



November 13, 2008

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Summary Announcement of Consolidated Financial Results
for the Six Months Ended September 30, 2008

I. Financial Results for the Six Months Ended September 30, 2008 (April 1, 2008—September 30, 2008)

A. Results of operations

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

	Six Months Ended September 30, 2008	%	Six Months Ended September 30, 2007	%
Net Sales	77,007	-	71,200	(6.6)
Operating Income	1,214	-	(319)	-
Ordinary Income	1,126	-	(377)	-
Net Income	690	-	(2,200)	-
Net Income per Share (yen)	3.06		(9.74)	
Non-diluted				
Fully Diluted	3.00		-	

B. Financial Position

(Rounded down to millions of yen)

	September 30, 2008	FY ended March, 2008
Total Assets	173,291	173,198
Net Assets	53,028	52,556
Shareholders' Equity to Total Assets Ratio	29.7%	29.4%
Net Assets per Share	¥227.93	¥225.76

Notes: Shareholders' equity:

Second Quarter of FY Mar. 2009 ¥51,461 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 second 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)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
	Millions of yen %	Yen			
Annual	152,500 5.4	2,900 294.2	1,900 —	800 —	3.54

(Note) Revision of performance forecast during the second 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 September 30, 2008 226,536,329 shares As of March 31, 2008 226,536,329 shares

2) Outstanding treasury shares

As of September 30, 2008 716,086 shares As of March 31, 2008 711,509 shares

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

As of September 30, 2008 225,805,595 shares As of March 31, 2008 225,841,221 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 second quarter consolidated cumulative period under review, the Japanese economy faced extremely an difficult situation due to depressed corporate earnings resulting from oil and material prices which still remain at a high level in spite of recent trends toward calm, with an effect of the global financial unrest and sharply appreciated yen, as well as a concern about contraction of consumer spending and capital investment caused by future uncertainties. Overseas, financial unrest triggered by the sub-prime woes is affecting the real economy of the

U.S., and there is a growing concern over the economic downturn on the back of declining residential prices and a worsening employment situation. Also in Europe, where financial unrest has actualized and combined with progressing inflation, there was a stronger perception of economic slowdown centering on consumer spending. Furthermore in the Asian economy, while the economies of emerging nations including China are still expanding, the pace of growth is edging down.

In the domestic agricultural machinery market, there is a rising momentum for local production for local consumption and a growing interest in domestic agricultural products reflecting the measures of agricultural policy to enhance the food self-sufficiency ratio coupled with a sense of consumers' crises over food safety. There is a sign of recovery in the demand of agricultural machinery as the price of rice, a major product, stabilized. 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 promoted sales activities as well trying to increase both domestic sales and exports.

In the second quarter cumulative period, sales increased ¥5.807 billion from the same period of the previous year to ¥77.007 billion (up 8.2%). Domestic sales increased ¥2.727 billion to ¥64.552 billion (up 4.4%) reflecting a move towards recovery in agricultural machinery sales. Overseas sales increased ¥3.079 billion to ¥12.454 billion (up 32.9%) mainly contributed to by a return to normal ordering pattern of our OEM partner in North America by their completion of inventory adjustment. Operating income increased ¥1.534 billion from the same period of the previous year to ¥1.214 billion by increased gross income from increased revenue. Ordinary income increased ¥1.503 billion from the same period of the previous year to ¥1.126 billion. Quarterly net income became ¥0.690 billion.

2. Qualitative information concerning the shifts in consolidated financial position

As of the end of the second quarter cumulative period, total assets increased ¥0.093 billion from the previous period to ¥173.291 billion. In terms of assets, current assets increased ¥1.697 billion from the previous period. The main items were a ¥5.567 billion increase in notes and accounts receivable and ¥3.994 billion decrease in inventory assets. Fixed assets decreased ¥1.604 billion from the previous period. Investments and other assets decreased ¥1.294 billion mainly due to a decrease in valuation of investment securities. Total liabilities decreased ¥0.379 billion from the previous period mainly due to a decrease in short-term borrowing. Total net assets increased ¥0.472 billion from the previous period to ¥53.028 billion. As a result, the equity ratio was 29.7%.

Cash and cash equivalents as of the end of the second quarter cumulative period increased ¥0.766 billion from the end of the previous fiscal year to ¥6.454 billion.

(Cash flows from operating activities)

Cash flow from operating activities during the second quarter cumulative period resulted in a net revenue of ¥3.604 billion (an increase of ¥6.473 billion from the same period last year) mainly due to an increase in accounts receivable of ¥5.567 billion and a decrease in inventory assets of ¥3.994 billion.

(Cash flows from investment activities)

Cash flows from investment activities during the second quarter cumulative period resulted in a net expenditure of ¥1.594 billion (an increase of ¥1.351 billion from the same period last year), mainly due to capital investment expenditure of ¥2.155 billion.

(Cash flows from financial activities)

Cash flows from financial activities during the second quarter cumulative period resulted in a net expenditure

of ¥1.227 billion (an increase of ¥6.081 billion from the same period last year), due to decreased short-term borrowings, etc.

3. Qualitative information regarding performance forecast

In view of our business performance in the second quarter consolidated cumulative period under review and prospect for future, we have revised business performance forecasts for the fiscal year ending March 31, 2009 from the previous forecast (May 15, 2008).

As for details of the forecast, please refer to “Notice of Revision to Business Performance 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 income, ordinary income and before tax net income have been reduced by ¥148 million 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).

The 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	FY2008
	(as at Sep. 30, 2008)	(as at Mar. 31, 2008)
Assets		
Current Assets		
Cash and time deposits	6,762	5,817
Notes and accounts receivable	34,408	28,840
Marketable securities	219	53
Merchandise and products	33,840	38,363
Work in progress	3,516	3,011
Raw materials and stocks	1,291	1,267
Others	2,484	3,430
Allowance for doubtful accounts	(132)	(93)
Total current assets	82,389	80,691
Fixed Assets		
Tangible fixed assets		
Buildings and structures(net)	15,946	16,293
Land	50,838	50,729
Others(net)	12,765	12,797
Total tangible fixed assets	79,550	79,820
Intangible fixed assets	796	835
Investments and other assets		
Investment securities	5,510	6,324
Others	5,695	6,180
Allowance for doubtful accounts	(649)	(655)
Total investment and other assets	10,555	11,850
Total fixed assets	90,902	92,506
Total Assets	173,291	173,198

(millions of yen)

	FY2009 (as at Sep. 30, 2008)	FY2008 (as at Mar. 31, 2008)
Liabilities		
Current Liabilities		
Notes and accounts payable	41,780	40,788
Short-term borrowings	22,759	25,092
Bonds(due within one year)	40	100
Long-term debt(due within one year)	10,664	9,469
Accrued income taxes	677	511
Allowance for bonus	841	462
Others	5,816	6,641
Total current liabilities	82,579	83,066
Long - term Liabilities		
Bonds	2,525	2,545
Long-term debt	20,736	20,726
Deferred tax liability from land revaluation gain	7,595	7,595
Accrued retirement benefits for employees	4,463	4,164
Accrued directors' retirement benefits	356	318
Others	2,006	2,225
Total long-term liabilities	37,683	37,575
Total liabilities	120,262	120,641
Net Assets		
Shareholders' equity		
Common stock	22,784	22,784
Capital surplus	12,815	12,815
Retained earnings	4,772	4,081
Treasury stock	(179)	(167)
Total shareholders' equity	40,192	39,514
Difference of appreciation and conversion		
Net unrealized holding gain on securities	710	907
Land revaluation reserve	10,527	10,527
Foreign currency translation adjustments	31	31
Total difference of appreciation and conversion	11,268	11,466
Minority interests in Consolidated Subsidiaries	1,567	1,575
Total Net Assets	53,028	52,556
Total Liabilities and Net Assets	173,291	173,198

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

	(millions of yen)
	FY2009 (Apr.1, 2008 – Sep.30,2008)
Net sales	77,007
Cost of sales	53,630
Gross Profit	23,376
Selling, general and administrative expenses	22,162
Operating Income	1,214
Non-operating Income	
Interest received	108
Dividend received	87
Foreign exchange gain	103
Others	510
Total non-operating income	809
Non-operating Expenses	
Interest expenses	620
Others	277
Total non-operating expenses	897
Ordinary Income	1,126
Extraordinary Gains	
Gain on sale and disposal of property, plant and equipment	31
Gain on sale of investment securities	133
Total Extraordinary Gains	164
Extraordinary Losses	
Loss on sale and disposal of property, plant and equipment	98
Reversal of past year allowance for directors' retirement benefit	144
Others	21
Total Extraordinary Losses	264
Income before income taxes and minority interests	1,026
Income taxes	540
Reversal of past year corporate and other taxes	(199)
Total Income taxes, deferred tax	340
Minority interests in consolidated subsidiaries	(4)
Net Income	690

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

	FY2009 (Apr.1,2008-Sep. 30, 2008)
Cash Flows from Operating Activities	
Income before income taxes and minority interests	1,026
Depreciation and amortization	2,184
Increase in reserve for retirement benefits	299
Loss (gain) on sales of investment securities	(133)
Interest and dividend income	(196)
Interest expenses	620
Effect of foreign exchange rate changes	11
Loss on sales of tangible and intangible fixed assets	66
Decrease in notes and accounts receivable	(5,567)
Decrease(increase)in inventories	3,994
Increase(decrease) in notes and accounts payable	992
Others	1,009
Subtotal	4,308
Interest and dividends received	194
Interest paid	(629)
Income taxes paid	(386)
Refunded income taxes	116
Net cash provided by (used in) operating activities	(3,604)
Cash Flows from Investing Activities	
Payment for purchase of securities	(122)
Proceeds from sale of securities	51
Payments for purchases of tangible and intangible fixed assets	(2,155)
Proceeds from sale of tangible and intangible fixed assets	186
Payments for purchase of investment securities	(0)
Proceeds from sale of investment securities	483
Net decrease in time deposits	(178)
Others	139
Net cash used in (provided by)investing activities	(1,594)
Cash Flows from Financing Activities	
Net increase in short-term borrowings	(2,329)
Proceeds from long-term debt	6,390
Repayments of long-term debt	(5,186)
Redemption of bonds	(80)
Payments for purchases of treasury stock	(12)
Others	(9)
Net cash used in financing activities	(1,227)
Effect of Exchange rate Changes on Cash and Cash Equivalents	(15)
Net Increase in Cash and Cash Equivalents	766
Cash and Cash Equivalents at beginning of year	5,687
Cash and Cash Equivalents at end of year	6,454

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]

(Summary) Consolidated Quarterly Statements of Income

Second quarter consolidated cumulative period of the previous year (Apr.1, 2007 – Sep. 30, 2007)

(millions of yen)

Account		2 nd Quarter FY2008 (Apr.1 2007 – Sep.1, 2007)	
		Amount	%
I	Net sales	71,200	100.0
II	Cost of sales	49,467	69.5
	Gross Profit	21,733	30.5
III	Selling, General and Administrative Expenses	22,053	30.9
	Operating Income	(319)	(0.4)
IV	Non-operating Income	773	1.1
	Interest and dividend received	164	
	Others	608	
V	Non-operating Expenses	830	1.2
	Interest expenses	613	
	Others	217	
	Ordinary Income	(377)	(0.5)
VI	Extraordinary Gains	982	1.3
	Gain on sale and disposal of property, plant and equipment	27	
	Gain on sale of investment securities	925	
	Others	28	
VII	Extraordinary Losses	1,583	2.2
	Loss on sale and disposal of property, plant and equipment	84	
	Loss from bad debts	385	
	Special retirement benefit	920	
	Cost for measures of product recall	140	
	Others	53	
	Income before income taxes and minority interests	(978)	(1.4)
	Income taxes	430	0.6
	Income taxes adjustment	783	1.1
	Minority interests in consolidated subsidiaries	8	0.0
	Net Income	(2,200)	(3.1)

(Summary) Consolidated Quarterly Statements of Cash Flows

Second quarter consolidated cumulative period of the previous year (Apr. 1, 2007 – Sep. 30, 2007)

(millions of yen)

		2 nd Quarter FY2008 (Apr. 1, 2007 - Sep. 30, 2007)
Description		Amount
I	Cash Flows from Operating Activities	
	Income before income taxes and minority interests	(978)
	Depreciation and amortization	2,117
	Goodwill amortization	(168)
	Increase in reserve for retirement benefits	(1,322)
	Loss (gain) on sale of investment securities	(925)
	Interest and dividend income	(164)
	Interest expenses	537
	Effect of exchange rate changes	(71)
	Loss (gain) on sale of tangible and intangible fixed assets	56
	Special retirement benefits	920
	Increase in notes and accounts receivable	(1,592)
	Increase in inventories	295
	Decrease in notes and accounts payable	(140)
	Others	216
	Subtotal	(1,219)
	Interest and dividends received	168
	Interest paid	(531)
	Special retirement benefits paid	(920)
	Income taxes paid	(426)
	Refunded income taxes	59
	Net cash provided by (used in) operating activities	(2,869)
II	Cash Flows from Investing Activities	
	Payment for purchase of securities	(1)
	Proceeds from sales of securities	1
	Purchase of tangible and intangible fixed assets	(2,455)
	Sales of tangible and intangible fixed assets	254
	Purchase of investment securities	(0)
	Sales of investment securities	1,762
	Net decrease (increase) in long-term loans	25
	Net decrease (increase) in time deposits	(157)
	Others	327
	Net cash used in (provided by) investing activities	(243)
III	Cash Flows from Financing Activities	
	Net decrease (increase) in short-term borrowings	(394)
	Proceeds from long-term debt	9,550
	Repayment of long-term debt	(4,176)
	Redemption of bonds	(120)
	Payment for purchase of treasury stock	(2)
	Others	(3)
	Net cash used in financing activities	4,853
IV	Effect of Exchange Rate Changes on Cash and Cash Equivalents	108
V	Net Decrease in Cash and Cash Equivalents	1,848
VI	Cash and Cash Equivalents at beginning of the Period	4,985
II	Cash and Cash Equivalents at end of the Period	6,833