

[Pre-amendment]

Brief Announcement of Consolidated Financial Statements for the year ending March 31, 2004

May 24 2004

Name of listed company: Iseki & Co., Ltd. Stock Exchange Listings: Tokyo, Osaka
 Company Code: 6310 Head Office: Tokyo

(URL <http://www.iseki.co.jp>)

Representative: Title President
 Name Hiroyuki Nakano

Enquiries: Title General Manager of Finance
 Name Yasunori Maki Telephone: +81 3 5604 7671

Date of meeting of Board of Directors to approve financial results: May 24 2004

Adoption of U.S. GAAP: No

1. Consolidated Financial Results for the year ending March 31, 2004 (April 1, 2003 - March 31, 2004)

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

Year ending	Sales		Operating Income		Ordinary Profit	
	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2004	153,624	△ 1.8	6,373	2.9	5,092	23.5
March 31, 2003	156,381	△ 3.7	6,192	44.7	4,124	66.3

	Net Income for the period		Net Income per share for the period	Net Income per share for the period, adjusted for residual shares	Return on Equity	Ratio of Ordinary Profit to Total Capital	Ratio of Ordinary Profit to Sales
	millions of yen	%	yen	yen	%	%	%
March 31, 2004	3,077	204.7	13.90	—	6.4	2.5	3.3
March 31, 2003	1,009	△ 42.3	4.56	—	2.2	1.8	2.6

- Note: ① Investment loss by equity method: FY 2003 — million yen FY 2002 — million yen
 ② Average number of shares outstanding (consolidated): FY 2003: 221,423,508 shares, FY 2002: 221,719,717 shares
 ③ Change in accounting policies: No
 ④ Changes (%) in sales, operating income, ordinary profit and net income for the period represent the increase or decrease relative to the same period of the previous year.

(2) Consolidated Financial Position

Year ending	Total Assets	Total Shareholders' Equity	Equity to Assets Ratio	Shareholders' Equity per share
	millions of yen	millions of yen	%	yen
March 31, 2004	197,156	49,576	25.1	226.85
March 31, 2003	215,163	46,483	21.6	210.44

Note: (1) Number of shares outstanding March 31, 2004: 218,546,196 shares, March 31, 2003: 220,884,011 shares

(3) Consolidated Cash Flow

Year ending	Cash Flow from			Cash/cash equivalents at end of period
	Operating Activities	Investing Activities	Financing Activities	
	millions of yen	millions of yen	millions of yen	millions of yen
March 31, 2004	12,368	5,633	△ 26,639	11,029
March 31, 2003	12,494	△ 1,905	△ 12,675	19,565

(4) Note concerning the scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 36

Number of non-consolidated subsidiaries accounted for by the equity method: -

Number of affiliates and collaborate companies accounted for by the equity method: -

(5) Changes in scope of consolidation and application of the equity method

Number of consolidated subsidiaries added: 1, removed: -

Number of companies commenced using equity method: -, ceased: -

2. Outlook for the FY 2004 Operating Results (April 1, 2004 – March 31, 2005)

	Sales	Operating Income	Ordinary Profit	Net Income for the period
	millions of yen	millions of yen	millions of yen	millions of yen
Half-year	75,000	2,600	2,000	1,600
Full-year	159,000	7,800	6,500	3,500

For reference, the expected net income per share for the year is ¥16.01.

Note: 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.

[Post-amendment]

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Adoption of U.S. GAAP: No

1. Consolidated Financial Results for the year ending March 31, 2004 (April 1, 2003 - March 31, 2004)

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

Year ending	Sales		Operating Income		Ordinary Profit	
	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2004	153,624	△ 1.8	5,811	△ 6.2	4,529	9.8
March 31, 2003	156,381	△ 3.7	6,192	44.7	4,124	66.3

	Net Income for the period		Net Income per share for the period	Net Income per share for the period, adjusted for residual shares	Return on Equity	Ratio of Ordinary Profit to Total Capital	Ratio of Ordinary Profit to Sales
	millions of yen	%	yen	yen	%	%	%
March 31, 2004	2,206	118.5	9.96	—	4.6	2.2	2.9
March 31, 2003	1,009	△ 42.3	4.56	—	2.2	1.8	2.6

Note: ① Investment loss by equity method: FY 2003 — million yen FY 2002 — million yen
 ② Average number of shares outstanding (consolidated): FY 2003: 221,423,508 shares, FY 2002: 221,719,717 shares
 ③ Change in accounting policies: No
 ④ Changes (%) in sales, operating income, ordinary profit and net income for the period represent the increase or decrease relative to the same period of the previous year.

(2) Consolidated Financial Position

Year ending	Total Assets	Total Shareholders' Equity	Equity to Assets Ratio	Shareholders' Equity per share
	millions of yen	millions of yen	%	yen
March 31, 2004	196,367	48,705	24.8	222.86
March 31, 2003	215,163	46,483	21.6	210.44

Note: (1) Number of shares outstanding March 31, 2004: 218,546,196 shares, March 31, 2003: 220,884,011 shares

(3) Consolidated Cash Flow

Year ending	Cash Flow from			Cash/cash equivalents at end of period
	Operating Activities	Investing Activities	Financing Activities	
	millions of yen	millions of yen	millions of yen	millions of yen
March 31, 2004	12,368	5,633	△ 26,639	11,029
March 31, 2003	12,494	△ 1,905	△ 12,675	19,565

(4) Note concerning the scope of consolidation and application of the equity method

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2. Outlook for the FY 2004 Operating Results (April 1, 2004 – March 31, 2005)

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	millions of yen	millions of yen	millions of yen	millions of yen
Half-year	75,000	2,600	2,000	1,600
Full-year	159,000	7,800	6,500	3,500

For reference, the expected net income per share for the year is ¥16.01.

Note: 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.

[Pre-amendment]

Management Performance & Financial Position

1. Management Performance

(1) The Year in Review

[Pre-amendment]

The Japanese economy this fiscal period has at last shown signs of recovery, lead by business activity taking an upward turn, which was supported by corporate profit improvements due to structural reforms and exports. However, consumer spending remains sluggish and amid the fears of the effect of a rising yen on exports, economists are not yet optimistic.

Under the long-standing stagnation of the economy at large, the farming sector too has suffered harsh conditions, and consequently the demand for agricultural machinery remains depressed. The climate that grips agriculture is thought to be shifting exponentially, affected by both structural problems, such as dwindling numbers of farming families and the polarization of farm sizes, as well as by the overhaul of the “Food, Agriculture and Farming Village Plan” which is directed toward a market-oriented agricultural economy, the government announcements of “Overarching Policy Reforms on Rice” and the WTO and FTA talks on agriculture.

Against such a gloomy backdrop, the Iseki Group has broadened its line of new products that meet the diverse needs of the customers, and has strived to expand sales both domestically and overseas. As a result, overseas sales reached ¥13.3 billion (up 9.7% on the previous period), due to an upsurge in tractor sales to North America; and domestic sales fell to ¥140.3 billion (down 2.7%) partly due to a decrease in revenue from sales of agricultural facilities (down ¥3.2 billion). Overall, total sales were down ¥2.8 billion on last year at ¥153.6 billion (down 1.8%).

Operating income reached ¥6.373 billion, an increase of ¥180 million (2.9%) on the previous period, due to both an improvement in cost prices owing to cut costs and to a reduction in fixed expenses. Ordinary profit shot to ¥5.092 billion, up ¥967 million (23.5%) on last year, driven by a ¥500 million decrease in interest expenses, which was the result of a decrease in interest-bearing liabilities. Net income rocketed to ¥3.077 billion, up ¥2.067 billion (204.7%) due to a ¥300 million gain on sale of the vehicle leasing operations, an adjustment to income taxes and a decrease in extraordinary losses.

Management Performance & Financial Position

1. Management Performance

(1) The Year in Review

[Post-amendment]

The Japanese economy this fiscal period has at last shown signs of recovery, lead by business activity taking an upward turn, which was supported by corporate profit improvements due to structural reforms and exports. However, consumer spending remains sluggish and amid the fears of the effect of a rising yen on exports, economists are not yet optimistic.

Under the long-standing stagnation of the economy at large, the farming sector too has suffered harsh conditions, and consequently the demand for agricultural machinery remains depressed. The climate that grips agriculture is thought to be shifting exponentially, affected by both structural problems, such as dwindling numbers of farming families and the polarization of farm sizes, as well as by the overhaul of the “Food, Agriculture and Farming Village Plan” which is directed toward a market-oriented agricultural economy, the government announcements of “Overarching Policy Reforms on Rice” and the WTO and FTA talks on agriculture.

Against such a gloomy backdrop, the Iseki Group has broadened its line of new products that meet the diverse needs of the customers, and has strived to expand sales both domestically and overseas. As a result, overseas sales reached ¥13.3 billion (up 9.7% on the previous period), due to an upsurge in tractor sales to North America; and domestic sales fell to ¥140.3 billion (down 2.7%) partly due to a decrease in revenue from sales of agricultural facilities (down ¥3.2 billion). Overall, total sales were down ¥2.8 billion on last year at ¥153.6 billion (down 1.8%).

Operating income dropped ¥0.381 billion on the same period last year, to ¥5.811 billion (down 6.2%) due to decreased gross profit caused by decreased sales, in spite of efforts to reduce sales and general administrative expenses. Ordinary income grew ¥0.405 billion (up 9.8%) on the same period last year, to ¥4.529 billion due to reduced interest payment ¥0.5 billion by reduced interest bearing liabilities. Net income shot up ¥1.196 billion (up 118.5%) on the same period last year, to ¥2.206 billion due to a ¥300 million gain on sale of the vehicle leasing operations, an adjustment to income taxes and a decrease in extraordinary losses.

2. Financial Position

(1) Year in Review

[Pre-amendment]

Cash flows provided from operating activities were ¥12.4 billion (a revenue decrease of ¥100 million on the previous reporting period). The majority of it comes from an increase in income before income taxes.

Cash flow from investing activities resulted in a net revenue of ¥5.6 billion (a ¥7.5 billion increase in revenue from the previous period). This includes extraordinary revenue of ¥9.8 billion: a combination of ¥9.0 billion from a syndicate loan implemented as part of financial structure reforms and the cancellation of fixed-term deposits, and an ¥800 million gain on the sale of leasing operations.

The cash flow from financing activities resulted in a net expenditure of ¥26.6 billion (an increase in expenditure from the previous year of ¥13.9 billion).

Carrying on from the last fiscal period, the majority of the cash flow from operating and investing activities was appropriated to repaying ¥25.5 billion worth of interest-bearing liabilities. ¥1.2 billion was also provided for share buybacks.

The trend of cash flow indicators is as follows.

Indicator	Mar 31, 2001	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004
Equity ratio (%)	17.7	19.5	21.6	<u>25.1</u>
Market-based equity ratio (%)	7.2	6.2	9.5	<u>34.3</u>
Years until debt redeemed (years)	15.1	8.1	8.3	6.3
Interest coverage ratio	3.4	5.9	5.5	7.0

- Equity ratio: Shareholders' equity / Total assets
- Market-based equity ratio: Total market price of shares / Total assets
- Years until debt recovered: Interest-bearing liabilities / Operating cash flow
- Interest coverage ratio: Cash flow from operating activities / Interest payments

Note: 1. All figures have been calculated using consolidated-based financial figures.

2. The Total market price of shares is the product of the closing share price at the end of the reporting period and the total number of shares outstanding (less treasury stocks) at the end of the reporting period.

3. The Operating cash flow uses the cash flows from operating activities as per the Consolidated Statement of Cash Flows. Interest-bearing liabilities use all the borrowings and debt as recorded in the Consolidated Balance Sheets. The Interest payments use the interest paid as recorded in the Consolidated Statement of Cash Flows.

2. Financial Position

(1) Year in Review

[Post-amendment]

Cash flows provided from operating activities were ¥12.4 billion (a revenue decrease of ¥100 million on the previous reporting period). The majority of it comes from an increase in income before income taxes.

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Consolidated Financial Statements

Consolidated Balance Sheets

[Pre-amendment]

(millions of yen)

Account	Current Period (as at March 31, 2004)		Previous Period (as at March 31, 2003)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
I Current Assets	<u>104,239</u>	<u>52.9</u>	122,568	57.0	<u>△ 18,328</u>
Cash and bank deposits	13,465		30,989		△ 17,524
Notes and accounts receivable, trade	33,818		31,984		1,834
Installment accounts receivable, trade	13,091		16,005		△ 2,914
Short-term securities	276		282		△ 5
Inventories	<u>38,921</u>		39,348		<u>△ 426</u>
Deferred tax assets	<u>1,603</u>		375		<u>1,228</u>
Others	3,819		4,310		△ 490
Allowance for doubtful accounts	△ 757		△ 728		△ 29
II Property, plant and equipment	92,916	<u>47.1</u>	92,595	43.0	321
1. Tangible fixed assets	79,805	<u>40.5</u>	81,390	37.8	△ 1,585
Buildings and structures	15,516		16,064		△ 547
Machinery and equipment and vehicles	9,335		10,345		△ 1,009
Land	50,399		50,234		165
Construction in progress	1,161		479		681
Others	3,390		4,267		△ 876
2. Intangible fixed assets	1,058	0.5	1,129	0.5	△ 70
3. Investment and other assets	12,052	6.1	10,074	4.7	1,977
Investment securities	7,699		6,070		1,628
Long-term loans	300		356		△ 55
Deferred tax assets	477		535		△ 58
Others	4,352		3,355		997
Allowance for doubtful accounts	△ 777		△ 242		△ 534
Total Assets	<u>197,156</u>	100	215,163	100	<u>△ 18,007</u>

Consolidated Financial Statements

Consolidated Balance Sheets

[Post-amendment]

(millions of yen)

Account	Current Period (as at March 31, 2004)		Previous Period (as at March 31, 2003)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
I Current Assets	<u>103,450</u>	<u>52.7</u>	122,568	57.0	<u>△ 19,117</u>
Cash and bank deposits	13,465		30,989		△ 17,524
Notes and accounts receivable, trade	33,818		31,984		1,834
Installment accounts receivable, trade	13,091		16,005		△ 2,914
Short-term securities	276		282		△ 5
Inventories	<u>38,358</u>		39,348		<u>△ 989</u>
Deferred tax assets	<u>1,377</u>		375		<u>1,001</u>
Others	3,819		4,310		△ 490
Allowance for doubtful accounts	△ 757		△ 728		△ 29
II Property, plant and equipment	92,916	<u>47.3</u>	92,595	43.0	321
1. Tangible fixed assets	79,805	<u>40.7</u>	81,390	37.8	△ 1,585
Buildings and structures	15,516		16,064		△ 547
Machinery and equipment and vehicles	9,335		10,345		△ 1,009
Land	50,399		50,234		165
Construction in progress	1,161		479		681
Others	3,390		4,267		△ 876
2. Intangible fixed assets	1,058	0.5	1,129	0.5	△ 70
3. Investment and other assets	12,052	6.1	10,074	4.7	1,977
Investment securities	7,699		6,070		1,628
Long-term loans	300		356		△ 55
Deferred tax assets	477		535		△ 58
Others	4,352		3,355		997
Allowance for doubtful accounts	△ 777		△ 242		△ 534
Total Assets	<u>196,367</u>	100	215,163	100	<u>△ 18,796</u>

Consolidated Balance Sheets
[Pre-amendment]

(millions of yen)

Account	Current Period (as at March 31, 2004)		Previous Period (as at March 31, 2003)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
(Liabilities)		%		%	
I Current liabilities	<u>102,196</u>	<u>51.8</u>	138,466	64.4	<u>△ 36,269</u>
Notes and accounts payable, trade	39,937		37,421		2,516
Short-term borrowings	39,337		72,516		△ 33,178
Bonds	40		8,000		△ 7,960
(due within one year)					
Long-term debt	10,499		9,337		1,162
(due within one year)					
Accrued income taxes	1,750		542		1,207
Others	<u>10,631</u>		10,649		<u>△ 17</u>
II Non-current liabilities	<u>43,924</u>	<u>22.3</u>	28,424	13.2	<u>15,499</u>
Bonds	480		100		380
Long-term debt	27,739		13,610		14,129
Deferred tax liabilities	<u>1,239</u>		541		<u>697</u>
Deferred tax liability from revaluation gain	7,131		7,131		—
Reserve for employees' retirement benefits	4,821		4,510		310
Reserve for directors' retirement benefits	226		257		△ 30
Others	2,286		2,273		12
Total Liabilities	<u>146,121</u>	<u>74.1</u>	166,891	77.6	<u>△ 20,770</u>
(Minority interests in consolidated subsidiaries)					
Minority interests in consolidated subsidiaries	1,458	<u>0.8</u>	1,789	0.8	△ 330
(Shareholders' Equity)					
I Common stock	22,534	<u>11.4</u>	22,534	10.5	—
II Capital surplus	11,645	5.9	11,599	5.4	45
III Earned surplus	<u>4,519</u>	<u>2.3</u>	1,442	0.7	<u>3,077</u>
IV Revaluation surplus on land	10,696	5.4	10,696	5.0	—
V Net unrealized holding gain on securities	1,584	0.8	514	0.2	1,069
VI Foreign currency translation adjustments	△ 7	△ 0.0	—	—	△ 7
VII Own shares	△ 1,395	△ 0.7	△ 303	△ 0.2	△ 1,091
Total Shareholders' Equity	<u>49,576</u>	<u>25.1</u>	46,483	21.6	<u>3,092</u>
Total Liabilities & Shareholders' Equity	<u>197,156</u>	100	215,163	100	<u>△ 18,007</u>

Consolidated Balance Sheets
[Post-amendment]

(millions of yen)

Account	Current Period (as at March 31, 2004)		Previous Period (as at March 31, 2003)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
(Liabilities)		%		%	
I Current liabilities	<u>102,229</u>	<u>52.1</u>	138,466	64.4	<u>△ 36,237</u>
Notes and accounts payable, trade	39,937		37,421		2,516
Short-term borrowings	39,337		72,516		△ 33,178
Bonds	40		8,000		△ 7,960
(due within one year)					
Long-term debt	10,499		9,337		1,162
(due within one year)					
Accrued income taxes	1,750		542		1,207
Others	<u>10,664</u>		10,649		<u>15</u>
II Non-current liabilities	<u>43,973</u>	<u>22.4</u>	28,424	13.2	<u>15,548</u>
Bonds	480		100		380
Long-term debt	27,739		13,610		14,129
Deferred tax liabilities	<u>1,288</u>		541		<u>746</u>
Deferred tax liability from revaluation gain	7,131		7,131		—
Reserve for employees' retirement benefits	4,821		4,510		310
Reserve for directors' retirement benefits	226		257		△ 30
Others	<u>2,286</u>		<u>2,273</u>		<u>12</u>
Total Liabilities	<u>146,202</u>	<u>74.5</u>	166,891	77.6	<u>△ 20,688</u>
(Minority interests in consolidated subsidiaries)					
Minority interests in consolidated subsidiaries	1,458	<u>0.7</u>	1,789	0.8	△ 330
(Shareholders' Equity)					
I Common stock	22,534	<u>11.5</u>	22,534	10.5	—
II Capital surplus	11,645	5.9	11,599	5.4	45
III Earned surplus	<u>3,648</u>	<u>1.9</u>	1,442	0.7	<u>2,206</u>
IV Revaluation surplus on land	10,696	5.4	10,696	5.0	—
V Net unrealized holding gain on securities	1,584	0.8	514	0.2	1,069
VI Foreign currency translation adjustments	△ 7	△ 0.0	—	—	△ 7
VII Own shares	△ 1,395	△ 0.7	△ 303	△ 0.2	△ 1,091
Total Shareholders' Equity	<u>48,705</u>	<u>24.8</u>	46,483	21.6	<u>2,222</u>
Total Liabilities & Shareholders' Equity	<u>196,367</u>	100	215,163	100	<u>△ 18,769</u>

Consolidated Statement of Income

[Pre-Amendment]

(millions of yen)

Account	Current Period April 1, 2003 - March 31, 2004		Previous Period April 1, 2002 - March 31, 2003		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
I Net sales	153,624	100	156,381	100	△ 2,756
II Cost of sales	<u>103,100</u>	<u>67.1</u>	105,374	67.4	<u>△ 2,273</u>
Gross Profit	<u>50,523</u>	<u>32.9</u>	51,007	32.6	<u>△ 483</u>
III Selling, general and administrative expenses	44,149	<u>28.8</u>	44,814	28.6	△ 664
Operating Income	<u>6,373</u>	<u>4.1</u>	6,192	4.0	<u>180</u>
IV Non-operating income	1,177	<u>0.8</u>	1,140	0.7	37
Interest and dividend income	253		256		△ 2
Others	924		884		40
V Non-operating expenses	2,459	1.6	3,209	2.1	△ 749
Interest expenses	1,749		2,345		△ 595
Others	709		863		△ 154
Ordinary Income	<u>5,092</u>	<u>3.3</u>	4,124	2.6	<u>967</u>
VI Extraordinary gains	553	0.4	710	0.5	△ 156
Gain on sale and disposal of property, plant and equipment, net	54		393		△ 338
Gain on sale of investment securities	62		268		△ 205
Gain on sale of leasing business	341		—		341
Gain on insurance claim	94		—		94
Reversal of allowance for doubtful accounts	—		48		△ 48
VII Extraordinary losses	1,400	0.9	3,089	2.0	△ 1,689
Loss on sale and disposal of property, plant and equipment, net	473		636		△ 162
Transfer to allowance for doubtful accounts	566		—		566
Write-down of bad debts	44		1,158		△ 1,114
Write-down of property for sale	245		—		245
Loss on devaluation of investment securities	—		852		△ 852
Others	69		441		△ 372
Income before income taxes and minority interests	<u>4,245</u>	<u>2.8</u>	1,744	1.1	<u>2,500</u>
Income taxes	2,298	1.5	1,015	0.6	1,282
Income tax deferred	<u>△ 1,188</u>	<u>△ 0.8</u>	△ 370	△ 0.2	<u>△ 818</u>
Minority interests	58	0.1	89	0.1	△ 30
Net Income	<u>3,077</u>	<u>2.0</u>	1,009	0.6	<u>2,067</u>

Consolidated Statement of Income

[Post-amendment]

(millions of yen)

Account	Current Period April 1, 2003 - March 31, 2004		Previous Period April 1, 2002 - March 31, 2003		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
I Net sales	153,624	100	156,381	100	△ 2,756
II Cost of sales	<u>103,663</u>	<u>67.5</u>	105,374	67.4	<u>△ 1,710</u>
Gross Profit	<u>49,960</u>	<u>32.5</u>	51,007	32.6	<u>△ 1,046</u>
III Selling, general and administrative expenses	44,149	<u>28.7</u>	44,814	28.6	△ 664
Operating Income	<u>5,811</u>	<u>3.8</u>	6,192	4	<u>△ 381</u>
IV Non-operating income	1,177	<u>0.7</u>	1,140	0.7	37
Interest and dividend income	253		256		△ 2
Others	924		884		40
V Non-operating expenses	2,459	1.6	3,209	2.1	△ 749
Interest expenses	1,749		2,345		△ 595
Others	709		863		△ 154
Ordinary Income	<u>4,529</u>	<u>2.9</u>	4,124	2.6	<u>405</u>
VI Extraordinary gains	553	0.4	710	0.5	△ 156
Gain on sale and disposal of property, plant and equipment, net	54		393		△ 338
Gain on sale of investment securities	62		268		△ 205
Gain on sale of leasing business	341		—		341
Gain on insurance claim	94		—		94
Reversal of allowance for doubtful accounts	—		48		△ 48
VII Extraordinary losses	1,400	0.9	3,089	2	△ 1,689
Loss on sale and disposal of property, plant and equipment, net	473		636		△ 162
Transfer to allowance for doubtful accounts	566				566
Write-down of bad debts	44		1,158		△ 1,114
Write-down of property for sale	245		—		245
Loss on devaluation of investment securities	—		852		△ 852
Others	69		441		△ 372
Income before income taxes and minority interests	<u>3,683</u>	<u>2.4</u>	1,744	1.1	<u>1,938</u>
Income taxes	2,298	1.5	1,015	0.6	1,282
Income tax deferred	<u>△ 880</u>	<u>△ 0.6</u>	△ 370	△ 0.2	<u>△ 510</u>
Minority interests	58	0.1	89	0.1	△ 30
Net Income	<u>2,206</u>	<u>1.4</u>	1009	0.6	<u>1,196</u>

Consolidated Statement of Income and Retained Earnings

[Pre-amendment]

(millions of yen)

Account	Current Period April 1, 2003 - March 31, 2004	Previous Period April 1, 2002 - March 31, 2003	Change from previous period
(Capital Surplus)			
I Balance of capital surplus at beginning of year	11,599	11,599	—
II Increase in capital surplus	45	—	45
1 Gain on disposal of treasury stock	45	—	45
III Balance of capital surplus at end of year	11,645	11,599	45
(Earned Surplus)			
I Balance of earned surplus at beginning of year	1,442	101	1,340
II Changes to earned surplus	<u>3,077</u>	1,340	<u>1,736</u>
1 Net income	<u>3,077</u>	1,009	<u>2,067</u>
2 Reversal of revaluation reserve on land for business use	—	323	△ 323
3 Effect of changes in scope of consolidation	—	7	△ 7
III Balance of earned surplus at end of year	<u>4,519</u>	1,442	<u>3,077</u>

Consolidated Statement of Income and Retained Earnings

[Post-amendment]

(millions of yen)

Account	Current Period April 1, 2003 - March 31, 2004	Previous Period April 1, 2002 - March 31, 2003	Change from previous period
(Capital Surplus)			
I Balance of capital surplus at beginning of year	11,599	11,599	—
II Increase in capital surplus	45	—	45
1 Gain on disposal of treasury stock	45	—	45
III Balance of capital surplus at end of year	11,645	11,599	45
(Earned Surplus)			
I Balance of earned surplus at beginning of year	1,442	101	1,340
II Changes to earned surplus	<u>2,206</u>	1,340	<u>865</u>
1 Net income	<u>2,206</u>	1,009	<u>1,196</u>
2 Reversal of revaluation reserve on land for business use	—	323	△ 323
3 Effect of changes in scope of consolidation	—	7	△ 7
III Balance of earned surplus at end of year	<u>3,648</u>	1,442	<u>2,206</u>

Consolidated Statement of Cash Flows

(millions of yen)

[Pre-amendment]

Account	Current Period April 1, 2003 - March 31, 2004	Previous Period April 1, 2002 - March 31, 2003	Change from previous period
I Cash flows from operating activities			
Income before income taxes and minority interests	4,245	1,744	2,500
Depreciation and amortization	4,483	4,897	△ 414
Amortization of consolidated adjustment account	△ 193	30	△ 223
Increase in reserve for retirement benefits	310	441	△ 131
Loss (gain) on sales of investment securities	△ 62	△ 268	205
Loss on devaluation of investment securities	—	852	△ 852
Interest and dividend income	△ 253	△ 256	2
Gain on insurance claim	△ 94	—	△ 94
Interest expenses	1,620	2,214	△ 593
Effect of exchange rate changes	△ 109	△ 76	△ 33
Loss on sales of tangible and intangible fixed assets	419	242	176
Gain on sale of leasing business	△ 341	—	△ 341
Decrease in notes and accounts receivable	309	6,576	△ 6,267
Decrease in inventories	1,141	4,541	△ 3,400
Increase (decrease) in notes and accounts payable	2,516	△ 3,880	6,397
Others	832	△ 1,280	2,113
Sub-total	14,824	15,779	△ 955
Interest and dividends received	254	258	△ 3
Reception of insurance claim	152	—	152
Interest paid	△ 1,771	△ 2,258	487
Income taxes paid	△ 1,090	△ 1,284	194
Net cash provided by operating activities	12,368	12,494	△ 125
II Cash flows from investing activities			
Payments for purchases of short-term securities	△ 34	△ 207	172
Proceeds from sale of short-term securities	260	35	225
Payments for purchases of tangible and intangible fixed assets	△ 5,080	△ 4,918	△ 161
Proceeds from sale of tangible and intangible fixed assets	894	1,668	△ 773
Proceeds from sale of leasing business	767	—	767
Payments for purchase of investment securities	△ 79	△ 534	454
Proceeds from sale of investment securities	106	286	△ 179
Net decrease in long-term loans	71	1,290	△ 1,218
Net decrease (increase) in time deposits	8,988	△ 88	9,077
Others	△ 262	564	△ 826
Net cash used in investing activities	5,633	△ 1,905	7,538
III Cash flows from financing activities			
Net decrease in short-term borrowings	△ 33,178	△ 5,720	△ 27,458
Proceeds from long-term debt	26,690	5,511	21,178
Repayments of long-term debt	△ 11,398	△ 9,003	△ 2,395
Proceeds from bonds issued	420	100	320
Redemption of bonds	△ 8,000	△ 3,000	△ 5,000
Payments for purchases of treasury stock	△ 1,235	△ 555	△ 679
Proceeds from sale of treasury stock	66	—	66
Others	△ 3	△ 6	2
Net cash used in financing activities	△ 26,639	△ 12,675	△ 13,964
IV Effect of exchange rate changes on cash and cash equivalents	101	76	25
V Net decrease in cash and cash equivalents	△ 8,535	△ 2,008	△ 6,526
VI Cash and cash equivalents at beginning of year	19,565	21,587	△ 2,021
VII Decrease in cash and cash equivalents due to decreases in consolidated subsidiaries	—	△ 12	12
VIII Cash and cash equivalents at end of year	11,029	19,565	△ 8,535

Consolidated Statement of Cash Flows

(millions of yen)

[Post-amendment]

Account	Current Period April 1, 2003 - March 31, 2004	Previous Period April 1, 2002 - March 31, 2003	Change from previous period
I Cash flows from operating activities			
Income before income taxes and minority interests	3,683	1,744	1,938
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Gain on sale of leasing business	△ 341	—	△ 341
Decrease in notes and accounts receivable	309	6,576	△ 6,267
Decrease in inventories	1,703	4,541	△ 2,837
Increase (decrease) in notes and accounts payable	2,516	△ 3,880	6,397
Others	832	△ 1,280	2,113
Sub-total	14,824	15,779	△ 955
Interest and dividends received	254	258	△ 3
Reception of insurance claim	152	—	152
Interest paid	△ 1,771	△ 2,258	487
Income taxes paid	△ 1,090	△ 1,284	194
Net cash provided by operating activities	12,368	12,494	△ 125
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Proceeds from sale of short-term securities	260	35	225
Payments for purchases of tangible and intangible fixed assets	△ 5,080	△ 4,918	△ 161
Proceeds from sale of tangible and intangible fixed assets	894	1,668	△ 773
Proceeds from sale of leasing business	767	—	767
Payments for purchase of investment securities	△ 79	△ 534	454
Proceeds from sale of investment securities	106	286	△ 179
Net decrease in long-term loans	71	1,290	△ 1,218
Net decrease (increase) in time deposits	8,988	△ 88	9,077
Others	△ 262	564	△ 826
Net cash used in investing activities	5,633	△ 1,905	7,538
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Net decrease in short-term borrowings	△ 33,178	△ 5,720	△ 27,458
Proceeds from long-term debt	26,690	5,511	21,178
Repayments of long-term debt	△ 11,398	△ 9,003	△ 2,395
Proceeds from bonds issued	420	100	320
Redemption of bonds	△ 8,000	△ 3,000	△ 5,000
Payments for purchases of treasury stock	△ 1,235	△ 555	△ 679
Proceeds from sale of treasury stock	66	—	66
Others	△ 3	△ 6	2
Net cash used in financing activities	△ 26,639	△ 12,675	△ 13,964
IV Effect of exchange rate changes on cash and cash equivalents	101	76	25
V Net decrease in cash and cash equivalents	△ 8,535	△ 2,008	△ 6,526
VI Cash and cash equivalents at beginning of year	19,565	21,587	△ 2,021
VII Decrease in cash and cash equivalents due to decreases in consolidated subsidiaries	—	△ 12	12
VIII Cash and cash equivalents at end of year	11,029	19,565	△ 8,535

Tax Effect Accounting

[Pre-amendment]

1. Itemized basis of deferred tax assets and deferred tax liabilities

	Current Period	Previous Period
(Deferred tax assets)		
Reserve for employees' retirement benefits	<u>667</u> million yen	474 million yen
Allowance for bonuses	<u>424</u>	220
Unrealized gross profit	<u>925</u>	7
Net operating loss brought forward	-	218
Other	<u>167</u>	97
Offset to deferred tax liabilities	<u>△ 104</u>	△ 107
Net deferred tax assets	<u>2,080</u> million yen	910 million yen
(Deferred tax liabilities)		
Deferred gain on sale of properties	187 million yen	209 million yen
Net unrealized holding gain on securities	1,057	341
Other	<u>98</u>	98
Offset to deferred tax assets	<u>△ 104</u>	△ 107
Net deferred tax assets	<u>1,239</u> million yen	541 million yen

Tax Effect Accounting

[Post-amendment]

1. Itemized basis of deferred tax assets and deferred tax liabilities

	Current Period	Previous Period
(Deferred tax assets)		
Reserve for employees' retirement benefits	<u>618</u> million yen	474 million yen
Allowance for bonuses	<u>287</u>	220
Unrealized gross profit	<u>868</u>	7
Net operating loss brought forward	-	218
Other	<u>136</u>	97
Offset to deferred tax liabilities	<u>△ 55</u>	△ 107
Net deferred tax assets	<u>1,854</u> million yen	910 million yen
(Deferred tax liabilities)		
Deferred gain on sale of properties	187 million yen	209 million yen
Net unrealized holding gain on securities	1,057	341
Other	<u>131</u>	98
Offset to deferred tax assets	<u>△ 55</u>	△ 107
Net deferred tax assets	<u>1,321</u> million yen	541 million yen