

**Interim Financial Results
Fiscal Year Ending March, 2008
Investor Relations Presentation Materials**

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1 . Management Policies and Issues to be Addressed

Opening

- Opening
- Management Policies
 - Recovery of domestic sales and expansion of overseas sales
 - Cost structure reforms
 - Reform of consciousness to be a “Well communicated corporation”
- Our mission is to succeed in the
“Corporate reform” for rebirth

Mid to long-term Management Strategies

1. Expansion of overseas sales
2. Secure 20% share in the domestic agricultural machinery market
3. Further strengthening of product competitiveness
4. Improve consolidated financial position through enhanced earning power and cash flows

Immediate issues to be addressed and measures

- Through implementation of compliance management
 - ~ Establish group internal control

- Enhance earning power
 - ~ Implement reform of cost structure

2. Fiscal Year Ending March 2008 Outline of Interim Financial Results

Outline of Interim Financial Results

(JPY bn, %)

Item	06/Sep. Actual		07/Sep. Actual		Change	07/Sep. Plan	Change
	Value	%	Value	%			
Net Sales	76.2	100.0	71.2	100.0	(5.0)	72.0	(0.8)
(Domestic)	67.5	88.6	61.8	86.8	(5.7)	63.1	(1.3)
(Overseas)	8.7	11.4	9.4	13.2	0.7	8.9	0.5
Operating Income	2.4	3.1	(0.3)	(0.4)	(2.7)	1.0	(1.3)
Ordinary Income	2.3	3.0	(0.4)	(0.5)	(2.7)	0.8	(1.2)
Interim Net Income	1.2	1.7	(2.2)	(3.1)	(3.4)	0.1	(2.3)

(06/Sep.. Actual are after revisions)

Breakdown of Domestic Sales

(JPY bn, %)

	06/ Sep.	07/ Sep.	Change		07/ Sep.	Change	
	Actual	Actual		Notes	Plan		Notes
Cultivating & Mowing Machinery	18.1	16.4	(1.7)	Tractors : (1.9)	17.3	(0.9)	Tractors : (0.9)
Planting Machinery	6.7	7.4	0.7	Rice Transplanters : + 0.7	7.2	0.2	Rice Transplanters : + 0.2
Harvesting & Processing Machinery	9.1	6.7	(2.4)	Combine Harvesters : (1.8)	7.5	(0.8)	Combine Harvesters : (0.3)
Agricultural Machinery Total	33.9	30.5	(3.4)		32.0	(1.5)	
Parts & Farming Implements	15.6	14.5	(1.1)	Farming implements:(1.0)	14.5	-	
Construction of Facilities	3.0	1.8	(1.2)		1.8	-	
Agricultural Machinery Related Business (*1)	9.4	9.7	0.3		9.3	0.4	
Others (*2)	5.6	5.3	(0.3)		5.5	(0.2)	
Total	67.5	61.8	(5.7)		63.1	(1.3)	

*1 Repair fee, agricultural materials, etc.

*2 Revenue from coin-operated rice polishing machines and other items.

Breakdown of Overseas Sales

(JPY bn, %)

Item	06/ Sep. Actual	07/ Sep. Actual	Change	Notes	07/ Sep. Plan	Change
North America	3.4	2.5	(0.9)		2.6	(0.1)
Europe	3.5	4.6	1.1		4.1	0.5
Asia (China)*	0.9 0.4	1.4 0.7	0.5 0.3		1.3 0.5	0.1 0.2
Oceania	0.2	0.2	-		0.2	-
Products Total	8.0	8.7	0.7		8.2	0.5
Parts & Others	0.7	0.7	-		0.7	-
Total	8.7	9.4	0.7		8.9	0.5

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

Operating income

(JPY bn, %)

Item	06/Sep. Actual		07/Sep. Actual		Change	07/ Sep. Plan	Change
	Value	%	Value	%			
Net Sales	76.2	100.0	71.2	100.0	(5.0)	72.0	(0.8)
Cost of G. S.	51.1	67.1	49.5	69.5	(1.6)	49.3	0.2
Gross Profit	25.1	32.9	21.7	30.5	(3.4)	22.7	(1.0)
S. G. & A. Expenses	22.7	29.8	22.0	30.9	(0.7)	21.7	0.3
Operating Income	2.4	3.1	(0.3)	(0.4)	(2.7)	1.0	(1.3)

(06/Sep. Actual are after revision)

※Compared with the same period previous year [Factors to increase or decrease profit]

- Gross profit decreased due to decreased revenue : (1.7) ▪ Reduced gross margin by production cur: (0.8)
- Change in depreciation method: (0.2) ▪ Reduced gross margin by competition: (0.4) ▪ Others (Declared unrealized loss: (1.1) ▪ Forex effect: +0.3 Salary cur effect of voluntary retirement:+0.9 Other S.G.&A.expenses cut: +0.3

※Compared with the Plan [Factors to increase or decrease profit]

- Gross profit decreased due to unattained sales target : (0.3) ▪ Effect of delayed inventory cut: (0.4)
- Unattained cost cut : (0.3) ▪ Others (0.3)

Ordinary Income and Interim Net Income

(JPY bn,)

	06/Sep. Actual	07/Sep. Actual	Change		07/Sep. Plan	Change
Operating Income	2.4	(0.3)	(2.7)		1.0	(1.3)
Net Financial Income	(0.6)	(0.6)	-		(0.6)	-
Other Non-operating Income	0.5	0.5	-		0.4	0.1
Ordinary Income	2.3	(0.4)	(2.7)		0.8	(1.2)
Extraordinary Gains	-	1.0	1.0		1.0	-
Extraordinary Losses	(0.3)	(1.6)	(1.3)		(1.1)	(0.5)
Income before Income Taxes	2.0	(1.0)	(3.0)		0.7	(1.7)
Taxes, Deferred Taxes	(0.8)	(1.2)	(0.4)		(0.6)	(0.6)
Net Income	1.2	(2.2)	(3.4)		0.1	(2.3)

(06/Sep. Actual are after revision)

※ Compared with the same period previous year [Factors to increase or decrease profit]

[Extraordinary Gains] Gain sale of securities : + 0.9, Others : + 0.1

[Extraordinary Losses] Special benefits for recruitment of voluntary retirees : (0.9), Others : (0.4)

※(1.2) of Taxes, Deferred Taxes reflects reversal of non-consolidated deferred tax assets ¥1.0 billion, etc.

Balance Sheet

(JPY bn)

Item	06/Sep. Actual	07/Sep. Actual	Change	(Reference) 07/Mar. Actual
Cash/Cash Equivalents	7.3	7.3	-	5.3
Accounts Receivables	40.0	33.5	(6.5)	32.0
Inventories	44.0	45.2	1.2	45.5
Other Current Assets	3.2	2.8	(0.4)	3.6
Fixed Assets	94.9	92.0	(2.9)	95.0
Total Assets	189.4	180.8	(8.6)	181.4
Debs/Borrowings	63.0	63.2	0.2	58.3
Other Liabilities	69.4	64.9	(4.5)	67.4
(Total Liabilities)	132.4	128.1	(4.3)	125.7
Net Assets	57.0	52.7	(4.3)	55.7
(Retained Earnings)	6.8	3.3	(3.5)	5.5
Total Liabilities and Shareholders' Equity	189.4	180.8	(8.6)	181.4

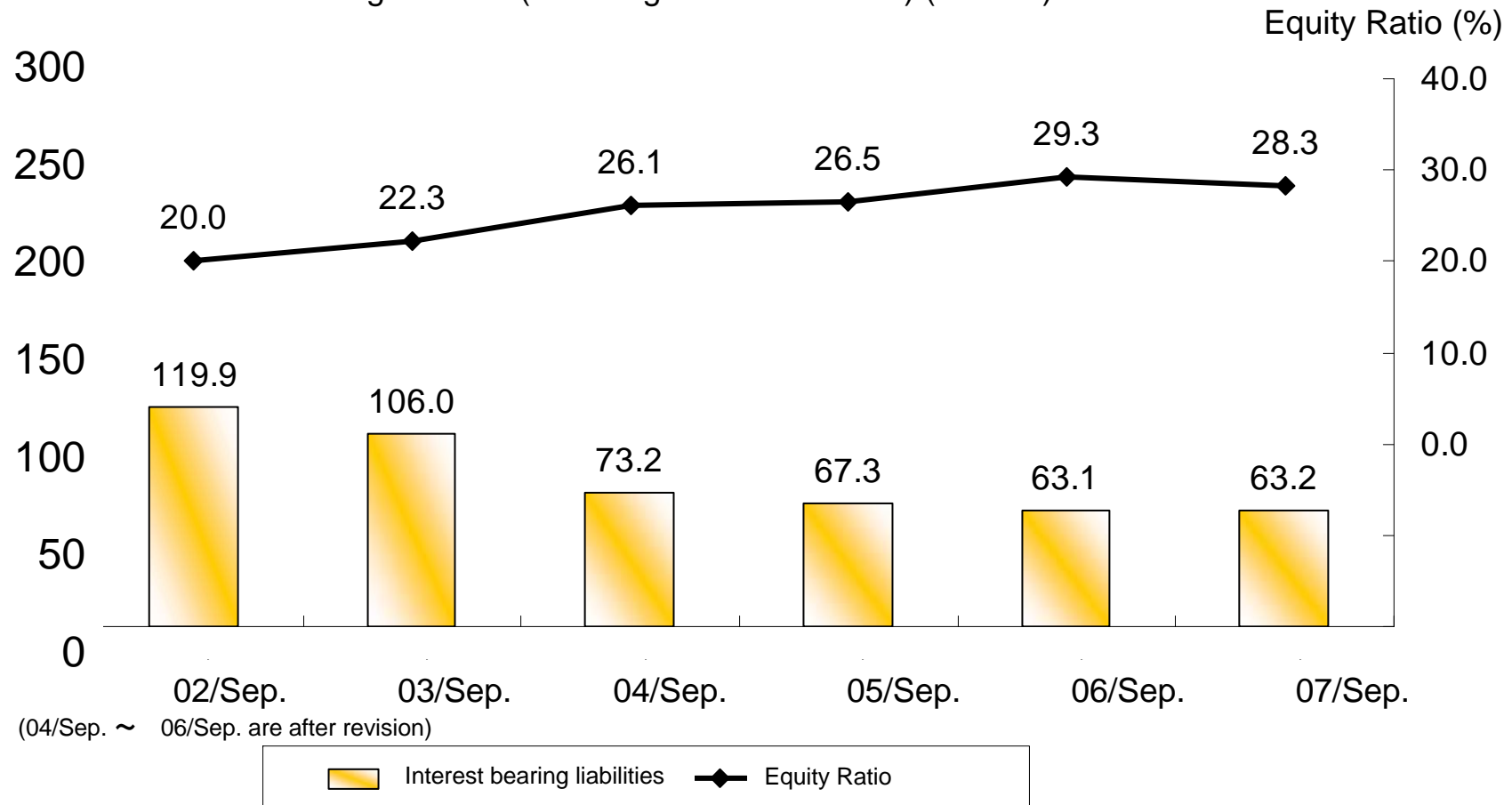
(06/Sep. Actual are after revision.)

Trends of Interest Bearing Liabilities

▪ Equity Ratio

[Trends of Balance of Interim Consolidated Interest Bearing Liabilities ▪ Equity Ratio]

Balance of interest bearing liabilities(including note discounted) (JPY bn)



3. Performance Forecast for the Fiscal Year ending March 2008

Revised Performance Forecast for the Fiscal Year Ending March 2008

(JPY bn)

Item	08/Mar.		Change	07/Mar. Actual	Change
	Previous Forecast	Current Forecast			
Net Sales	154.0	149.0	(5.0)	153.7	(4.7)
(Domestic)	133.0	128.0	(5.0)	134.9	(6.9)
(Overseas)	21.0	21.0	-	18.8	2.2
Operating Income	3.0	1.1	(1.9)	2.2	(1.1)
Ordinary Income	2.3	0.1	(2.2)	1.3	(1.2)
Net Income	0.8	(2.3)	(3.1)	0.0	(2.3)

※Company forex rates: \$1 = ¥115; 1 Euro = ¥155

- Domestic sales forecast has been revised to reflect the actual situation in the domestic market
- Income has been revised to reflect revised sales forecast.

Revised Performance Forecast

(Breakdown of Domestic Sales)

(JPY bn)

	08/Mar.		Change	07/Mar. Actual	Change
	Previous Forecast	Current Forecast			
Cultivating & Mowing Machinery *	29.3	27.0	(2.3)	29.3	(2.3)
Planting Machinery *	11.6	11.9	0.3	10.6	1.3
Harvesting and Processing*	27.7	25.1	(2.6)	28.7	(3.6)
Agricultural Machinery Total	68.6	64.0	(4.6)	68.6	(4.6)
Parts & Farming Implements	28.9	28.5	(0.4)	29.8	(1.3)
Construction of Facilities	5.3	5.3	-	6.3	(1.0)
Agricultural Machinery Related *	18.5	18.5	-	18.6	(0.1)
Other *	11.7	11.7	-	11.6	0.1
Total	133.0	128.0	(5.0)	134.9	(6.9)

*Cultivating Machinery : Tractors, tillers

*Planting Machinery : Rice transplanters, vegetable transplanters

*Harvesting & Processing Machinery : Combine harvesters, dryers, rice huller, etc.

*Agricultural Machinery Related : Repair fees, agricultural materials, etc.

*Other : Revenue from coin-operated rice polishing machines, and other items.

Performance Forecast

(Breakdown of Overseas Sales)

(JPY bn)

	08/Mar.		Change	07/Mar. Actual	Change
	Previous Forecast	Current Forecast			
North America	6.2	5.7	(0.5)	6.5	(0.8)
Europe	9.4	9.9	0.5	8.3	1.6
Asia	3.6	3.6	-	2.2	1.4
(China)	1.1	1.0	(0.1)	0.7	0.3
Australia, etc.	0.5	0.5	-	0.4	0.1
Overseas Products Total	19.7	19.7	-	17.4	2.3
Parts & Others	1.3	1.3	-	1.4	(0.1)
Total	21.0	21.0	-	18.8	2.2

※Company forex rate: \$1 = ¥115; 1 Euro = ¥155

Performance Forecast (Operating Income)

(JPY bn %)

Item	07/Mar Actual	08/Mar	
		Previous Forecast	Current Forecast
Net Sales	153.7	154.0	149.0
Cost of Goods sold	48.4	47.9	46.2
(Gross Profit Margin)	31.5	31.1	31.0
SG&A Expenses	46.2	44.9	45.1
Operating Income	2.2	3.0	1.1

Notes on the Future Forecast

- The objective of this presentation document is to provide information and it is not intended to invite any action.
- The document has been prepared by ISEKI based on currently available information and it involves potential risks and uncertainties. The forecast may not be consistent with actual results depending on fluctuation of the economic situation and market trends.
- In using this information, ISEKI is not liable for any losses incurred by investment decisions made utilizing the business forecast or targets given in this document.