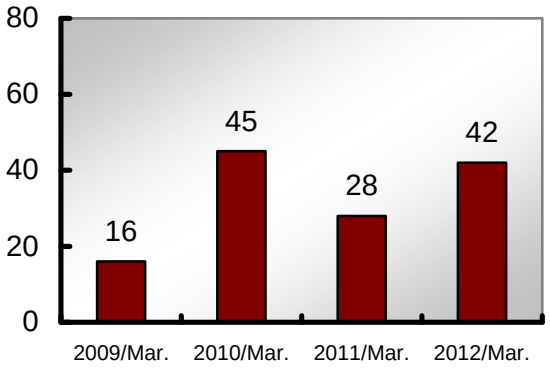
Iseki-Matsuyama Mfg. Co., Ltd.	Iseki-Changzou Mfg. Co., Ltd.
Iseki-Kumamoto Mfg. Co., Ltd.	Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd.
	Matsuyama Factory Service Co., Ltd.
Iseki-Niigata Mfg. Co., Ltd.	Iseki-Ueki Seisakusho Co., Ltd.
Iseki-Houei Mfg. Co., Ltd.	

Trend of Business Performance

■Net Sales (billion yen)



■Operating Income (billion yen)



For further information, please use the following contact points.

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(From outside Japan) +81-89-956-9818

URL: http://www.iseki.co.jp/
E-mail: pat-matsuyama@iseki.co.jp