


Summary Announcement of Consolidated Financial Results for the Nine Months Ended December 31, 2004



February 10, 2005

Company Name: **ISEKI & CO., LTD.** 
 Code No: 6310
 (URL <http://www.iseki.co.jp>)
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 Headquarters: Tokyo
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1. Basis of Preparation for the Quarterly Financial Results

- (1) Adoption of Simplified Accounting Practices : Yes
 Namely:
 - a physical inventory check has not occurred; and
 - we have employed a simplified method as standards for accounting for such items as corporate tax.
- (2) Changes in Accounting Practices from Previous Fiscal Year : None
 (3) Changes in Consolidation Scope : None

2. Consolidated Financial Results for the Nine Months Ended December 31, 2004 (April 1, 2004 – December 31, 2004)

(1) Consolidated results of operations (Rounded down to millions of yen)

	Net Sales		Operating Income		Ordinary Income	
	millions of yen	%	millions of yen	%	millions of yen	%
December 31, 2004	114,937	3.7	4,578	28.5	4,023	46.2
December 31, 2003	110,875	–	3,564	–	2,752	–
March 31, 2004	153,624		6,373		5,092	

	Net Income		Net Income per Share	Fully Diluted Net Income per Share
	Millions of yen	%	yen	yen
December 31, 2004	2,551	30.8	11.69	–
December 31, 2003	1,951	–	8.80	–
March 31, 2004	3,077		13.90	–

Note: Changes (%) in Net Sales, Operating Income, etc, represent the increase or decrease relative to the same period of the previous year.

[Financial Results]

Net sales for the nine months ended reached ¥114.9 billion, up ¥4.0 billion (3.7%) on the same period last year. An increase in tractor sales of ¥1.6 billion, due to favorable demand for the GEAS-AT series tractors, helped drive domestic sales up by ¥2.2 billion (2.2%) to ¥105.9 billion. Overseas sales rose by ¥1.8 billion (25.2%) to reach ¥9.0 billion, pushed by increased sales in North American markets as well as increased sales of large-scale combine harvesters in the South Korean market.

Operating income reached ¥4.578 billion, up ¥1.014 billion (28.5%) on the same period last year, thanks to an increase in gross profit from increased sales and an improvement to cost percentages due to a cut in costs. Helped by a decrease in interest payments, ordinary income rose ¥1.270 billion (46.2%) on the same period last year to reach ¥4.023 billion. Net income for the nine months ended rose ¥0.6 billion (30.8%) compared to the same period last year, to reach ¥2.551 billion, pushed along by proceeds from the sale of the credit business.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
December 31, 2004	200,445	51,284	25.6	236.24
December 31, 2003	211,910	49,274	23.2	221.18
March 31, 2004	197,156	49,576	25.1	226.85

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
December 31, 2004	Δ 5,868	8,954	Δ 0,785	13,372
December 31, 2003	Δ 6,117	7,004	Δ 2,779	17,763
March 31, 2004	12,368	5,633	Δ26,639	11,029

[Financial Position]

Total assets for the nine months ended had contracted to ¥200.4 billion, down ¥11.5 billion on the same period from the last year. The main drivers for the decrease were a ¥5.3 billion reduction in cash equivalents, and a ¥12.5 billion reduction in installment accounts receivable due to the sale of the credit business. In contrast, both accounts receivable and inventories rose, by ¥4.4 billion and ¥2.3 billion respectively, due to an increase in sales and a corresponding increase in the manufacturing companies' work in process. In October 2004, Iseki issued ¥10.0 billion of Japanese Yen Convertible Bonds (convertible bonds type- bonds with stock acquisition rights). The nine months ended interest-bearing liabilities were down ¥22.6 billion on the same period last year, at ¥78.5 billion.

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2005 (April 1, 2004 – March 31, 2005)

	Net Sales	Operating Income	Ordinary Income	Net Income
	millions of yen	millions of yen	millions of yen	millions of yen
Full-year	158,000	7,100	6,100	3,500

(Reference) The estimated net income per share for the year is ¥16.12.

(Reference)

Forecast of Non-consolidated Results for the Fiscal Year Ending March 31, 2005 (April 1, 2004 – March 31, 2005)

	Net Sales	Operating Income	Ordinary Income	Net Income
	millions of yen	millions of yen	millions of yen	millions of yen
Full-year	95,500	3,300	3,500	2,300

(Reference) The estimated net income per share for the year is ¥10.59.

[Performance Forecast]

The performance forecast announced on November 18, 2004, has been amended as above. Net sales have been reduced by ¥2.0 billion (1.3%) to ¥158.0 billion, due to actual domestic sales between October and December falling below target. Consequently, operating income has been reduced by ¥0.7 billion (9.0%) to ¥7.1 billion and ordinary income by ¥0.4 billion (6.2%) to ¥6.1 billion. There has been no change to the net income forecast of ¥3.5 billion.

Cautionary Statement: The above forecasts were based on information that was available as of the day of this announcement and on assumptions made as of the same day regarding a number of uncertainties that could affect future financial performance. Actual results could differ considerably depending on a variety of factors hereafter.

1. Quarterly Consolidated Balance Sheets (Summary)

(Millions of yen, %)

Description	Current Period as at Dec 31, 2004	Previous Period as at Dec 31, 2003	Change from Previous Period		(Reference) Previous Period as at Mar 31, 2004
	Amount	Amount	Amount	Ratio	Amount
(Assets)					
I . Current Assets	107,971	119,223	Δ11,251	Δ 9.4	104,239
Cash and time deposits	14,429	19,775	Δ 5,345	Δ27.0	13,465
Notes and accounts receivable	44,967	40,613	4,353	10.7	33,818
Installment accounts receivable	884	13,443	Δ12,559	Δ93.4	13,091
Inventories	42,694	40,370	2,324	5.8	38,921
Others	5,685	5,738	Δ 52	Δ 0.9	5,699
Allowance for doubtful accounts	Δ 689	Δ 718	28	-	Δ 757
II . Fixed Assets	92,473	92,687	Δ 213	Δ 0.2	92,916
1. Tangible fixed assets	79,387	79,989	Δ 602	Δ 0.8	79,805
Buildings and structures	15,284	15,637	Δ 352	Δ 2.3	15,516
Machinery, equipment and vehicles	8,518	9,442	Δ 924	Δ 9.8	9,335
Land	50,435	50,391	44	0.1	50,399
Others	5,148	4,518	630	14.0	4,552
2. Intangible fixed assets	1,085	1,076	8	0.8	1,058
3. Investments and other assets	12,000	11,620	380	3.3	12,052
Investment securities	7,822	6,944	877	12.6	7,699
Others	4,601	5,154	Δ 552	Δ10.7	5,130
Allowance for doubtful accounts	Δ 422	Δ 478	55	-	Δ 777
Total Assets	200,445	211,910	Δ11,465	Δ 5.4	197,156

(Millions of yen, %)

Description	Current Period as at Dec 31, 2004	Previous Period as at Dec 31, 2003	Change from Previous Period		(Reference) Previous Period as at Mar 31, 2004
	Amount	Amount	Amount	Ratio	Amount
(Liabilities)					
I .Current Liabilities	97,227	115,396	Δ18,168	Δ 15.7	102,196
Notes and accounts payable, trade	45,982	36,548	9,434	25.8	39,937
Short - term borrowings	35,078	60,467	Δ25,388	Δ 42.0	39,337
Current portion of bonds	40	40	-	-	40
Current portion of long-term debt	8,197	9,870	Δ 1,672	Δ 16.9	10,499
Others	7,928	8,470	Δ 541	Δ 6.4	12,382
II .Long - term Liabilities	50,425	45,779	4,645	10.1	43,924
Bonds	10,440	480	9,960	2,075.0	480
Long - term debt	24,574	29,874	Δ 5,299	Δ 17.7	27,739
Deferred tax liability from land revaluation gain	7,131	7,131	-	-	7,131
Accrued retirement benefits for employees	4,577	4,733	Δ 156	Δ 3.3	4,821
Others	3,702	3,560	141	4.0	3,752
Total Liabilities	147,653	161,176	Δ13,523	Δ 8.4	146,121
(Minority Interests in Consolidated Subsidiaries)					
Minority interests in consolidated subsidiaries	1,507	1,460	47	3.3	1,458
(Shareholders' Equity)					
I .Common stock	22,534	22,534	-	-	22,534
II .Capital surplus	11,650	11,645	5	0.0	11,645
III .Retained earnings	6,416	3,393	3,022	89.1	4,519
IV .Land revaluation reserve	10,696	10,696	-	-	10,696
V .Net unrealized holding gain on securities	1,753	1,175	578	49.2	1,584
VI .Foreign currency translation adjustments	0	-	0	-	Δ 7
VII .Treasury stock	Δ 1,767	Δ 170	Δ 1,596	-	Δ 1,395
Total Shareholder's Equity	51,284	49,274	2,010	4.1	49,576
Total Liabilities, Minority Interests and Shareholder's Equity	200,445	211,910	Δ11,465	Δ 5.4	197,156

2. Quarterly Consolidated Statements of Income (Summary)

(Millions of yen, %)

Description	Current Period Apr 1,2004 - Dec 31,2004	Previous Period Apr 1,2003 - Dec 31,2003	Change from Previous Period		(Reference) Previous Period Apr 1,2003 - Mar 31,2004
	Amount	Amount	Amount	Ratio	Amount
I .Net sales	114,937	110,875	4,062	3.7	153,624
II .Cost of sales	77,345	75,203	2,141	2.8	103,100
Gross Profit	37,592	35,671	1,920	5.4	50,523
III.Selling, general and administrative expenses	33,013	32,107	905	2.8	44,149
Operating Income	4,578	3,564	1,014	28.5	6,373
IV. Non-operating Income	916	800	116	14.5	1,177
Interest and dividend income	202	143	59	41.2	253
Others	713	656	56	8.7	924
V. Non-operating Expenses	1,472	1,611	△ 139	△ 8.7	2,459
Interest expense	1,115	1,373	△ 257	△ 18.7	1,749
Others	356	238	117	49.2	709
Ordinary Income	4,023	2,752	1,270	46.2	5,092
VI. Extraordinary Gains	863	541	321	59.4	553
Gain on sales of property, plant and equipment	39	42	△ 3	△ 7.4	54
Gain on sales of investment securities	211	62	149	238.5	62
Gain on sale of credit business	612	-	612	-	-
Gain on sale of leasing business	-	341	△ 341	-	341
Gain on insurance claim	-	94	△ 94	-	94
VII. Extraordinary Losses	317	458	△ 141	△ 30.8	1,400
Loss on sales and disposals of property, plant and equipment	171	174	△ 2	△ 1.6	473
Transfer to allowance for doubtful accounts	-	236	△ 236	-	566
Others	145	47	98	206.2	359
Income before income taxes and minority interests	4,569	2,835	1,733	61.1	4,245
Income taxes	1,972	821	1,151	140.1	1,109
Minority interests in consolidated subsidiaries	44	62	△ 18	△ 29.1	58
Net Income	2,551	1,951	600	30.8	3,077

Note: "Income taxes" includes current and deferred taxes.

3. Quarterly Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

Description	Current Period	Previous Period	(Reference) Previous Period
	Apr 1,2004 - Dec 31,2004	Apr 1,2003 - Dec 31,2003	Apr 1,2003 - Mar 31,2004
	Amount	Amount	Amount
I . Cash Flows from Operating Activities			
Income before income taxes and minority interests	4,569	2,835	4,245
Depreciation and amortization	2,998	3,357	4,483
Interest and dividend income	△ 202	△ 143	△ 253
Interest expense	1,021	1,286	1,620
Gain on sale of credit business	△ 612	-	-
Gain on sale of leasing business	-	△ 341	△ 341
Decrease (increase) in notes and accounts receivable	△ 9,762	△ 6,555	309
Decrease (increase) in inventories	△ 3,002	△ 499	1,141
Increase (decrease) in notes and accounts payable, trade	6,045	△ 872	2,516
Others	△ 3,737	△ 3,394	1,102
Subtotal	△ 2,683	△ 4,326	14,824
Interest and dividends received	205	117	254
Proceeds from insurance claim	-	152	152
Interest paid	△ 1,067	△ 1,387	△ 1,771
Income taxes paid	△ 2,323	△ 673	△ 1,090
Net cash provided by (used in) operating activities	△ 5,868	△ 6,117	12,368
II . Cash Flows from Investing Activities			
Net proceeds from sale and purchase of securities	391	293	252
Net payments for purchase and sales of fixed assets	△ 3,520	△ 3,031	△ 4,185
Proceeds from sale of credit business	10,560	-	-
Proceeds from sale of leasing business	-	767	767
Net decrease in time deposits	1,379	9,412	8,988
Others	143	△ 438	△ 190
Net cash provided by investing activities	8,954	7,004	5,633
III. Cash Flows from Financing Activities			
Net increase (decrease) in borrowings	△ 9,724	4,748	△17,887
Net proceeds from issuance and redemption of bonds	9,960	△ 7,580	△ 7,580
Net payments for purchase and sales of treasury stock	△ 362	55	△ 1,168
Dividends paid	△ 655	-	-
Others	△ 3	△ 3	△ 3
Net cash used in financing activities	△ 785	△ 2,779	△26,639
IV. Effect of Exchange-rate Changes on Cash and Cash Equivalents	43	90	101
V. Net Increase (decrease) in Cash and Cash Equivalents	2,343	△ 1,802	△ 8,535
VI. Cash and Cash Equivalents at Beginning of Year	11,029	19,565	19,565
VII. Cash and Cash Equivalents at End of Period	13,372	17,763	11,029

Basis of Quarterly Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 36 companies
(including Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd., Iseki-Hokkaido Co., Ltd. and Iseki-Tohoku Co., Ltd.)

2. Scope of the equity method companies

The equity method is not applied to any of the group companies.

3. Accounting periods of consolidated subsidiaries

Of the consolidated subsidiaries, 21 companies (including Iseki-Hokkaido Co., Ltd. and Iseki-Changzhou Mfg. Co., Ltd.) use an end-of-period balance sheet date of September 30, 15 companies (including Iseki-Matsuyama Mfg. Co., Ltd.) use an end-of-period-of balance sheet date of December 31.

With regard to the preparation of the quarterly consolidated financial statements, the same current date is employed in the quarterly financial statements, and necessary adjustments at consolidation are made for any significant transactions that occur between the end-of-period-of balance sheet date and this date.

4. Accounting policies

(1) Valuation basis and methods of important assets

(a) Securities

Held-to-maturity debt securitiesAmortized cost method

Other securities

- Marketable securitiesFair value method, based on the fair market price at balance sheet date

(Any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity)

- Non-marketable securitiesCost, based on the moving average method

(b) Inventories Principally gross average method

(c) DerivativesFair value method

(2) Depreciation methods of important depreciable assets

Tangible fixed assets

Declining-balance method, principally except for tools and buildings (other than attachments to the buildings) acquired on or after April 1, 1998 which are depreciated by the straight-line method.

Intangible fixed assets

Straight-line method

As for software intended for internal use, straight-line method over the useful lives of five years.

(3) Allowances and reserves

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the estimated aggregate amount of probable bad debts plus an amount calculated at a rate based on the historical experience.

(b) Accrued retirement benefits for employees

Accrued retirement benefits for employees are provided principally at an amount calculated at the end of the nine month period, on the basis of the retirement benefit obligation and the pension plan assets projected at the end of the current fiscal period.

The net retirement benefit obligation at transition is being amortized over a period of 15 years by the straight-line method. Prior service cost is amortized as incurred primarily by the straight-line method over the estimated average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized primarily by the straight-line method over the estimated average remaining years of service of the eligible employees.

(4) Leases

Finance leases, other than those which transfer the ownership of the leased property to the lessee, are accounted for as operating leases.

(5) Hedging activities

(a) Accounting treatment of hedging activities

Recorded in accordance with deferred hedge accounting. Such receivables and payables, which are denominated in foreign currencies and for which forward exchange contracts have been entered, are recorded using the forward exchange rates.

(b) Hedging methods and hedged transactions

(i) Hedging methods

Forward exchange contracts and interest rate swap agreements

(ii) Hedged transactions

Foreign currency denominated receivables and payables; and borrowings

(c) Principle of hedging

Forward exchange contracts and interest rate swap agreements are entered into, in order to hedge the risks associated with fluctuations in foreign currency exchange rates and interest rates.

(6) Consumption tax

Consumption tax and local consumption taxes are accounted for using a tax-exclusive method.

Supplementary Information to the Nine Months of Financial Results

1. Consolidated financial results for the nine months

(Units: billions of yen)

	Dec 2003 actual	Dec 2004 actual	Variance (%)	
Net Sales	110.9	114.9	4.0	3.7
Operating Income	3.6	4.6	1.0	28.5
Ordinary Income	2.8	4.0	1.2	46.2
Net Income	2.0	2.6	0.6	30.8

1) Net Sales reached ¥114.9 billion, up ¥4.0 billion (up3.7%) on the same period last year.

- Domestic sales, with a focus on agricultural machinery, rose ¥2.2 billion (up2.2%). This is a result of the ongoing favorable demand for the GEAS-AT series tractors, which brought out new models complexly after ten years.
- Overseas sales rose by ¥1.8 billion (up25.5%), pushed by increased sales of tractors in North America and Europe. In Asia, sales rose by ¥0.4 billion, thanks to an increase in sales of rice transplanters and large-scale combine harvesters launched to the South Korean market.

(Units: billions of yen)

	Dec 2003	Dec 2004	Variance
Agricultural machinery	55.0	56.5	1.5
Farming implements, etc	48.7	49.4	0.7
Total domestic sales	103.7	105.9	2.2
Export products	5.9	8.1	2.2
Spare parts, etc	1.3	0.9	-0.4
Total overseas sales	7.2	9.0	1.8
Total	110.9	114.9	4.0

(Per foreign region)

(Units: billions of yen)

	Dec 2003	Dec 2004	Variance
North America	2.9	4.2	1.3
Europe	2.5	3.0	0.5
Asia	0.3	0.7	0.4
Australia, etc	0.2	0.2	-
Total products	5.9	8.1	2.2
Total parts, etc	1.3	0.9	-0.4
Total	7.2	9.0	1.8

- 2) Operating income reached ¥4.6 billion, an increase of ¥1.0 billion (up28.5%) on the same period last year. The decline in profitability due to the temporary delay in the completion of the hydroponics facilities and the temporary operating expenses associated with the increase in production were absorbed by an increase in gross profits from increased sales as well as by a cut in costs.
- 3) Ordinary income climbed to ¥4.0 billion, up ¥1.2 billion (up46.2%) on the same period last year, driven by a decrease in interest expenses which have resulted from a decrease in interest-bearing liabilities.

- 4) Net income for the period rose to ¥2.5 billion, up ¥0.6 billion (up30.8%) on the same period last year, due mainly to ¥0.6 billion of proceeds from the devolution of the credit business operations, and an increase to the adjustment to income taxes, on top of the increase in ordinary income.

2. Reduction of consolidated Interest - bearing liabilities

Due to the proceeds from the June 2004 devolution of the credit business operations being used to fund the repayment of borrowings, the balance of interest-bearing liabilities at the end of this period was ¥78.5 billion, down ¥22.6 billion compared to the same time last year. The balance at the end of this fiscal period is forecast to be on target at ¥62.0 billion.

(Balance of interest-bearing liabilities) (Units: billions of yen)

Dec 2003 actual	Mar 2004 actual	Dec 2004 actual	Variance (on the same period last year)	Mar 2005 target
101.1	78.3	78.5	-22.6	62.0

3. Forecast for the Fiscal Year Ending March 31, 2005

The performance forecast for the end of the fiscal year has been revised since previously announced on November 18, 2004.

(Units: billions of yen)

(Full year)	Forecast at Nov 18	Current forecast	Variance	Result for period ending Mar 31 2004
Net Sales	160.0	158.0	-2.0	153.6
Operating Income	7.8	7.1	-0.7	6.4
Ordinary Income	6.5	6.1	-0.4	5.1
Net Income	3.5	3.5	—	3.1

1) Net Sales

The forecast for sales has been reduced by ¥2.0 billion, due to actual domestic sales between October and December falling below target. Domestic product sales (January – December) is at 102% compared to the previous period.

2) Operating Income

- Up until this third quarter, causes of the temporary downturn in income, which has transpired this fiscal year, were able to be offset by increased sales and reduced costs. However, as sales for the full year are forecast to fall below target, this will not be able to be fully absorbed by an increased gross profit. Hence, operating income has been revised down ¥0.7 billion.

- Causes of the temporary downturn in income (¥1.0 billion), which transpired this fiscal year, are as follows:

- ① Decline in profitability from the delay in completion of hydroponics facilities
¥ -0.5 billion
- ② Temporary operating expenses associated with increased production

¥ -0.5 billion

•Other contributing factors in the variation to target income are as follows:

(variation to target)

- ① Delayed gross profit due to reduction in sales ¥ -0.6 billion
- ② Reduction in costs ¥ 0.4 billion
- ③ Decrease in selling, general and administrative expenses ¥ 0.7 billion
- ④ Other factors ¥ -0.2 billion

3) Ordinary Income

Ordinary income has been revised downward by ¥0.4 billion, due partly to interest payments from interest-bearing liabilities falling by ¥0.2 billion

4) Net Income

There has been no change to the forecast for net income

(Reference)

Together with the consolidated forecast, the previously announced non-consolidated performance forecast for the end of the fiscal year has also been revised.

(Units: billions of yen)

(Full year)	Forecast at Nov 18	Current forecast	Variance	Result for period ending Mar 31 2004
Net Sales	94.0	95.5	1.5	87.3
Operating Income	3.3	3.3	—	2.4
Ordinary Income	3.4	3.5	0.1	2.5
Net Income	1.9	2.3	0.4	1.8