Summary Announcement of Consolidated Financial Results May 20, 2005

for the year ending March 31, 2005

Name of listed company:	Iseki & Co., Ltd.		Stock Exchange Listings:	Tokyo, Osaka
Company Code:	6310	(URL http://www.iseki.co.jp)	Head Office:	Tokyo
Representativ 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 20, 2005
Adoption of U.S. GAAP: None

1. Consolidated Financial Results for the Fiscal Year Ending March 31, 2005 (April 1, 2004 - March 31, 2005)

(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	%
March 31, 2005	157,462	2.5	6,516	2.2	5,286	3.8
March 31, 2004	153,624	△ 1.8	6,373	2.9	5,092	23.5

	Net Income		Net Income per Share	Fully Dilluted Net Income per Share	Return on Equity	Return on Total Asset	Ordinary Income to Net Sales
	millions of yen	%	yen	yen	%	%	%
March 31, 2005	2,965	△3.6	13.61	12. 74	5.9	2.8	3.4
March 31, 2004	3,077	204.7	13.90	—	6.4	2.5	3.3

Note: ① Investment gain (loss) by equity method: FY2004: — million yen FY2003: — million yen

② Average number of shares outstanding (consolidated): FY2004: 217,965,619 shares FY2003: 221,423,508 shares

③ Changes in accounting policies: None

④ Changes (%) in net sales, operating income, ordinary income and net income for the period represent the increase or decrease relative to the same period of the previous year.

(2) Consolidated Financial Position

	Total Assets	Total Shareholders' Equity	Shareholders' Equiity to Total Assets Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
March 31, 2005	184,477	51,726	28.0	238.88
March 31, 2004	197,156	49,576	25.1	226.85

Note: Number of shares outstanding (consolidated) at March 31, 2005: 216,541,301 shares, March 31, 2004: 218,546,196 shares

(3) Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at End of Period
	millions of yen	millions of yen	millions of yen	millions of yen
March 31, 2005	6,350	8,758	△18,390	7,803
March 31, 2004	12,368	5,633	△26,639	11,029

(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 affiliated companies accounted for by the equity method: -

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

Number of consolidated subsidiaries added:- , exclusion: -
Number of companies commenced using equity method added: -, exclusion: -

2. Forecast for the Fiscal Year Ending March 31, 2006 Operating Results (April 1, 2005 – March 31, 2006)

	Net Sales	Operating Income	Ordinary Income	Net Income
	millions of yen	millions of yen	millions of yen	millions of yen
Interim	78,000	3,000	2,800	1,600
Full-year	163,000	8,500	7,500	4,000

For reference: The estimated net income per share for the year is ¥18.47.

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.Please refer to page 8 of attached material for the matter concerning the above-mentioned expectation.

The Iseki Group

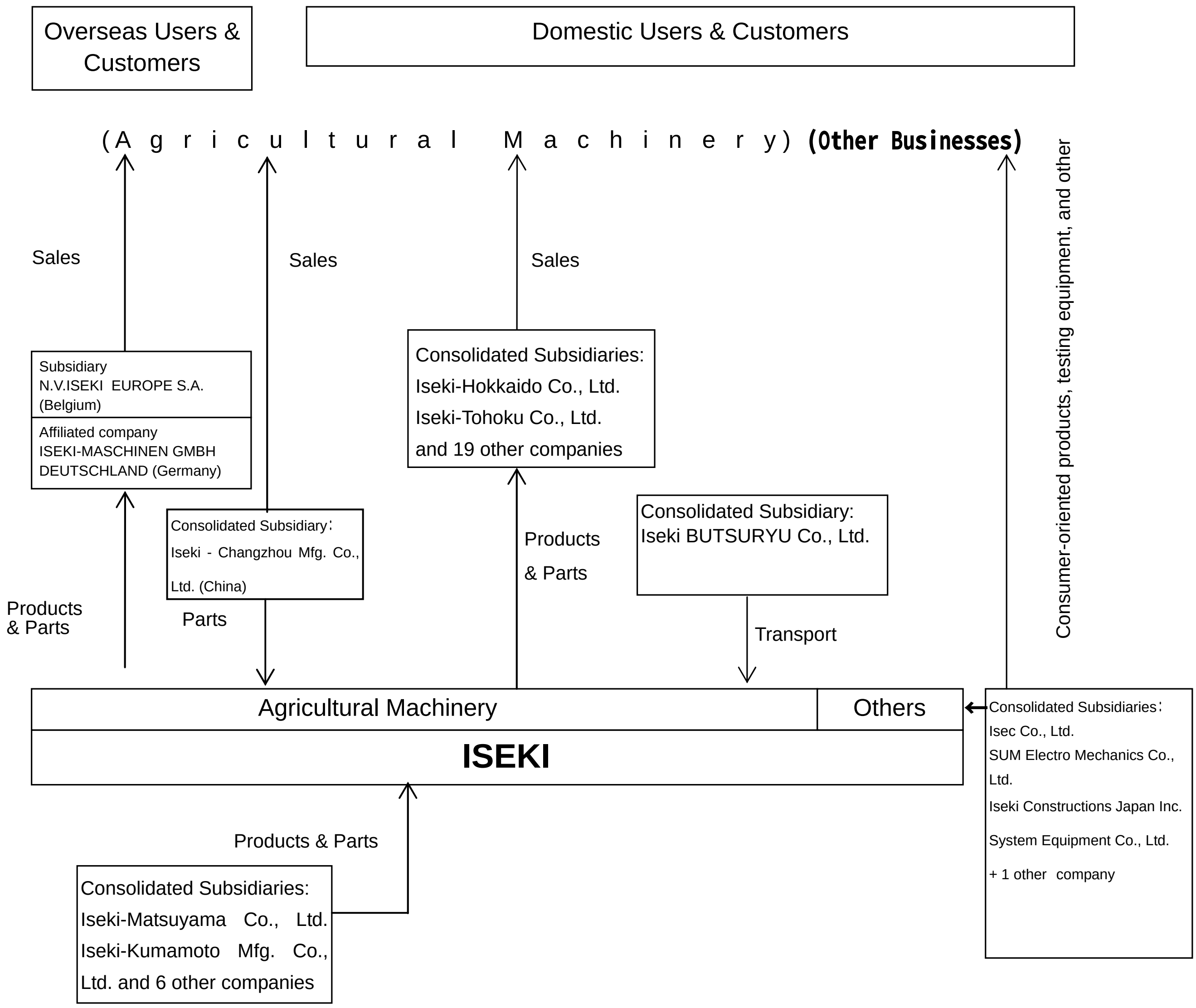
The main business of the Iseki Group is the development, manufacture and sale of agricultural machinery for rice and vegetable farming. We also market consumer-oriented products, manufacture testing equipment, and are currently developing our sales and service as well as other business activities.

Below is a diagrammatic representation of the Iseki Group.

(Agricultural Machinery)
The development and design of agricultural machinery is primarily handled by the parent company. Domestically, seven companies, including Iseki-Matsuyama Mfg. Co., Ltd. and Iseki-Kumamoto Mfg. Co., Ltd., handle our agricultural machinery manufacturing and component processing activities, and 21 domestic sales companies market and sell the machinery across the country. Overseas marketing operations are handled by local marketing agencies and marketing affiliates as well as a wholly owned subsidiary in China, Iseki - Changzhou Mfg. Co., Ltd.

(Other businesses)
Isec Co., Ltd. markets consumer-oriented products. SUM Electro Mechanics Co., Ltd. is responsible for the manufacture and sale of testing equipment, and System Equipment Co., Ltd. provides information processing services.

Below is a schematic diagram of the Iseki Group.



Iseki's Management Policies

1. Iseki's Basic Management Principles

Since foundation 80 years ago, ISEKI has contributed to the modernization of Japan's agricultural industry as a full-line manufacturer specializing in agricultural machinery. During this time, we have consistently pursued efficient and laborsaving advances in agriculture, and have served the market by pioneering the development of a quantity great deal of agricultural machinery and facilities.

When we consider the questions of an increasing world population and food supply, and then our own nation's food self-sufficiency and land preservation, our role to serve the farming sector becomes important and our duty to society as a manufacturer of agricultural machinery becomes even more significant.

ISEKI will continue to operate under a basic business philosophy of "delivering products that satisfy consumer demand" so that the Company can contribute to agriculture, both in Japan and throughout the world.

To reach this goal, our highest priority objectives are "to promote our brand name products, to improve quality, to accelerate cost-cutting measures and to strengthen our service". We are aiming for a corporate culture that can maintain a stable operating performance and will continue in our efforts to reform our profit structure.

2. Our Policy on Profit Distribution

At Iseki, we recognize that the method for determining dividends to be paid to shareholders is one of the most important policies to be made. Our basic policy is to take into consideration, not just consolidated financial results, but our Group's financial position and future business movements, before settling on a sustainable and steady dividend distribution method.

3. Three-year Plan Management Strategies & Issues to be Addressed

(1) Three-year Plan Management Strategies

Iseki initiated a three-year business plan in FY 2003, ended March 31, 2004, and the Group is working together to implement various strategies specified by the plan.

1) Basic Strategy

By focusing on the following four strategies the Group aims to "expand its corporate value".

(i) Enhance and expand sales overseas

(ii) Secure a 20% share of the domestic market for agricultural equipment by intensifying our commitment to sales and marketing

(iii) Further bolster our capability to develop new products that leverage our strength as a manufacturer specializing in agricultural equipment

(iv) Build a "low-cost structure" by reforming our consolidated revenue structure

2) Strategies and policies for each market

(i) Overseas markets

Iseki is aiming to increase overseas product sales by 50% (by FY 2005 achieve increase of 50% on FY 2002), and its FY 2004 overseas product sales were approximately 45% higher than the FY 2002 level. To reach this sales expansion target, we are proceeding with such strategies as those aimed at launching new tractor models designed for the North American market and Zero-Turn Mower riding mower models; expanding sales routes in the European market; increasing tractor sales in Southeast Asian markets; and expanding combine harvester sales in the Chinese market.

(ii) Domestic market

With a focus on expanding our sales of heavy agricultural machinery and machinery that assists in the cultivation of vegetables, we are aiming to secure a 20% share of the domestic market by stepping up direct sales and bolstering efforts aimed at large-scale farming.

(iii) Increasing product competitiveness

We are continuing to develop products that accurately meet clients' needs and are planning for sweeping cost reductions. For example, the GEAS-AT tractors, which were released in FY 2004, are equipped with an automatic shift function that operates just by pressing on the accelerator, as well as a function for remembering tasks and automatically changing gears, and they have been highly evaluated by customers. Regarding strategies for fundamentally reducing costs, we are proceeding to reduce the cost of newly developed products; increase overseas procurement, and reduce the number of product model variations and shorten development lead times.

In addition, Iseki - Changzhou Mfg. Co., Ltd. has commenced full-scale operations and has begun supplying components to each Group manufacturing facility.

(iv) Promotion of consolidated revenue structure reforms

To reform our consolidated revenue structure and bolster the Group's financial position, we are proceeding with such strategies as those aimed at reducing stock inventories, reducing the balance of interest-bearing liabilities, and reducing revenue losses. These strategies are steadily generating positive results.

3) Financial strategies and capital measures

(i) Reduction of interest-bearing liabilities

Through revenue structure reforms, we are progressing toward our objectives of a reduction in interest-bearing liabilities outstanding at the end of FY2005 to a balance in the ¥60.0 billion bracket. Regarding the balance of interest-bearing liabilities at the end of the fiscal year, measures to increase the efficiency of capital usage, along with use of gains on the June 2004 transfer of credit operations to repay debt and other measures, caused the balance of interest-bearing liabilities to fall ¥17.1 billion during the fiscal year, to ¥61.2 billion. This reduction represents the attainment of a goal of the Company's three-year business liabilities-reduction target one year in advance of schedule.

(ii) Purchase of treasury stock

As part of the three-year Business Plan, Iseki implemented an ongoing purchase plan with the aim of buying back a total of 20 million shares for approximately ¥2.5 billion. During the fiscal year under review, 2.17 million shares of the Company's outstanding shares were acquired, bringing the balance of treasury stock at the end of the fiscal year under review to 8.51 million.

(2) Issues to be addressed

It is recognized that the current difficult economic times will continue for some time, and it is because of this climate that Iseki is striving to accelerate its profit structure reforms across the whole Iseki Group and across all business operations. We are developing a low-cost structure and aiming to strengthen our consolidated financial position. We are committed to improving customer satisfaction and are striving to expand and maintain sales by offering products that are inexpensive and of high quality. We are working to secure stable profits, and we are devoting our full efforts to strengthening our business platform.

The following are the major issues we need to address.

(i) Meeting ever more diverse customer needs, the Company is working to further strengthen its product lineup and expand its market share.

(ii) On the export front, we will continue to launch new products, mainly in the North American and European markets, in order to bolster our sales platform and, in regions such as China and Southeast Asia, we will work to open up new markets and expand our sales.

(iii) We plan to manage the Group's capital and assets more effectively. We aim to improve earnings by cutting our trading stock further, cutting the balance of our interest-bearing liabilities, and radically cutting our fixed costs.

(iv) Responding to environmental issues is one of the Company's principal management tasks, and it is currently augmenting its efforts with regard to such environmental issues as resource conservation, energy conservation, recycling, exhaust gases, and noise pollution.

4. Basic Corporate Governance Policy and Implementation of Related Measures

(1) Basic Corporate Governance Policy

Iseki is responding quickly and accurately to the changes in the business environment. We operate under a management system whose primary purpose is the maintenance of a fair and equitable corporate governance structure. We believe that a critical issue for management is the improvement and stabilization of shareholder value. To achieve this, we will both build good relationships with our stakeholders, including our shareholders, private customers, trading customers, the local community, and our employees, and take various measures to enrich our corporate governance.

(2) Implementation of Related Measures

1) Corporate Governance System, Including Management Administration Units Engaged in Corporate Management-Related Decision Making, Operational Execution, and Oversight

(i) Corporate Units and Roles

The Board of Directors, attended by ten directors and four corporate auditors (including three outside auditors i.e. from outside the Group), considers and makes decisions on important management matters and supervises operational execution. The Management Committee, consisting of the ten directors, makes decisions concerning operational execution and determines various business development policies. Decisions are reported to the Board of Directors. The five executive officers are in charge of operations at their places of business, and administer operations with swift and appropriate decisions.

(ii) Internal Control Systems

To further upgrade the Company's compliance and ensure that the Group's transactions and accounting methods are appropriate, the Company in March 2005 established the Operational Supervision Committee. This committee is chaired by the Company's president and includes five directors and an external member (certified public accountant). The Operational Supervision Committee handles operational supervision and considers and makes decisions regarding compliance-related matters. Its decisions are reported to the Board of Directors. In addition, an Ethics Committee consisting of all Directors and all Auditors carries out compliance-related activities, based on the Company's code of Ethics. A booklet entitled “The Iseki Group Code of Conduct” has been distributed to all Group employees, and the Group is working to promote rigorous compliance with the code through such measures as educational articles in the Group's in-house magazine.

(iii) Risk Management

By creating in-house information sharing systems and working to increase the speed of information transmissions, as well as by creating internal control systems, the Company is striving to strengthen its systems for avoiding exposure to risks and appropriately responding to unavoidable risks.

(iv) Internal Auditing, Corporate Auditors (Board of Auditors), and External Financial Audit

The Corporate auditors carry out audits on each program and on each business group. Based on the various ordinances, regulations and rules, the Corporate Auditors shall confirm that business operations are proceeding normally, and issue instructions where necessary. An Audit Office has been set up for internal auditing. Based on the “Internal Audit Regulations” the Audit Office audits the accuracy of daily business operations and the reasonableness and effectiveness of the management of affiliated companies as well as of the internal business groups. Our external financial auditor is Shin Nihon & Co. (Ernst & Young Group), who has no invested interest in Iseki. Iseki and the external auditor enter into contracts for audits in accordance with Japan’s Commercial Code and the Securities Exchange Law, and audit fee is paid to the auditor based on these contracts. The external auditor and our corporate auditors hold regular meetings and exchange information.

2) Special Personal, Financial and Transactional Relationships Between the Company and External Directors and Outside Corporate Auditors as Well as Other Relationships of Interest

The three outside corporate auditors are from a banking institution-one of our major shareholders. There exist no relationships of interest, personal, financial or transactional, between the Company and corporate auditors.

3) Measures Taken During the Past Year to Strengthen the Company's Corporate Governance (The Year Ending on the Final Day of the Most Recent Fiscal Year)

(i) Response to Personal Information Protection Law

In response to the Personal Information Protection Law, the Company drafted its "Personal Information Protection Policies" and "Personal Information Handling Rules" and created an administration system for which designated directors are responsible. Similarly, in each Group company, measures were taken to promote employee awareness and strengthen information protection systems. The "Personal Information Protection Policies" are displayed on the websites of each Group company.

(ii) Information Disclosure

To ensure the transparency of management, we have been working for the proactive disclosure of information. We naturally strive to proactively disclose such corporate information as that on management strategies and business activities to shareholders and investors, and we also endeavoring to increase the timeliness of this disclosure. During the fiscal year under review, we began organizing quarterly performance explanation briefings and undertaking overseas investor relations activities. Also, in August 2004, we issued our first "Intellectual Property Report," and disclosed information on our research and development activities and intellectual property enhancement. We should continue to deepen and broaden our investor relations activities and will raise the level of information quality further .one more notch.

5. Items Related to the Parent Company, Etc.

The Company does not have a parent company, etc.

Management Performance & Financial Position

1. Management Performance

(1) The Fiscal Period in Review

During the fiscal year, the Japanese economy made intermittent advances and retreats amid a general trend of recovery. Despite signs of future recovery, numerous factors, such as slowing export growth and rising raw materials prices, gave cause for concern and precluded optimism.

Regarding the for agricultural industry, in Japan industry moved ahead with structural adjustments amid a severe operating environment caused by continued trends of decrease in the number of farm households and an increase in the average age of farmers, along with growing agricultural product imports and other factors. With the April 2005 start of implementation of its “Food, Agriculture and Farming Village Plan,” the Japanese government has begun taking concrete measures to train future farmers and create a market-oriented agricultural economy, and these measures are expected to accelerate such agricultural market changes as those associated with collectivization and a shift to larger-scale farms. While there was concern that domestic shipments of agricultural machinery would be affected by the onshore damage from successive typhoons as well as the impact of heavy rains and earthquakes, the level of shipments was approximately unchanged from the previous fiscal year. Sales in overseas markets were supported by firm consumption trends in the United States and a move toward economic recovery in Europe, enabling a second consecutive year of strong agricultural machinery exports.

Amid these conditions, the Iseki Group launched products that meet customers' diverse needs and strived to expand sales both in Japan and overseas. As a result, domestic sales grew ¥1.2 billon from the previous fiscal year, to ¥141.5 billion (up 0.9%). Overseas sales surged ¥2.6 billion, to ¥15.9 billion (up 19.2%), reflecting sales growth in North America. Net sales thus advanced ¥3.8 billion, to ¥157.4 billion (up 2.5%). The higher level of net sales boosted gross profit, although this was partially offset by temporary costs associated with measures to boost manufacturing volume, and operating income increased ¥0.143 billion, to ¥6.516 billion (up 2.2%) .Ordinary income grew ¥0.194 billion, to ¥5.286 billion (up 3.8%) owing to such factors as improvement in the balance of financial items due to a reduction in interest-bearing debt. Despite extraordinary gains on the sale of credit operations, various factors , including a rise in the burden of income taxes, depressed net income ¥0.111 billion, to ¥2.965 billion (down 3.6%) from the previous fiscal year.

(2) Sales by Product

1) Domestic

As a result of favorable demand for the GEAS-AT series, sales of machinery for soil preparation (tractors, cultivators, etc.) raised ¥2.2 billion from the previous fiscal year, to ¥31.9 billion (up 7.3%). Sales of cultivating machinery (rice transplanters, vegetable transplanters, etc) amounted to ¥11.5 billion (down 4.3%). Sales of harvesting and processing machinery (combines harvesters, dryers, etc.) declined to ¥30.7 billion (down 3.1%). Sales of spare parts and farming implements totaled ¥30.1 billion (up 1.7%), sales of agricultural facilities and other agriculture-related items amounted to ¥26.1 billion (up 1.3%), and other sales were ¥11.2 billion (down 2.1%).

2) Overseas

Sales of machinery for soil preparation surged ¥2.6 billion from the previous fiscal year, to ¥13.3 billion (up 25.0%). New model tractors and the sub-compact GC Series tractor saw higher sales in the North American markets, as did new model tractors in European markets. A rise in sales of rice transplanters in South Korea helped boost sales of cultivating machinery (rice transplanters, vegetable transplanters, etc) to ¥0.7 billion (up 14.8%). Sales of harvesting and processing machinery (combines harvesters, dryers, etc.) surged to ¥0.5 billion (up 205.4%) thanks to an increase demand for the large-scale combine harvesters targeted at the South Korean market. Pilot marketing of combines was begun in China from August 2004, and measures were taken to create marketing systems in that country, where full-scale marketing operations began from fiscal

2005.

2. Financial Position

(1) Financial Position

Total assets amounted to ¥184.5 billion, down ¥12.7 billion from the previous fiscal year end. Regarding assets, the sale of credit business operations led to a ¥13.1 billion drop in installment accounts receivable. Regarding liabilities, the balance of interest-bearing liabilities was reduced ¥17.2 billion. Shareholders' equity rose ¥2.2 billion, to ¥51.7 billion, and the equity ratio continued to steadily improve, ending at the 28.0% level.

(2) Cash Flows

Net cash provided from operating activities amounted to ¥6.4 billion (a revenue decrease of ¥6.0 billion from the previous reporting period) reflecting such factors as ¥5.0 billion in income before income taxes and minority interests, a ¥4.5 billion rise in notes and accounts payable, and ¥2.6 billion in income taxes paid.

Net cash provided by investing activities totaled ¥8.8 billion (a ¥3.1 billion increase in revenue from the previous period), owing to such factors as ¥10.4 billion in gains on the sale of credit business operations.

Net cash used in financing activities amounted to ¥18.4 billion (a decrease in expenditure from the previous year of ¥8.2 billion), as a result of such factors as the repayment of ¥27.2 billion of interest-bearing debt receipt of ¥10.0 billion in proceeds on the issuance of bonds.

The trend of cash flow indicators is as follows.

Indicator		Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	Mar 31, 2005
Equity ratio	(%)	19.5	21.6	25.1	28.0
Market-based equity ratio	(%)	6.2	9.5	34.3	38.7
Years until debt redemption	(years)	8.1	8.3	6.3	9.6
Interest coverage ratio	(times)	5.9	5.5	7.0	4.9

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

Notes: 1. All figures have been calculated using consolidated-based financial figures.
2. The total market price of shares is the product of the per-share closing price at the end of the period the total number of shares outstanding (less treasury stocks) at the end of the period.
3. Operating cash flow comprises cash flows from operating activities as per the Consolidated Statement of Cash Flows. Interest-bearing liabilities include all borrowings and debt as recorded in the Consolidated Balance Sheets. Interest payments comprise the interest paid as recorded in the Consolidated Statement of Cash Flows.

3. Distribution of Profits for the Period

Year-end dividends for the fiscal year under review are scheduled to be maintained at ¥3 per share, the same level as year-end dividends for the previous fiscal year.

Forecast for the Fiscal Year Ending March 31, 2006

1. Performance Forecast for the Next Period

Due to concerns regarding rising raw materials prices and other factors, the Japanese economy is expected to present a harsh and difficult-to-predict operating environment. Against this economic backdrop, Iseki will strive to secure a stable profit and to strengthen its business base.

Sales for the period are expected to rise ¥5.6 billion to ¥163.0 billion. Domestic sales are projected to grow ¥4.5 billion, to ¥146.0 billion, largely owing to tractor sales, while it is anticipated that overseas sales will advance ¥1.1 billion, to ¥17.0 billion.

Rising materials procurement prices are expected to have a negative effect on profitability, but this is expected to be offset by such factors as the lack of temporary factors that depressed profitability during fiscal 2004 as well as a sales revenue rise, cost reductions, and efficiency increases. Thus, operating income is forecast to rise ¥2.0 billion, to ¥8.5 billion. Such factors as an improvement in financial items are projected to help boost ordinary income ¥2.2 billion, to ¥7.5 billion. Net income is expected to grow ¥1.0 billion, to ¥4.0 billion.

2. Forecast Regarding Distribution of the Next Period's Profits

In line with the basic policy of "sustaining a stable dividend", it is expected that the end-of-period dividend payment per share for next fiscal period will be ¥3, the same as this period.

Consolidated Financial Statements

Consolidated Balance Sheets

(millions of yen)

Account	FY2004 (as at Mar 31, 2005)		FY2003 (as at Mar 31,2004)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
Ⅰ Current Assets	**91,868**	**49.8**	**104,239**	**52.9**	**△ 12,370**
Cash and time deposits	8,202		13,465		△ 5,263
Notes and accounts receivable	37,015		33,818		3,196
Installment accounts receivable	－		13,091		△ 13,091
Marketable securities	284		276		7
Inventories	40,851		38,921		1,930
Deferred income taxes	2,073		1,603		469
Other	4,111		3,819		292
Allowance for doubtful accounts	△ 670		△ 757		86
Ⅱ Fixsd Assets	**92,608**	**50.2**	**92,916**	**47.1**	**△ 307**
1. Tangible fixed assets	**79,418**	**43.0**	**79,805**	**40.5**	**△ 386**
Buildings and structures	15,170		15,516		△ 346
Machinery and equipment and vehicles	8,783		9,335		△ 552
Land	50,460		50,399		60
Construction in progress	1,813		1,161		651
Other	3,190		3,390		△ 199
2. Intangible fixed assets	**1,102**	**0.6**	**1,058**	**0.5**	**43**
3. Investments and other assets	**12,087**	**6.6**	**12,052**	**6.1**	**35**
Investment securities	8,404		7,699		704
Long-term loans	265		300		△ 35
Deferred income taxes	530		477		53
Other	3,794		4,352		△ 558
Allowance for doubtful accounts	△ 906		△ 777		△ 129
Total Assets	**184,477**	**100**	**197,156**	**100**	**△ 12,678**

Consolidated Balance Sheets

(millions of yen)

Account	FY2004 (as at Mar 31,2005)		FY2003 (as at Mar 31,2004)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
(Liabilities)		%		%	
I Current Liabilities	**82,602**	**44.8**	**102,196**	**51.8**	**△ 19,593**
Notes and accounts payable, trade	44,493		39,937		4,555
Short-term borrowings	20,306		39,337		△ 19,030
Bonds (due within one year)	40		40		−
Long-term debt (due within one year)	7,350		10,499		△ 3,148
Accrued income taxes	1,861		1,750		111
Others	8,550		10,631		△ 2,080
II Long - term Liabilities	**48,646**	**26.4**	**43,924**	**22.3**	**4,721**
Bonds	10,440		480		9,960
Long-term debt	22,740		27,739		△ 4,999
Deferred income taxes	1,559		1,239		319
Deferred tax liability from land revaluation gain	7,131		7,131		−
Accrued retirement benefits for employees	4,514		4,821		△ 307
Accrued directors' retirement benefits	226		226		△ 0
Others	2,035		2,286		△ 250
Total Liabilities	**131,249**	**71.2**	**146,121**	**74.1**	**△ 14,871**
(Minority Interests in Consolidated Subsidiaries)					
Minority interests in consolidated subsidiaries	**1,502**	**0.8**	**1,458**	**0.8**	**43**
(Shareholders' Equity)					
I Common stock	22,534	12.2	22,534	11.4	−
II Capital surplus	11,664	6.3	11,645	5.9	19
III Retained earnings	6,829	3.7	4,519	2.3	2,310
IV Land revaluation reserve	10,696	5.8	10,696	5.4	−
V Net unrealized holding gain on securities	1,956	1.1	1,584	0.8	372
VI Foreign currency translation adjustments	△ 14	△ 0.0	△ 7	△ 0.0	△ 6
VII Treasury stock	△ 1,940	△ 1.1	△ 1,395	△ 0.7	△ 545
Total Shareholders' Equity	**51,726**	**28.0**	**49,576**	**25.1**	**2,150**
Total liabilities,Minority interests and Shareholders' Equity	**184,477**	**100**	**197,156**	**100**	**△ 12,678**

Consolidated Statement of Income

(millions of yen)

Account	FY2004 (Apr 1,2004 - Mar 31,2005)		FY2003 (Apr 1,2003 - Mar 31,2004)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
		%		%	
I Net sales	157,462	100	153,624	100	3,838
II Cost of sales	105,128	66.8	103,100	67.1	2,027
Gross Profit	**52,334**	**33.2**	**50,523**	**32.9**	**1,810**
III Selling, general and administrative expenses	45,817	29.1	44,149	28.8	1,667
Operating Income	**6,516**	**4.1**	**6,373**	**4.1**	**143**
IV Non-operating Income	1,556	1.0	1,177	0.8	379
Interest and dividend income	331		253		78
Others	1,225		924		300
V Non-operating Expenses	2,787	1.7	2,459	1.6	327
Interest expenses	1,406		1,749		△ 343
Others	1,381		709		671
Ordinary Income	**5,286**	**3.4**	**5,092**	**3.3**	**194**
VI Extraordinary Gains	841	0.5	553	0.4	287
Gain on sale and disposal of plant and equipment	69		54		15
Gain on sale of investment securities	310		62		248
Gain on sale of credit business	461		–		461
Gain on sale of leasing business	–		341		△ 341
Gain on insurance claim	–		94		△ 94
VII Extraordinary Losses	1,069	0.7	1,400	0.9	△ 330
Loss on sale and disposal of property, plant and equipment	347		473		△ 126
Transfer to allowance for doubtful accounts	475		566		△ 91
Loss on bad debt	65		44		21
Write-down of land for sale	13		245		△ 231
Others	166		69		97
Income before income taxes and minority interests	**5,058**	**3.2**	**4,245**	**2.8**	**813**
Income taxes	2,516	1.6	2,298	1.5	218
Income taxes, deferred	△ 452	△ 0.3	△ 1,188	△ 0.8	736
Minority interests in consolidated subsidaries	28	0.0	58	0.1	△ 29
Net Income	**2,965**	**1.9**	**3,077**	**2.0**	**△ 111**

Consolidated Statement of Surplus

(millions of yen)

Account	FY2004 (Apr 1,2004 - Mar 31,2005)	FY2003 (Apr 1,2003 - Mar 31,2004)	Change from previous period
(Capital Surplus)			
I Balance of capital surplus at beginning of the year	11,645	11,599	45
II Increase in capital surplus	19	45	△ 26
Gain on disposal of treasury stock	19	45	△ 26
III Balance of capital surplus at end of the year	11,664	11,645	19
(Retained Earnings)			
I Balance of retained earnings at beginning of the year	4,519	1,442	3,077
II Increase in retained earnings	2,965	3,077	△ 111
Net income	2,965	3,077	△ 111
III Decrease in retained earnings	655	–	655
Cash devidents	655	–	655
IV Balance of retained earnings at end of the year	6,829	4,519	2,310

Consolidated Statement of Cash Flows

(millions of yen)

Account	FY2004 (Apr 1, 2004 - Mar 31, 2005)	FY2003 (Apr 1, 2003 - Mar 31, 2004)	Change from previous period
I Cash Flows from Operating Activities			
Income before income taxes and minority interests	5,058	4,245	813
Depreciation and amortization	4,167	4,483	△ 315
Amortization of consolidated adjustment account	△ 224	△ 193	△ 30
Increase in reserve for retirement benefits	△ 307	310	△ 618
Loss (gain) on sales of investment securities	△ 310	△ 62	△ 248
Interest and dividend income	△ 331	△ 253	△ 78
Gain(loss) on insurance claim	—	△ 94	94
Interest expenses	1,276	1,620	△ 343
Effect of exchange rate changes	△ 61	△ 109	47
Loss on sales of tangible and intangible fixed assets	277	419	△ 141
Gain on sale of credit business	△ 461	—	△ 461
Gain on sale of leasing business	—	△ 341	341
Decrease(increase) in notes and accounts receivable	△ 926	309	△ 1,236
Decrease(increase)in inventories	△ 1,930	1,141	△ 3,071
Increase in notes and accounts payable	4,555	2,516	2,038
Others	△ 884	832	△ 1,716
Subtotal	9,898	14,824	△ 4,926
Interest and dividends received	332	254	78
Procceds from insurance claim	—	152	△ 152
Interest paid	△ 1,299	△ 1,771	471
Income taxes paid	△ 2,581	△ 1,090	△ 1,490
Net cash provided by (used in) operating activities	**6,350**	**12,368**	**△ 6,018**
II Cash Flows from Investing Activities			
Payments for purchases of short-term securities	△ 11	△ 34	23
Proceeds from sale of short-term securities	258	260	△ 2
Payments for purchases of tangible and intangible fixed assets	△ 5,411	△ 5,080	△ 331
Proceeds from sale of tangible and intangible fixed assets	1,291	894	396
Proceeds from sale of credit business	10,409	—	10,409
Proceeds from sale of leasing business	—	767	△ 767
Payments for purchase of investment securities	△ 588	△ 79	△ 508
Proceeds from sale of investment securities	554	106	447
Net decrease in long-term loans	51	71	△ 20
Net decrease in time deposits	2,037	8,988	△ 6,951
Others	166	△ 262	428
Net cash used in investing activities	**8,758**	**5,633**	**3,124**
III Cash Flows from Financing Activities			
Net decrease in short-term borrowings	△ 18,970	△ 33,178	14,208
Proceeds from long-term debt	4,036	26,690	△ 22,653
Repayments of long-term debt	△ 12,244	△ 11,398	△ 845
Proceeds from bonds issued	10,000	420	9,580
Redemption of bonds	△ 40	△ 8,000	7,960
Payments for purchases of treasury stock	△ 562	△ 1,235	672
Proceeds from sale of treasury stock	49	66	△ 16
Payment of dividends	△ 655	—	△ 655
Others	△ 3	△ 3	—
Net cash used in financing activities	**18,390**	**△ 26,639**	**8,249**
IV Effect of Exchange rate Changes on Cash and Cash Equivalents	**55**	**101**	**△ 45**
V Net Decrease in Cash and Cash Equivalents	**△ 3,226**	**△ 8,535**	**5,309**
VI Cash and Cash Equivalents at beginning of Year	**11,029**	**19,565**	**△ 8,535**
VII Cash and Cash Equivalents at End of Year	**7,803**	**11,029**	**△ 3,226**

Basis of 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. Consolidated accounting period

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 December 31. Fifteen companies (including Iseki-Matsuyama Mfg. Co., Ltd.) use a balance sheet date of March 31.With regard to the preparation of the consolidated financial statements, the financial statements as of the balance sheet dates of respective companies are used. And necessary adjustments at consolidation are made for any significant transactions that occur between the consolidated balance sheet date and these dates.

4. Accounting policies

(1) Valuation basis and methods of important assets

(a) Securities

Held-to-maturity debt securities .... recorded at amortized cost

Other securities

Securities with fair market value.......... recorded at market value, based on the fair market price at the closing date of the consolidated reporting period. (Any estimate variance is credited or debited to Shareholders' Equity)

Securities without at fair market value. recorded at cost, based on the moving-average method

(b) Inventories... mainly recorded at the lower of cost or market value using the gross average method

(c) Derivatives .... recorded using the market value method

(2) Depreciation methods for material depreciable assets

(a) Tangible fixed assets

The straight-line method is used to depreciate tools. For others, the declining-balance method is used. However, for new buildings (not including building fixtures and furnishings) acquired on or after April 1, 1998, the straight-line method is used.

(b) Intangible fixed assets

Straight-line method is used .However, software for internal use is depreciated using the straight-line method over an expected useful life within the Company of five years, while software for marketing is depreciated using the straight-line method over an expected marketable period of three years.

(3) Treatment of principal deferred assets

Regarding bond issuance expense, the entire value is accounted for as an expense at the time of payment.

(4) Allowances and reserves

(a) Allowance for doubtful accounts

A likely unrecoverable amount is calculated by applying the historical bad debt ratio to common receivables. For specific receivables, such as doubtful debt receivables, allowances are made by individually evaluating the likelihood of them being collected.

(b) Accrued retirement benefits for employee

Accrued retirement benefits for employee is recorded as at the end of the consolidated accounting period, and is principally based on the amounts for the obligation for employees' retirement benefits and pension plan assets. Disparities arising out of changes to accounting standards are expensed pro rata over 15 years. Past service liabilities are amortized using the straight-line method over the average of the estimated remaining years of service. Actuarial gains and losses are amortized using the straight-line method over the average of the estimated remaining years of service, with the first expense being recognized in the following consolidated fiscal period.

(c) Accrued directors' retirement benefits

The Company and some of the consolidated subsidiaries record an accrued directors' retirement benefits to provide for directors' retirement benefits in an amount as required by companies' internal regulations.

(5) Leases

Finance leases, other than those leases which transfer the ownership of the assets to the lessee, are accounted for based on the regular treatment of operating leases.

(6) Hedge accounting

(a) Hedge accounting

Gains or losses are recorded in accordance with deferred hedge accounting. However, such receivables and payables that are denominated in foreign currencies and for which forward exchange contracts have been entered, are recorded using the forward exchange rates.

(b) Hedging instruments and hedged items

(i) Hedging instruments

Forward exchange contracts and interest rate swap agreements

(ii) Hedged items

Receivables and payables denominated in foreign currencies and borrowings

(c) Hedging policies

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

(7) Other notes pertaining to the preparation of the Consolidated Financial Statements

Accounting treatment of consumption tax

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

5. Evaluation of consolidated subsidiaries' assets and liabilities

The market value method is used to value the consolidated subsidiaries' assets and liabilities.

6. Amortization of the consolidation adjustment account

The consolidation adjustment account is amortized by the straight line method over a period of no longer than 20 years.

7. Appropriations of retained earnings

The statements are prepared based on appropriations of earnings made within the consolidated accounting period.

8. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

Explanatory Notes

(Consolidated Balance Sheet Infomation)

		FY2004	FY2003	Change
1.	Accumulated depreciation of tangible fixed assets	84,333 million yen	84,440 million yen	△ 107 million yen
2.	Guaranteed liabilities	10,264 million yen	10,152 million yen	111 million yen
3.	Notes receivable discounted	281 million yen	191 million yen	90 million yen
4.	Notes receivable endorsed	670 million yen	710 million yen	△ 39 million yen
5.	Treasury stocks	8,512,787shares	6,507,892shares	2,004,895 shares

6. Revaluation of land for business use
Iseki has revalued its land for business use pursuant to the law (Law No. 19, announced on March 31, 2001) which revises parts of the law relating to the revaluation of land. The equivalent tax related to the change in the said revaluation has been recorded in the liabilities (fixed liability) as a "Deferred tax liability from land revaluation gain" and the deducted amount has been recorded in the assets as a "Land revaluation reserve".

- Revaluation method ‥‥・ The revaluation of land has been determined using a reasonable adjustment to the assessed value of the fixed assets as stipulated in Paragraph 3, Article 2 of the enforcement order (Government ordinance number 119, announced on March 31, 1998).
- Revaluation date ‥‥‥・ March 31, 2001
- Variance between the market value of the revalued land at the end of the period and the revalued book value ‥‥・ △ 6,081 million yen

(Consolidated Statement of Income Infomation)

	FY2004	FY2003	Change
Research and development expenses	3,939 million yen	3,822 million yen	117 million yen

(Consolidated Statement of Cash Flows Infomation)

Relationship between the end of period balance of cash and cash equivalents and the amount reported in the Consolidated Balance Sheet.

	FY2004	FY2003	Change
Cash and time deposit	8,202 million yen	13,465 million yen	△ 5,263 million yen
Time deposits with terms of 3 months or greater	△ 398 million yen	△ 2,435 million yen	2,037 million yen
Cash and cash equivalents	7,803 million yen	11,029 million yen	△ 3,226 million yen

(Segment Information)

1. Business Segment Information

For this period (April 1, 2004 – March 31, 2005) and the previous period (April 1, 2003 – March 31, 2004), the total sales, operating income, and total assets of the "Agricultural machinery related operations" segment accounted for more than 90% of all segments. Accordingly, the breakdown of segment information by business type is not presented.

2. Geographical Segment Information

For the years ended March 31,2003,2004,2005 the total sales and total assets of the "Japan" segment accounted for more than 90% of all segments. Accordingly, the breakdown of segment information by region is not presented.

3. Overseas sales Information

FY 2004 (April 1, 2004 – March 31, 2005)

(millions of yen)

	The United States	Europe	Others	Total
I Overseas sales	8,031	6,010	1,839	15,881
II Consolidated net sales	—	—	—	157,462
III Overseas sales as a percentage of consolidated net sales (%)	5.1	3.8	1.2	10.1

(a) Countries and regions are defined based on geographical proximity.

(b) Principal countries in geographical segments

Europe: France, Germany, the United Kingdom, Belgium, Switzerland, the Netherlands, etc.

Other geographical areas: South Korea, Taiwan, China, Thailand, Australia, New Zealand, etc.

FY 2003 (April 1, 2003 – March 31, 2004),

Overseas sales accounted for less than 10% of consolidated net sales. Accordingly, information on overseas sales is not presented.

(Lease Transactions)

Because this information is disclosed via EDINET, this item is not presented.

(Tax Effect Accounting)

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

	FY2004	FY2003
(Deferred tax assets)		
Accrued retirement benefits for employee	697 million yen	667 million yen
Accrued bonuses	507	424
Unrealized gains on sales of inventories	1,195	925
Other	224	167
Offset to deferred tax liabilities	△ 21	△ 104
Net deferred tax assets	2,603	2,080

(Deferred tax liabilities)		
Deferred gain on sale of properties	175 million yen	187 million yen
Net unrealized holding gain on securities	1,307	1,057
Other	98	98
Offset to deferred tax assets	△ 21	△ 104
Net deferred tax assets	1,559	1,239

Securities

1. Held-to-maturity securities with fair market value

(millions of yen)

Category	FY2004 (year ending March 31, 2005)			FY2003 (year ending March 31, 2004)		
	as recorded on Consolidated Balance Sheet	Fair Market Value	Change	as recorded on Consolidated Balance Sheet	Fair Market Value	Change
Securities whose market value exceeds the value recorded in the Consolidated Balance Sheet	635	637	2	455	457	2
Securities whose market value dose not exceed the value recorded in the Consolidated Balance Sheet	30	29	△ 0	190	189	△ 1
Total	665	667	2	645	646	1

2. Other securities with fair market value

(millions of yen)

Category		FY2004 (year ending March 31, 2005)			FY2003 (year ending March 31, 2004)		
		Purchase cost	as recorded on Consolidated Balance Sheet	Change	Purchase cost	as recorded on Consolidated Balance Sheet	Change
Securities whose market value exceeds the value recorded in the Consolidated Balance Sheet	Shares	2,936	6,209	3,272	3,058	5,718	2,660
	Bonds						
	Others	–	–	–	1	1	0
	Others	0	0	0	0	0	0
(Subtotal)		2,937	6,210	3,272	3,059	5,720	2,660
Securities whose market value dose not exceed the value recorded in the Consolidated Balance Sheet	Shares	17	12	△ 4	118	101	△ 16
(Subtotal)		17	12	△ 4	118	101	△ 16
Total		2,954	6,222	3,267	3,177	5,821	2,644

3. Major securities not valued at fair market value

(millions of yen)

Category	FY2004 (year ending March 31, 2005)	FY2003 (year ending March 31, 2004)
	as recorded in the Consolidated Balance Sheet	as recorded in the Consolidated Balance Sheet
(1) Held-to-maturity securities		
Discounted bank debenture	9	56
(2) Other securities		
Non-listed shares (excluding over-the-counter shares)	1,354	1,378

(Derivatives Transactions)

Because this information is disclosed via EDINET, this item is not presented.

(Employees' Retirement Benefits)

1. **Overview of Employees' Retirement Benefit Plans**

   Iseki and its consolidated subsidiaries maintain both an approved pension plan and a lump-sum benefit retirement plan as defined benefit plans. Also, premium severance benefits are paid when certain employees retire. In the consolidated fiscal year under review, a number of consolidated subsidiaries changed the systems from tax-qualified pension plan and lump-sum retirement bonus plan to defined contribution plan.

2. **Employees' retirement benefits obligations information**

		FY2004 (millions of yen)	FY2003 (millions of yen)
①	Retirement benefit obligation	△ 29,927	△ 30,445
②	Pension plan assets	8,724	7,112
③	Unfunded retirement benefit obligation (①+②)	△ 21,202	△ 23,333
④	Unrecognized net transition obligation	14,604	16,085
⑤	Unrecognized actuarial differences	2,913	3,305
⑥	Unrecognized past service liabilities	△ 626	△ 725
⑦	Net amount recorded on Consolidated Balance Sheet (③+④+⑤+⑥)	△ 4,311	△ 4,667
⑧	Prepaid pension plan expenses	202	154
⑨	Accrued retirement benefits for employees (⑦-⑧)	△ 4,514	△ 4,821

Notes:

1. Some consolidated subsidiaries employ by simplified methods to estimate the benefits obligation.
2. The effects of shifts from tax-qualified pension plan and lump-sum retirement bonus plan to defined contribution plan are as follows:

Reduction of retirement benefit obligation.	142
Reduction of pension plan assets	△ 94
Unrecognized net transition obligation	△ 20
Decrease in accrued retirement benefits for employees	28

3. **Employees' retirement benefits expenses information**

		FY2004 (millions of yen)	FY2003 (millions of yen)
①	Service costs	1,396	1,402
②	Interest costs	506	633
③	Expected return on pension plan assets	△ 99	△ 105
④	Amortized net transition obligations	1,460	1,462
⑤	Amortized actuarial differences	331	277
⑥	Amortized past service liabilities	△ 98	△ 98
⑦	Other expenses	44	56
⑧	Retirement benefit expenses (①+②+③+④+⑤+⑥+⑦)	3,542	3,628
⑨	Special retirement payment	3	11
⑩	Loss on transition to new retirement benefit plan	20	—
	Total (⑧+⑨+⑩)	3,640	3,640

Notes:

1. The “Special retirement payment” is a premium severance payment made to an early retiree and is recorded as an extraordinary loss.
2. The value of allocations to defined contribution pension plan is included within the “Other expenses” item.

4. The assumptions in calculating the retirement benefit obligation information

		FY2004	FY2003
①	Method used to apportion the expected retirement benefits	Straight-line over the period	Straight-line over the period
②	Discount rate	2.0%	2.0%
③	Expected rate of return on pension plan assets	2.0%	2.5%
④	Amortization period of past service liabilities	10-13 years	10-13 years
		(to be amortized using the straight-line method over the average of the estimated remaining years of service.)	
⑤	Amortization period of actuarial differences	10-13 years	10-13 years
		(to be amortized using the straight-line method over the average of the estimated remaining years of service, with the first expense being recognized in the following fiscal period.)	
⑥	Amortization period of net transition obligation	15 years	15 years

Production, Orders & Sales

1. Production results per product-type

(millions of yen)

Product-type	FY2004 (Apr 1, 2004 - Mar 31, 2005)	FY2003 (Apr 1, 2003 - Mar 31, 2004)	Change from previous period
Machinery for soil preparation	46,590	39,019	7,571
Cultivating machinery	13,544	15,640	△ 2,095
Harvesting and processing machinery	30,634	30,606	28
Parts and farming implements	2,110	2,093	17
Agricultural machinery related	8,809	8,646	163
Others	2,549	2,177	371
Total	104,239	98,182	6,056

Note: Figures are shown in terms of sales values.

2. Orders

We operate a system whereby production is based mostly on projected demand. We hardly ever produce on order.

3. Sales results per product-type

(1) Total

(millions of yen)

Product-type	FY2004 (Apr 1, 2004 - Mar 31, 2005)		FY2003 (Apr 1, 2003 - Mar 31, 2004)		Change from previous period	
	amount	ratio	amount	ratio	amount	ratio
		%		%		%
Machinery for soil preparation	45,195	28.7	40,351	26.3	4,844	12.0
Cultivating machinery	12,299	7.8	12,724	8.3	△ 424	△ 3.3
Harvesting and processing machinery	31,229	19.8	31,876	20.7	△ 646	△ 2.0
Parts and farming implements	30,965	19.7	30,399	19.8	566	1.9
Agricultural machinery related	26,603	16.9	26,870	17.5	△ 267	△ 1.0
Others	11,167	7.1	11,402	7.4	△ 234	△ 2.1
Total	157,462	100	153,624	100	3,838	2.5

(2) Domestic (millions of yen)

Product-type	FY2004 (Apr 1, 2004 - Mar 31, 2005)		FY2003 (Apr 1, 2003 - Mar 31, 2005)		Change from previous period	
	amount	ratio	amount	ratio	amount	ratio
		%		%		%
Machinery for soil preparation	31,860	22.5	29,683	21.2	2,176	7.3
Cultivating machinery	11,557	8.2	12,077	8.6	△ 520	△ 4.3
Harvesting and processing machinery	30,722	21.7	31,710	22.6	△ 987	△ 3.1
Parts and farming implements	30,166	21.3	29,648	21.1	517	1.7
Agricultural machinery related	26,016	18.4	25,778	18.4	327	1.3
Others	11,167	7.9	11,402	8.1	△ 234	△ 2.1
Total	141,581	100	140,301	100	1,279	0.9

(3) Overseas (millions of yen)

Product-type	FY2004 (Apr 1, 2004 -Mar 31, 2 005)		FY2003 (Apr 1, 2003 - Mar 31, 2004)		Change from previous period	
	amount	ratio	amount	ratio	amount	ratio
		%		%		%
Machinery for soil preparation	13,335	84.0	10,667	80.1	2,668	25.0
Cultivating machinery	742	4.7	646	4.9	95	14.8
Harvesting and processing machinery	506	3.2	165	1.2	340	205.4
Parts and farming implements	799	5.0	750	5.6	48	6.5
Agricultural machinery related	497	3.1	1,092	8.2	△ 595	△ 54.5
Others	—	—	—	—	—	—
Total	15,881	100	13,323	100	2,558	19.2