

Supplementary Explanation to the Financial Results
for the Fiscal Year Ended March 31, 2008
(Apr. 1, 2007 – Mar. 31, 2008)

I. Consolidated Full Year Performance

(Billions of yen %)

	Year	Year	Variance		Year	Variance
	Ended	Ended	Amount	%	Ended	from
	March	March			March	Forecast
	2007	2008			2008	
	Actual	Actual			Forecast	
Net Sales	153.7	144.7	(9.0)	(5.9)	145.0	(0.3)
Domestic	134.9	122.7	(12.2)	(9.0)	124.0	(1.3)
Overseas	18.8	22.0	3.2	16.9	21.0	1.0
Operating Income	2.2	0.7	(1.5)	(67.2)	0.5	0.2
Balance of Financial Income	(1.1)	(1.2)	(0.1)		(1.2)	0.0
Other Non-operating Income	0.2	0.5	0.3		0.7	(0.2)
Ordinary Income	1.3	0.0	(1.3)	(97.3)	0.0	0.0
Extraordinary Gains	0.0	1.5	1.5		1.5	0.0
Extraordinary Losses	(0.5)	(2.0)	(1.5)		(1.9)	(0.1)
Income Before Income Taxes						
and Minority Interests	0.8	(0.5)	(1.3)	-	(0.4)	(0.1)
Income taxes & Deferred taxes	(0.8)	(1.0)	(0.2)		(1.1)	0.1
Net Income	0.0	(1.5)	(1.5)	-	(1.5)	0.0

A. Comparison with the Previous Fiscal Year**1. Sales: Sales decreased ¥9.0 billion (down 5.9%) from the previous fiscal year.**

- Domestic sales declined ¥12.2 billion centering on agricultural machinery, farming implements and facility construction in the midst a period of inactivity in the market.
- Overseas sales increased ¥3.2 billion with expanded sales in the European and Asian markets more than offsetting reduced sales in the North American market.

2. Operating income: Operating income decreased ¥1.5 billion (down 67.2%) from the previous fiscal year.**Ordinary income: Ordinary income decreased ¥1.3 billion (down 97.3%) from the previous fiscal year.**

- Income decreased due to declined gross profit by reduced revenue coupled with deteriorated gross margin caused by reduction of production.

3. Net income: Net income decreased ¥1.5 billion from the previous fiscal year.

- Net income decreased ¥1.5 billion due to reversal of deferred tax assets and appropriation of special retirement allowance related to recruitment of voluntary retirement.

B. Comparison with the Performance Forecast

1. Sales: ¥0.3 billion less than the forecast

- Domestic sales was short by ¥1.3 billion due to inactive agricultural related item sales and facility construction in spite of increase in the agricultural machinery sales.
- Overseas sales increased ¥1.0 billion due to expanded sales in the European and Asian markets, more than offsetting decreased sales in the North American market.

2. Operating income : ¥0.2 billion more than the forecast.

- Operating income increased ¥0.2 billion compensating reduced gross income due to declined domestic sales by increased overseas sales, cost reduction effects etc.

3. Ordinary income, net income: Both ordinary and net income were in line with the forecast.

C. Sales Breakdown

				(Billions of yen)	
	Year Ended March 2007 Actual	Year Ended March 2008 Actual Result	Variance	Year Ended March 2008 Forecast	Variance Amount
Agricultural Machinery	68.6	62.6	(6.0)	61.7	0.9
Parts & Farming Implements	29.8	27.9	(1.9)	28.0	(0.1)
Construction of Agricultural Facilities	6.3	4.0	(2.3)	5.3	(1.3)
Others	30.2	28.2	(2.0)	29.0	(0.8)
Domestic Sales Total	134.9	122.7	(12.2)	124.0	(1.3)
North America	6.5	5.4	(1.1)	5.7	(0.3)
Europe	8.3	10.6	2.3	9.9	0.7
Asia	1.5	2.6	1.1	2.6	0.0
China	0.7	1.3	0.6	1.0	0.3
Australia and others	0.4	0.5	0.1	0.5	0.0
Total Product Sales	17.4	20.4	3.0	19.7	0.7
Parts and others	1.4	1.6	0.2	1.3	0.3
Overseas Sales Total	18.8	22.0	3.2	21.0	1.0
Total	153.7	144.7	(9.0)	145.0	(0.3)

II. Performance forecast for the fiscal year ending March 31, 2009

(Point of view for performance forecast)

In domestic market, we forecast agricultural machinery demand will stay flat due to reviewed agricultural policy reform and brake for decline in the rice price. Domestic sales of ISEKI will be expanded by on-going growth in sales centering on rice transplanters, the synergistic effect of continuously introduced new products, further enriched services and strengthened sales force.

In overseas markets, in addition to further sales expansion in solid Asian markets, we forecast recovery of orders received by termination of inventory adjustment by an OEM partner in the North American market.

Furthermore, we forecast an improved gross margin by the effect of the cost structure reform implemented during the fiscal year ended March 31, 2008.

(Consolidated)	(Billions of yen, %)			
	Year Ended March 2008 Actual Result	Year Ending March 2009 Forecast	Variance	
			Amount	%
Net Sales	144.7	154.5	9.8	6.8
Domestic	122.7	130.5	7.8	6.4
Overseas	22.0	24.0	2.0	9.1
Operating Income	0.7	3.3	2.6	371
Ordinary Income	0	1.9	1.9	-
Net Income	(1.5)	0.6	2.1	-

(Non-consolidated)	(Billions of yen, %)			
	Year Ended March 2008 Actual Result	Year Ending March 2009 Forecast	Variance	
			Amount	%
Net Sales	85.0	91.0	6.0	7.1
Operating Income	(0.5)	0.7	1.2	-
Ordinary Income	(0.2)	0.7	0.9	-
Net Income	(1.4)	0.6	2.0	-