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**Summary Announcement of Consolidated Financial Results**  
**for the Three Months Ended June 30, 2008**

**I. Financial Results for the Three Months Ended June 30, 2009 (April 1, 2008 – June 30, 2008)**

**A. Results of operations**

(Rounded down to millions of yen, % indicates changes from the previous period)

	Three Months Ended June 30, 2008	%	Three Months Ended June 30, 2007	%
Net Sales	32,328	-	29,942	(11.0)
Operating Income	(526)	-	(645)	-
Ordinary Income	(432)	-	(506)	-
Net Income	(520)	-	(438)	-
Net Income per Share (yen)	(2.31)		(1.94)	
Non-diluted				
Fully Diluted	-		-	

**B. Financial Position**

(Rounded down to millions of yen)

	June 30, 2008	June 30, 2007
Total Assets	181,459	173,198
Net Assets	52,330	52,556
Shareholders' Equity to Total Assets Ratio	28.0%	29.4%
Net Assets per Share	¥224.79	¥225.76

Notes: Shareholders' equity:

First Quarter of FY Mar. 2009 ¥50,761 mil. Year ended March 31, 2008 ¥50,981mil.

**II. Dividends**

(Recorded date)	Dividend per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
FY ended March 2008	-	-	-	0.00	0.00
FY ending March 2009	-	—	—	—	—
FY ending March 2009 (forecast)	—	-	-	0.00	0.00

(Note) Revision of dividend forecast during the first quarter of FY ending March 2009: None

### III. Forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008—March 31, 2009)

(% represents comparison with previous year for the full year performance and y-o-y comparison for the cumulative 2Q)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (Cumulative)	76,000	6.7	500	—	200	—	(600)	—	(2.66)
Annual	154,500	6.8	3,300	348.6	1,900	—	600	—	2.66

(Note) Revision of performance forecast during the first quarter of FY ending March 2009: Yes

### IV. Others

A. Change in important subsidiaries during the period (change in specified subsidiaries which accompanies a change in the range of consolidation): None.

B. Adoption of simplified method in accounting method and unique accounting method for quarterly financial statements: Yes

(Note) For details, please refer to p2 [Qualitative Information. • Financial Statements, etc] 4. Others.

C. Change in principle, procedure and method of statement of accounting procedures in preparation of consolidated financial statements (as stated in “Changes in essential matters which provide a basis for preparation of Consolidated Financial Statements”)

1) Change which accompanies revision of accounting standards: Yes

2) Change other than No.1. None

(Note) For details, please refer to p2 [Qualitative Information • Financial Statements, etc] 4. Others.

D. Outstanding shares (Common shares)

1) Outstanding shares (Including treasury shares)

As of June 30, 2008 226,536,329 shares As of March 31, 2008 226,536,329 shares

2) Outstanding treasury shares

As of June 30, 2008 716,293 shares As of March 31, 2008 711,509 shares

3) Average number of shares during the period (Quarterly consolidated cumulative period)

As of June 30, 2008 225,823,058 shares As of March 31, 2008 225,844,485 shares

\* Statement regarding proper use of financial performance forecasts and other notes.

(1) The forecast for operating results has been produced based on information presently available. It is possible that in the future actual results may differ from the anticipated figures for a variety of reasons. Please refer to page 3 [Qualitative Information • Financial Statements, etc], [3. Qualitative information regarding performance forecast]/

(2) From the current fiscal year, the company adopts the “Accounting Standards for Quarterly Financial Reporting” (ASBJ Statement No.12 issued on March 14, 2007) and its Implementation Guidance No.14 issued on March 14, 2007. We have prepared consolidated quarterly financial statements in accordance with the “Accounting Standard for Quarterly Financial Reporting”

### [Qualitative Information • Financial Statements, etc]

#### 1. Qualitative information concerning the status of consolidated financial results

During the first quarter under review, while economic stagnation and financial turmoil persisted in the US, uncertainty for the future was intensified with an increased concern for economic slowdown and inflation on the back of hike in international commodity prices represented by oil price. In the domestic agricultural machinery market, in spite of structural problems such as aging and decreasing farming population, there is a sign of recovery

in the situation of buying restraint and wait-and-see attitude caused by dropped rice price and agriculture policy reform by a move to review the policy as well as curbed drop of rice price, which existed until last year. Under the circumstances, the ISEKI Group has endeavored to broaden its line-up of new products to meet the diverse needs of customers, and has aggressively evolved promoted sales activities as well trying to increase both domestic and overseas sales.

In the first quarter, sales increased ¥2.385 billion from the same period of the previous year to ¥32.328 billion (up 8.0%). Domestic sales increased ¥0.617 billion to ¥27.040 billion (up 2.3%) reflecting a move of recovery in agricultural machinery sales. Overseas sales increased ¥1.768 billion to ¥5.287 billion (up 50.2%) mainly contributed by a return to normal ordering pattern of our OEM partner in North America by their completion of inventory adjustment. Operating income increased ¥0.118 billion from the same period of the previous year to an operating income of ¥0.526 billion. Ordinary income increased ¥0.074 billion from the same period of the previous year to an ordinary loss of ¥0.432 billion. Quarterly net income decreased ¥0.082 billion from the same period of the previous year to a net loss of ¥0.520 billion due to increased payment of corporate income tax and others.

## **2. Qualitative information concerning the shifts in consolidated financial position**

As of the end of the first quarter, total assets increased ¥8.261 billion from the previous period to ¥181.459 billion. In term of assets, current assets increased ¥8.234 billion from the previous period. The main items were ¥6.996 billion increase in notes and accounts receivable and ¥0.360 billion decrease in inventory assets. Fixed assets increased ¥0.026 billion from the previous period. Investments and other assets increased ¥0.183 billion mainly due to an increase in valuation of investment securities. Total liabilities increased ¥8.486 billion from the previous period mainly due to an increase in short-term borrowings. Total assets decreased ¥0.225 billion from the previous period to ¥52.330 billion. As a result, equity ratio was 28.0%.

Cash and cash equivalents as of the end of the first quarter under review increased ¥2.191 billion from the end of the previous fiscal year to ¥7.878 billion.

(Cash flows from operating activities)

Cash flow from operating activities resulted in a net expenditure of ¥7.933 billion (net expenditure increased ¥0.518 billion from the same period last year) mainly due to an increase in accounts receivable of ¥6.996 billion and a decrease in accounts payable of ¥2.005 billion. As always, accounts receivable tend to increase as of the end of first quarter every year due to seasonality of agricultural machinery sales and debt collection by our sales subsidiaries. As a result, cash flows from operating activities in the first quarter become a net expenditure every year.

(Cash flows from investment activities)

Cash flows from investment activities resulted in a net expenditure of ¥0.999 billion (a decrease of ¥0.225 billion from the same period last year), mainly due to capital investment expenditure of ¥1.025 billion.

(Cash flows from financial activities)

Cash flows from financial activities resulted in a net revenue of ¥11.155 billion (an increase of ¥0.701 billion from the same period last year), due to increased short-term borrowings, etc.

## **3. Qualitative information regarding performance forecast**

In view of our business performance in the first quarter under review and prospect for future, we have revised

cumulative business performance forecasts for the second quarter from the previous forecast (May 15, 2008).

As for details of the forecast, please refer to “Notice of Revision to Business Performance Forecast”. To add, annual business performance forecast has not been amended from the previous forecast.

#### **4. Others**

(1) Changes in important subsidiaries during the period (change in specified subsidiaries which accompanies a change in the range of consolidation): None.

(2) Adoption of simplified method in accounting method and unique accounting method for quarterly financial statements

1) Calculation method of income taxes, deferred tax assets and deferred tax liabilities

Concerning calculation of payable tax of income taxes, we employ a method to limit add-subtract items and tax exemption items to important ones. With respect to evaluation of collectability of deferred tax assets, we rely on a method to use business performance forecast or tax planning used in the previous consolidated fiscal year in case no significant change is recognized in the managerial environment or situation to generate differences.

(3) Changes in principle, procedure and method of statement of accounting procedures in preparation of consolidated quarterly financial statements.

1) Adoption of Accounting Standard for Quarterly Financial Statements

Starting from the current consolidated fiscal year, we have applied the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12, issued on March 14, 2007) and “Implementation Guidance of Accounting Standard for Quarterly Financial Reporting”(ASBJ Implementation Guidance of Corporate Accounting Standards No.14, issued on March 14, 2007). We have prepared consolidated quarterly financial statements in accordance with the “Accounting Standard for Quarterly Financial Reporting”.

2) Change in evaluation standards and evaluation method of inventory assets

In appropriation of inventory assets held for sale, we formerly used mostly lower of cost method by total average method. However, starting from the first quarter consolidated accounting period under review, in response to application of “Accounting Standard for Evaluation of Inventory Assets” (ASBJ Corporate Accounting Standards No.9, issued on July 5, 2006”, inventory assets have been calculated mainly by cost method (A method to reduce book value on balance sheet to reflect a declined profitability) of total average method.

As a consequence, operating loss, ordinary loss and before tax net loss have been increased by ¥142 billion respectively.

3) Adoption of "Practical Solution of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements“

Starting from the current first quarter consolidated accounting period, we have applied the "Practical Solution of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements”(ASBJ Practical Issues Task Forces Report No.18, issued on May 17, 2006).

Impact of the application on the profit and loss was negligible.

## 5. Consolidated Quarterly Financial Statements

### (1) Consolidated Quarterly Balance Sheets

	(millions of yen)	
	FY2009 (as at Jun. 30, 2008)	FY2008 (as at Mar. 31, 2008)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and time deposits	8,219	5,817
Notes and accounts receivable	35,837	28,840
Marketable securities	53	53
Merchandise and products	37,335	38,363
Work in progress	3,574	3,011
Raw materials and stocks	1,372	1,267
Others	2,649	3,430
Allowance for doubtful accounts	(115)	(93)
<b>Total current assets</b>	<b>88,926</b>	<b>80,691</b>
<b>Fixed Assets</b>		
Tangible fixed assets		
Buildings and structures(net)	16,142	16,293
Land	50,744	50,729
Others(net)	12,796	12,797
Total tangible fixed assets	79,683	79,820
Intangible fixed assets		
	815	835
Investments and other assets		
Investment securities	6,835	6,324
Others	5,861	6,180
Allowance for doubtful accounts	(662)	(655)
Total investment and other assets	12,033	11,850
<b>Total fixed assets</b>	<b>92,533</b>	<b>92,506</b>
<b>Total Assets</b>	<b>181,459</b>	<b>173,198</b>

(millions of yen)

	FY2009 (as at Jun. 30, 2008)	FY2008 (as at Mar. 31, 2008)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	38,782	40,788
Short-term borrowings	38,124	25,092
Bonds(due within one year)	40	100
Long-term debt(due within one year)	9,352	9,469
Accrued income taxes	351	511
Allowance for bonus	1,222	462
Others	5,127	6,641
<b>Total current liabilities</b>	<b>93,000</b>	<b>83,066</b>
<b>Long - term Liabilities</b>		
Bonds	2,525	2,545
Long-term debt	18,995	20,726
Deferred tax liability from land revaluation gain	7,595	7,595
Accrued retirement benefits for employees	4,179	4,164
Accrued directors' retirement benefits	469	318
Others	2,362	2,225
<b>Total long-term liabilities</b>	<b>36,127</b>	<b>37,575</b>
<b>Total liabilities</b>	<b>129,128</b>	<b>120,641</b>
<b>Net Assets</b>		
Shareholders' equity		
Common stock	22,784	22,784
Capital surplus	12,815	12,815
Retained earnings	3,560	4,081
Treasury stock	(168)	(167)
<b>Total shareholders' equity</b>	<b>38,992</b>	<b>39,514</b>
Difference of appreciation and conversion		
Net unrealized holding gain on securities	1,214	907
Land revaluation reserve	10,527	10,527
Foreign currency translation adjustments	27	31
<b>Total difference of appreciation and conversion</b>	<b>11,769</b>	<b>11,466</b>
Minority interests in Consolidated Subsidiaries	1,569	1,575
<b>Total Net Assets</b>	<b>52,330</b>	<b>52,556</b>
<b>Total Liabilities and Net Assets</b>	<b>181,459</b>	<b>173,198</b>

(2) Consolidated Quarterly Statements of Income  
 (First Quarter Consolidated Cumulative Period)

	(millions of yen)
	FY2009 (Apr.1, 2008 – Jun.30,2008)
Net sales	32,328
Cost of sales	22,222
Gross Profit	10,105
Selling, general and administrative expenses	10,632
Operating Loss	(526)
Non-operating Income	
Interest received	49
Dividend received	80
Foreign exchange gain	184
Others	218
Total non-operating income	533
Non-operating Expenses	
Interest expenses	313
Others	125
Total non-operating expenses	439
Ordinary Loss	(432)
Extraordinary Gains	
Gain on sale and disposal of property, plant and equipment	11
Gain on sale of investment securities	13
Total Extraordinary Gains	25
Extraordinary Losses	
Loss on sale and disposal of property, plant and equipment	32
Reversal of past year allowance for directors' retirement benefit	144
Others	14
Total Extraordinary Losses	191
Income before income taxes and minority interests	(598)
Income taxes	239
Reversal of past year corporate and other taxes	(309)
Total Income taxes, deferred tax	(70)
Minority interests in consolidated subsidiaries	(6)
<b>Net Loss</b>	<b>(520)</b>

## (3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2009 (Apr.1,2008-Jun. 30, 2008)
<b>Cash Flows from Operating Activities</b>	
Income before income taxes and minority interests	(598)
Depreciation and amortization	1,081
Increase in reserve for retirement benefits	15
Loss (gain) on sales of investment securities	(13)
Interest and dividend income	(129)
Interest expenses	313
Effect of foreign exchange rate changes	(12)
Loss on sales of tangible and intangible fixed assets	20
Decrease in notes and accounts receivable	(6,996)
Decrease(increase)in inventories	360
Increase(decrease) in notes and accounts payable	(2,005)
Others	606
Subtotal	(7,360)
Interest and dividends received	128
Interest paid	(341)
Income taxes paid	(361)
Net cash provided by (used in) operating activities	(7,933)
<b>Cash Flows from Investing Activities</b>	
Payments for purchases of tangible and intangible fixed assets	(1,025)
Proceeds from sale of tangible and intangible fixed assets	106
Payments for purchase of investment securities	0
Proceeds from sale of investment securities	18
Net decrease in time deposits	(209)
Others	112
Net cash used in (provided by)investing activities	(999)
<b>Cash Flows from Financing Activities</b>	
Net increase in short-term borrowings	13,085
Proceeds from long-term debt	1,080
Repayments of long-term debt	(2,928)
Redemption of bonds	(80)
Payments for purchases of treasury stock	(1)
Net cash used in financing activities	11,155
<b>Effect of Exchange rate Changes on Cash and Cash Equivalents</b>	(30)
<b>Net Increase in Cash and Cash Equivalents</b>	2,191
<b>Cash and Cash Equivalents at beginning of year</b>	5,687
<b>Cash and Cash Equivalents at end of year</b>	7,878



Starting from the current consolidated fiscal year, we have applied the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12, issued on March 14, 2007) and “Implementation Guidance of Accounting Standard for Quarterly Financial Reporting”(ASBJ Implementation Guidance of Corporate Accounting Standards No.14, issued on March 14, 2007). We have prepared consolidated quarterly financial statements in accordance with the “Accounting Standard for Quarterly Financial Reporting”.

(4) Note on going concern premises

There is no corresponding item.

(5) Note in case there is a substantial change in the amount of shareholders' equity

There is no corresponding item.

**[Reference material]**

Financial statements etc. disclosed in the” Quarterly Management Performance • Financial Statements, etc” of the previous period are as follows.

(Summary) Consolidated Quarterly Statements of Income

First quarter consolidated cumulative period of the previous year (April 1, 2007 – June 30, 2007)

(millions of yen)

Account	1 <sup>st</sup> Quarter FY2008 (Apr.1 2007 – Jun.1, 2007)
	Amount
<b>I</b> Net sales	29,942
<b>II</b> Cost of sales	19,968
<b>Gross Profit</b>	<b>9,973</b>
<b>III</b> Selling, General and Administrative Expenses	10,619
<b>Operating Income</b>	<b>(645)</b>
<b>IV</b> Non-operating Income	520
Interest and dividend received	92
Others	428
<b>V</b> Non-operating Expenses	381
Interest expenses	286
Others	95
<b>Ordinary Income</b>	<b>(506)</b>
<b>VI</b> Extraordinary Gains	758
Gain on sale and disposal of property, plant and equipment	15
Gain on sale of investment securities	713
Others	29
<b>VII</b> Extraordinary Losses	1,006
Loss on sale and disposal of property, plant and equipment	45
Special retirement benefit	920
Others	40
<b>Income before income taxes and minority interests</b>	<b>(754)</b>
Income taxes	(320)
<b>Minority interests in consolidated subsidiaries</b>	<b>3</b>
<b>Net Income</b>	<b>(438)</b>

\* Notes: “Income taxes” includes “corporate income tax, residents tax” and “Income taxes adjustment”.

## (Summary) Consolidated Quarterly Statements of Cash Flows

First quarter consolidated cumulative period of the previous year (April 1, 2007 – June 30, 2007)

(millions of yen)

	1 <sup>st</sup> Quarter FY2008 (Apr.1,2007 -Jun. 30, 2007)
Description	Amount
<b>I Cash Flows from Operating Activities</b>	
Income before income taxes and minority interests	(754)
Depreciation and amortization	1,041
Interest and dividend income	(92)
Interest expenses	257
Increase in notes and accounts receivable	(405)
Increase in inventories	(3,106)
Decrease in notes and accounts payable	(3,448)
Others	(288)
Subtotal	(6,795)
Interest and dividends received	94
Interest paid	(292)
Income taxes paid	(420)
<b>Net cash provided by (used in) operating activities</b>	<b>(7,415)</b>
<b>II Cash Flows from Investing Activities</b>	
Sales (purchase) of investment securities	379
Sales (purchase) of tangible fixed assets	(1,427)
Net decrease in time deposits	(201)
Others	23
<b>Net cash used in (provided by) investing activities</b>	<b>(1,225)</b>
<b>III Cash Flows from Financing Activities</b>	
Net increase (decrease) in short-term borrowings	10,478
Net process from issuance and redemption of bonds	(20)
Payments for purchases of treasury stock	0
Others	(3)
<b>Net cash used in financing activities</b>	<b>10,454</b>
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>19</b>
<b>V Net Decrease in Cash and Cash Equivalents</b>	<b>1,832</b>
<b>VI Cash and Cash Equivalents at beginning of the Period</b>	<b>4,985</b>
<b>VII Cash and Cash Equivalents at end of the Period</b>	<b>6,818</b>