May 18, 2006

Name of listed company:	Iseki & Co., Ltd.	Stock Exchange Listing	Tokyo, Osaka
Company Code:	6310 (URL http://www.iseki.co.jp)	Head Office:	Tokyo
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 18, 2006	
Adoption of U.S. GAAP:		None	

Summary Announcement of Consolidated Financial Results for the Fiscal Year Ended March 31, 2006

I. Financial Results for the Fiscal Year Ended March 31, 2006 (April 1, 2005－March 31, 2006)

A. Results of operations

(Rounded down to millions of yen, %)

	Year Ended March 31, 2006	%	Year Ended March 31, 2005	%
Net Sales	161,744	2.7	157,462	2.5
Operating Income	7,458	14.5	6,516	2.2
Ordinary Income	6,860	29.8	5,286	3.8
Net Income	3,756	26.7	2,965	(3.6)
Net Income per Share (yen)				
Non-diluted	17.23		13.61	
Fully Diluted	15.27		12.74	
Return on Equity (%)	6.8		5.9	
Return Total Assets (%)	3.7		2.8	
Ordinary Income to Net Sales (%)	4.2		3.4	

Notes:

1. Investment gain (loss) by equity method:
   Year ended March 31, 2006 － Year ended March 31, 2005 －
2. Average number of shares outstanding (consolidated):
   Year ended March 31, 2006 217,996,080 shares Year ended March 31, 2005 217,965,619shares
3. Change in accounting policies: Yes
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.

B. Financial Position

(Rounded down to millions of yen)

	March 31, 2006	March 31, 2005
Total Assets	183,831	184,477
Shareholders' Equity	58,644	51,726
Shareholders' Equity to Total Assets Ratio (%)	31.9	28.0
Shareholders' Equity per Share (yen)	259.64	238.88

Notes: Number of shares outstanding as of March 31, 2006 (Consolidated): 225,869,383shares

Number of shares outstanding as of March 31, 2005 (Consolidated): 216,541,301shares

C. Cash Flows

(Rounded down to millions of yen)

	Year Ended March 31, 2006	Year Ended March 31, 2005
Cash Flows from Operating Activities	4,338	6,350
Cash Flows from Investing Activities	(2,606)	8,758
Cash Flows from Financing Activities	(3,048)	(18,390)
Cash and Cash Equivalents at End of Period	6,589	7,803

D. Notes concerning the scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 34

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

Number of affiliated companies accounted for by the equity method: －

E. Changes in scope of consolidation and application of the equity method

Number of consolidated subsidiaries added: － excluded: 2

Number of companies commenced using equity method added: － excluded: －

II. Forecast for the Fiscal Year Ending March 31, 2007 Operating Results (April 1, 2006－March 31, 2007)

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Interim	79,000	3,000	2,800	1,500
Annual	164,000	6,500	6,000	3,500

For reference: The estimated net income per share for the year is ¥15.50

Cautionary statement: 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.

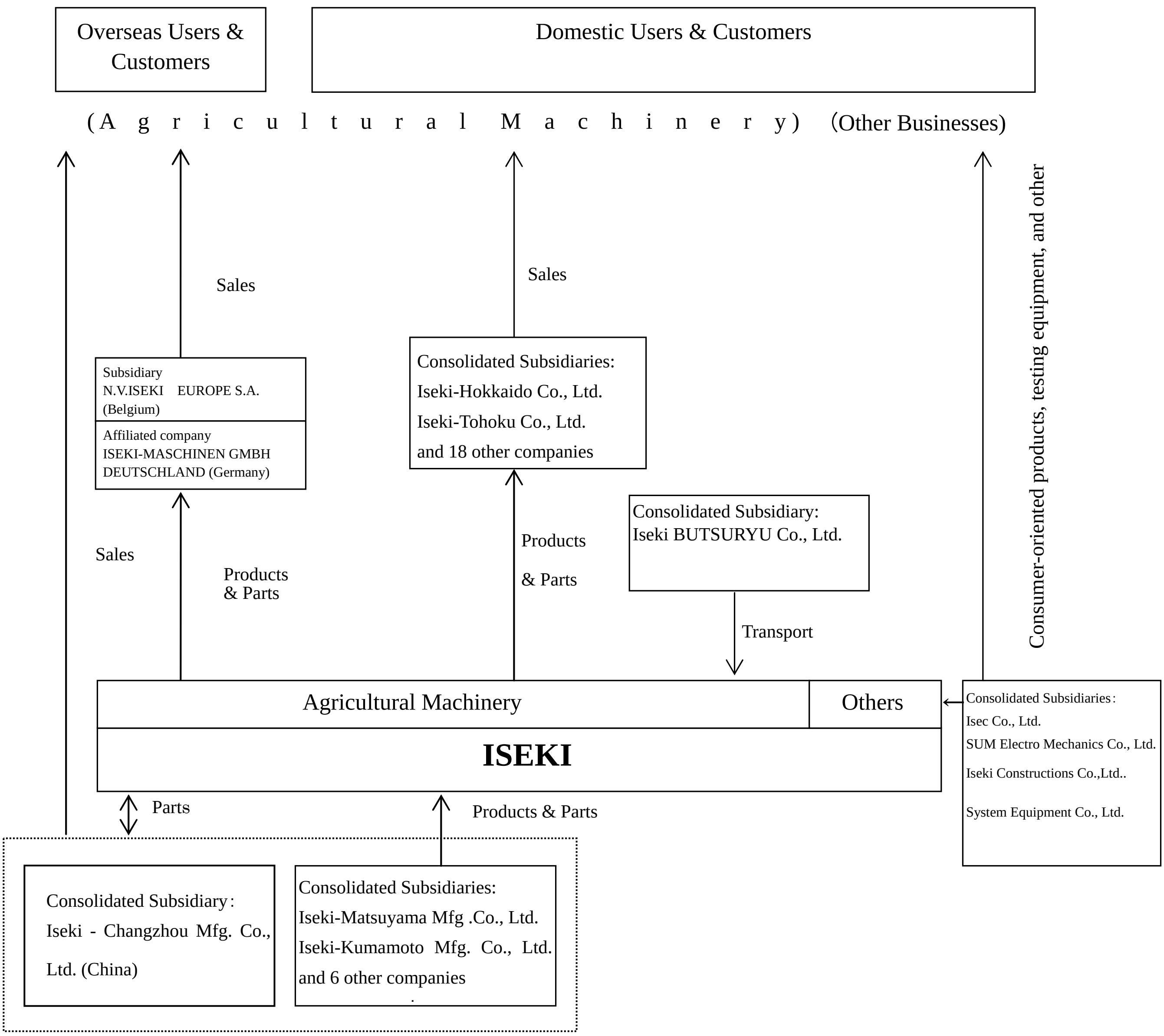
(Agricultural Machinery)

The development and design of agricultural machinery is primarily handled by the parent company. Nine companies, including Iseki-Matsuyama Mfg. Co., Ltd. and Iseki-Kumamoto Mfg. Co., Ltd., handle our agricultural machinery manufacturing and component processing activities, and 20 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.

Following 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

1. Business Climate

While recovery phase of the Japanese economy continues, business climate surrounding industry requires stern measures in the face of sustained high oil and raw material prices, rising interest rates and value of yen. In the domestic market for agricultural machinery, we anticipate significant structural adjustments to take place in the agriculture industry within short period of time, due to government measures to stabilize farm management by creating and supporting principal farmers.

In overseas markets, we expect rapid farm mechanization in particular wider use of rice cultivating machinery in Asian countries reflecting their remarkable economic growth. Our sales in the North American and European markets have shifted solidly, centering on tractors and lawn mowers.

2. Summary for the Three-year Plan just ended in this fiscal year.

Performance of the Three-year Plan just ended in this fiscal year is as follows.

a. The target to attain a 50% increase in overseas sales resulted in an 80% increase.

b. The target to reduce the balance of interest bearing liabilities to a level of ¥60 billion was accomplished one year ahead of schedule, and shrank further to ¥55.4 billion level at the end of the fiscal year just ended.

c. The targeted consolidated operating income of ¥10 billion and a 20% market share of the domestic market for agricultural machinery were not attained.

3. New Three-year Plan Management Strategy

Primary objectives and basic strategy of the New Three-year Plan started with Business Plan in FY2006 as its first year are as follow.

(Primary objectives [FY2008])

a. Ratio of overseas sales	15%
b. Domestic share of agricultural machinery	20%
c. Operating income margin	5.5% or more
d. Shareholders' equity to total assets ratio	40% or more

e. Interest bearing liabilities to shareholders' equity ratio (D/E Ratio)

0.6 times or below.

(Basic strategy)

a. Expansion of overseas sales.

We aim at achieving an overseas sales ratio of 15% in FY2008, and 20% by the end of FY2010.

b. To secure a 20% share of the domestic agricultural machinery market.

c. To further strengthen product competitiveness further.

d. To improve consolidated financial position by strengthening earning power and cash flow.

(2) Issues to be addressed

Iseki Group is committed to a speedy reform of its earning structure in order to create corporate strength which will bring stable profits in future even in a drastically changing business environment. While we try to maintain and expand our sales by enhancing client satisfaction through the introduction of low priced with high quality products and services from the view point of customers, we will also promote the creation of a low cost corporate structure and strengthening our consolidated financial structure. The following are the primary objectives to be pursued in the "New Three -Year Plan" started in FY2006.

1. Expansion of Sales and Market Share

In the midst of intensifying competition in the market, we place the "expansion of sales and market share" as the most important managerial issue which will be fully committed to by Iseki Group as a whole. In the domestic market, we will organize a system which allows us to be have swift and proper response to the drastic changes in the agriculture industry, aiming to satisfy the diverse needs of our customers. In particular, we will strengthen our commitment to the market for principal farmers in order to obtain fresh clients. With respect to overseas markets, we will strengthen our sales support system in the Asian markets where particularly high growth is expected, and will make efforts to expand overseas sales with a drive to increase sales and consolidate the presence of our products in the market.

2. Strengthening Product Competitiveness

We continue to develop and market products that accurately meet clients' needs. We strive to enhance overall product competitiveness by stepping up efforts to reduce costs and improve the quality of customer service.

3. Promotion of Consolidated Revenue Structure Reforms (Strengthening of Earning Power and Cash Flow)

We endeavor to strengthen earning power and cash flow at every consolidated group company level in order to improve further our consolidated financial position. We continue to aim to reduce the balance of interest-bearing liabilities and to manage the Group's capital and assets more effectively.

4. Establishment of Internal Control System

Our group will make all out efforts to establish internal control systems with a view to enhancing business effectiveness and efficiency, securing the reliability of financial reports, promoting compliance with laws and regulations related to our business activities and protecting assets. Towards this end, we will review and prepare various regulations, systems and a reporting system within the group along with the preparation and enrichment of a risk controlling system, compliance system and others.

Iseki Group has dealt with environmental issue as one of most important issues of managerial responsibility. With this understanding, we will enforce our commitment to environmental issues such as resource conservation, energy conservation, recycling exhaust gases and noises pollution.

4. 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

The recovery phase of the Japanese economy continued in the fiscal year just ended, fed by an increase in consumer spending and exports, coupled with an increase in capital expenditures on the back of improved corporate profits. Nevertheless, the business environment continues to preclude us from being optimistic in light of rising oil and raw material prices and the prospect of inevitable interest rate hikes as BOJ's lifting of its zero interest policy is just a matter of timing following the lifting of their quantitative easement policy announced in March, this year.

Meanwhile, in regard to the domestic agriculture environment, Japanese agriculture is undergoing a period of major structural changes. By implementation of specific measures based on the government's "Program for Food, Agriculture and Rural Areas", it is anticipated that the fostering of principal farmers will progress and the number of "certified" farmers and the organization of co-op farming will likewise accelerate.

Under the circumstances, the domestic shipment of agricultural machinery in the fiscal year just ended continued to remain more or less flat in companion with the previous period. On the other hand, exports continued to shift favorably.

For Iseki Group, the fiscal period falls on the last year of the "Three-Year Business Plan" with FY2003 as the first year, which memorably coincides with the "80th Anniversary of Establishment", and we have engaged in revenue structure reforms with concerted group efforts based on given priority targets. The Iseki Group has broadened its line of new products to meet the diverse needs of customers, and has striven to increase both domestic sales and exports.

As a result, sales rose ¥4.3 billion from the previous fiscal year to ¥161.7 billion (up 2.7%), among which domestic sales showed a slight decline of ¥0.3 billion to ¥141.2 billion (down 0.2%) due mainly to reduced sales of agricultural facilities while agricultural machinery related sales increased. Overseas sales rose sharply in each of the European, North American and Asian markets, increasing by ¥4.6 billion to ¥20.5 billion (up 29.2%).

Operating income reached ¥7.458 billion, an increase of ¥0.941 billion (up 14.5%) from the previous fiscal year as increased raw material prices and transportation costs were more than offset, mostly by increased gross income and cost cuts. Ordinary income shot up to ¥6.86 billion, up ¥1.574 billion (up 29.8%), driven by a decrease in interest expenses, which was the result of a decrease in interest-bearing liabilities. Net income soared to ¥3.756 billion, up ¥0.79 billion (up 26.7%) due to impairment loss of fixed assets and increased extraordinary losses resulting mainly from loss on liquidation of a subsidiary.

(2) Sales by Product

1. Domestic

Sales of machinery for soil preparation (tractors, tillers, etc) dropped to ¥31.4 billion (down 1.4% from the previous fiscal year) in reaction to sharply increased sales in the preceding period which was contributed to by favorable demand for the GEAS-AT series. Sales of cultivating machinery (rice transplanters, vegetable transplanters, etc) were at ¥10.7 billion (down 7.2%) due to sluggish sales of the main models of rice transplanters which happened to be in the final stage of product models to be renewed. Sales of harvesting and processing machines (combine harvesters, drying machines etc.) stood at ¥31.9 billion (up 3.8%), mainly by contribution of increased sales of combine harvesters. Sales of farming implements and spare parts were at ¥30.5billion (up 1.2%). Sales of agricultural facilities and other agriculture-related items was ¥24.8 billion (down 5.1%), of which sales of agriculture facilities construction was ¥5.1 billion (down 25.8%). Other sales reached ¥11.9 billion (up 6.4%).

2. Overseas

Sales of machinery for soil preparation rose substantially to ¥17.1 billion (up 27.9%) as favorable sales of compact tractors and lawn mowers continued from the preceding period both in North America and Europe. Sales of cultivating machinery (rice transplanters, vegetable transplanters, etc) were at ¥1.0 billion (up 36.4%), mainly thanks to increased sales of rice transplanters in the Chinese market. Sales of harvesting and processing machinery rose to ¥0.8 billion (up 63.2%) due to increased sales of combine harvesters in China. Sales of farming implements and spare parts increased to ¥1.1 billion (up 34.5%).

2. Financial Position

1) Financial Position

Total assets decreased ¥0.6 billion from the previous fiscal year to ¥183.8 billion. In terms of assets, notes receivable and accounts receivable decreased ¥2.3 billion mostly due to reduced sales of facility construction works. In terms of liabilities, interest bearing liabilities decreased ¥5.6 billon due to ¥3.2 billion reduction of bonds with stock warrant by exercise of the warrant and a partial repayment of long-term debt. Shareholders' equity increased ¥6.9 billion to ¥58.6 billion thanks to ¥3.2 billion increase resulted from the aforesaid exercise of the stock warrant and net income which increased to ¥3.7 billion etc, and the ratio of shareholders' equity to total assets improved comfortably to 31.9%.

2) Cash Flow

Cash flow from operating activities resulted in revenues of ¥4.3 billion (down ¥2.0 billion from the previous fiscal year) due to before tax net income of ¥5.8 billion and a ¥3.0 billion reduction in accounts payable. Cash flow from investment activities resulted in net expenditures of ¥2.6 billion mainly due to capital investment. In the previous period, the cash flow resulted in net revenue of ¥8.8 billion thanks to revenue from the sale of the credit business. Cash flow from financing activities resulted in expenditures of ¥3.0 billion (a decrease in expenditure of ¥15.3 billion compared to the previous fiscal year) mainly through repayment of debt.

The trend of cash flow indicators is as follows.

Indicator		Mar. 31, 2003	Mar. 31, 2004	Mar. 31, 2005	Mar. 31, 2006
Equity ratio	(%)	21.6	25.1	28.0	31.9
Market-based equity ratio	(%)	9.5	34.3	38.7	65.0
Years until debt redeemed	(years)	8.3	6.3	9.6	12.8
Interest coverage ratio	(times)	5.5	7.0	4.9	4.3

・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

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 and the total number of shares outstanding (less treasury stocks) at the end of the 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.

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, 2007

1. Performance Forecast for the Next Period

The business climate is expected to be more stern than the previous fiscal year in view of sustained high oil and raw material prices, rising interest rates and the increasing value of the yen. As to the environment surrounding the agriculture industry, we anticipate even more rapid changes and intense competition to take place in the market. In view of the circumstances, the Iseki Group will continue to strive to strengthen the foundation of the business in order to secure stable profits in the future.

We expect sales for the next fiscal period will increase by ¥2.3 billion from the FY2005 to ¥164.0 billion. While domestic sales are expected to increase ¥1.8 billion to ¥143 billion, overseas sales will increase ¥0.5 billon to ¥21 billion. There is a certain degree of uncertainty in the domestic market and we expect sales of agricultural machinery to level off. While growth of overseas sales will be limited to a very modest amount in contrast to the fiscal year just ended when we experienced a substantial sales increase, sales in the Chinese market will continue to grow.

Operating income is expected to decline by ¥0.9 billion from the FY2005 to ¥6.5 billion, discounting uncertain factors such as additional price hike of materials and foreign exchange risk, and also cost increase derived from increased investment for improvement of service facilities of sales subsidiaries etc. Ordinary income is expected to decline by ¥0.8 billion from the fiscal year just ended to ¥6.0 billion which reflects a risk of interest rate hikes and the anticipation that the financial revenue and expenditure will remain unchanged in comparison compared with the fiscal year just ended. We expect net income to decline by ¥0.2 billion to ¥3.5 billion by reduced extraordinary losses etc.

(In this forecast, estimated average foreign exchange rates are posted: 1US$=¥105, 1Euro =¥125)

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

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

Risks which could affect our business

Latent risks and uncertainties which could affect our future financial performance are exemplified as below:

1. Economic Conditions and Changes in the Environment of Agriculture

Sluggishness of domestic and/or overseas economic conditions and any change in the agriculture policy may negatively affect our financial performance through reduced demand for agricultural machinery.

2. Exchange Rate Fluctuation

There is a possibility that fluctuation of foreign exchange may negatively affect our financial performance.

3. Hike in Interest Rates

There is a possibility that a hike in interest rate may harm our financial performance.

4. Stock Market Fluctuation

As we hold securities, downward of the stock price may cause a loss.

5. Competition with Other Companies

We are involved in fierce competition with other companies in the market, and unless overall product competitiveness, including relevant services should be maintained, there is the possibility of a decline in our performance.

6. Risks Derived from International Business

Unexpected changes in tax and legal systems or political unrest of any particular country may cause harm to our financial performance.

7. Dependency on Specific Customers or Suppliers

Any change of business policy, business depression and failure of our specific customers or suppliers may harm our financial performance.

8. Serious Defects in Products and Services

The occurrence of serious defects in our products or services may negatively affect our financial performance.

9. Government Regulation on Environmental Issues, etc. and Occurrence of Related Difficulties.

Substantial costs may be incurred related to our products or business activities due to necessitated responses to public regulation of environmental issues etc, corrective measures undertaken upon the occurrence of troubles, law suites and other situations which could lead to a deterioration of our financial performance.

10. Risk of Natural Disasters and Accidents

Earthquakes, typhoons or unexpected accidents may occur, which may do harm to our financial performance.

Consolidated Financial Statements

Consolidated Balance Sheets

(millions of yen)

Account	FY2005 (as at Mar. 31, 2006)		FY2004 (as at Mar. 31,2005)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
I Current Assets	**89,910**	**48.9**	**91,868**	**49.8**	**(1,958)**
Cash and time deposits	6,971		8,202		(1,230)
Notes and accounts receivable	34,742		37,015		(2,272)
Marketable securities	146		284		(138)
Inventories	42,486		40,851		1,634
Deferred income taxes	1,677		2,073		(395)
Others	4,012		4,111		(99)
Allowance for doubtful accounts	(126)		(670)		544
II Fixsed Assets	**93,921**	**51.1**	**92,608**	**50.2**	**1,312**
1. Tangible fixed assets	**79,018**	**43.0**	**79,418**	**43.0**	**(399)**
Buildings and structures	15,044		15,170		(125)
Machinery,equipment and vehicles	8,503		8,783		(280)
Land	50,173		50,460		(286)
Construction in progress	2,058		1,813		245
Others	3,238		3,190		47
2. Intangible fixed assets	**1,036**	**0.6**	**1,102**	**0.6**	**(65)**
3. Investments and other assets	**13,865**	**7.5**	**12,087**	**6.6**	**1,777**
Investment securities	9,234		8,404		830
Long-term loans	211		265		(53)
Deferred income taxes	649		530		119
Others	4,428		3,794		633
Allowance for doubtful accounts	(659)		(906)		247
Total Assets	**183,831**	**100**	**184,477**	**100**	**(646)**

Consolidated Balance Sheets

(millions of yen)

Account	FY2005 (as at Mar. 31,2006) Amount	FY2005 Ratio	FY2004 (as at Mar. 31,2005) Amount	FY2004 Ratio	Change from previous period Amount
(Liabilities)		%		%	
I Current Liabilities	**89,836**	**48.9**	**82,602**	**44.8**	**7,234**
Notes and accounts payable, trade	41,536		44,493		(2,956)
Short-term borrowings	19,885		20,306		(421)
Bonds (due within one year)	100		40		60
Long-term debt (due within one year)	18,290		7,350		10,939
Accrued income taxes	1,249		1,861		(611)
Others	8,774		8,550		223
II Long - term Liabilities	**33,790**	**18.4**	**48,646**	**26.4**	**(14,855)**
Bonds	8,135		10,440		(2,305)
Long-term debt	8,905		22,740		(13,834)
Deferred income taxes	2,210		1,559		650
Deferred tax liability from land revaluation gain	7,595		7,131		464
Accrued retirement benefits for employees	4,809		4,514		295
Accrued directors' retirement benefits	258		226		32
Others	1,877		2,035		(158)
Total Liabilities	**123,627**	**67.3**	**131,249**	**71.2**	**(7,621)**
(Minority Interests in Consolidated Subsidiaries)					
Minority interests in consolidated subsidiaries	**1,558**	**0.8**	**1,502**	**0.8**	**56**
(Shareholders' Equity)					
I Common stock	22,784	12.4	22,534	12.2	250
II Capital surplus	12,815	7.0	11,664	6.3	1,151
III Retained earnings	9,760	5.3	6,829	3.7	2,930
IV Land revaluation reserve	10,527	5.7	10,696	5.8	(169)
V Net unrealized holding gain on securities	2,896	1.6	1,956	1.1	940
VI Foreign currency translation adjustments	15	0.0	(14)	(0.0)	29
VII Treasury stock	(154)	(0.1)	(1,940)	(1.1)	1,786
Total Shareholders' Equity	**58,644**	**31.9**	**51,726**	**28.0**	**6,918**
Total liabilities,Minority interests and Shareholders' Equity	**183,831**	**100**	**184,477**	**100**	**(646)**

Consolidated Statement of Income

(millions of yen)

Account	FY2005 (Apr.1,2005 - Mar. 31,2006) Amount	FY2005 Ratio	FY2004 (Apr. 1,2004 - Mar. 31,2005) Amount	FY2004 Ratio	Change from previous period Amount
		%		%	
I Net sales	161,744	100	157,462	100	4,282
II Cost of sales	107,958	66.7	105,128	66.8	2,830
Gross Profit	**53,785**	**33.3**	**52,334**	**33.2**	**1,451**
III Selling, general and administrative expenses	46,326	28.7	45,817	29.1	509
Operating Income	**7,458**	**4.6**	**6,516**	**4.1**	**941**
IV Non-operating Income	1,763	1.1	1,556	1.0	206
Interest and dividend income	403		331		71
Others	1,360		1,225		135
V Non-operating Expenses	2,361	1.5	2,787	1.7	(425)
Interest expenses	1,121		1,406		(284)
Others	1,240		1,381		(140)
Ordinary Income	**6,860**	**4.2**	**5,286**	**3.4**	**1,574**
VI Extraordinary Gains	907	0.6	841	0.5	66
Gain on sale and disposal of property, plant and equipment	186		69		117
Gain on sale of investment securities	720		310		409
Gain on sale of credit business	—		461		(461)
VII Extraordinary Losses	1,940	1.2	1,069	0.7	871
Loss on sale and disposal of property, plant and equipment	412		347		64
Impairment loss	505		—		505
Transfer to allowance for doubtful accounts	195		475		(280)
Loss on Liquidation of a subsidiary	522		—		522
Loss from prior period adjustment	177		—		177
Loss on bad debt	73		65		8
Others	53		180		(126)
Income before income taxes and minority interests	**5,827**	**3.6**	**5,058**	**3.2**	**768**
Income taxes	1,655	1.0	2,516	1.6	(860)
Income taxes, deferred	364	0.2	(452)	(0.3)	817
Minority interests in consolidated subsidiaries	50	0.1	28	0.0	21
Net Income	**3,756**	**2.3**	**2,965**	**1.9**	**790**

Consolidated Statement of Surplus

(millions of yen)

Account	FY2005 (Apr.1,2005 - Mar.31,2006)	FY2004 (Apr.1,2004 - Mar.31,2005)	Change from previous period
(Capital Surplus)			
I Balance of capital surplus at beginning of the year	11,664	11,645	19
II Increase in capital surplus	1,151	19	1,131
Issuance of common stock	250	—	250
Gain on disposal of treasury stock	900	19	881
III Balance of capital surplus at end of the year	12,815	11,664	1,151
(Retained Earnings)			
I Balance of retained earnings at beginning of the year	6,829	4,519	2,310
II Increase in retained earnings	3,756	2,965	790
Net income	3,756	2,965	790
III Decrease in retained earnings	826	655	171
Cash dividends	649	655	(5)
Transfer from land revaluation reserve	176	—	176
IV Balance of retained earnings at end of the year	9,760	6,829	2,930

Consolidated Statement of Cash Flows

(millions of yen)

	Account	FY2005 (Apr.1, 2005 - Mar.31, 2006)	FY2004 (Apr.1, 2004 - Mar.31, 2005)	Change from previous period
I	**Cash Flows from Operating Activities**			
	Income before income taxes and minority interests	5,827	5,058	768
	Depreciation and amortization	3,910	4,167	(257)
	Impairment loss	505	—	505
	Amortization of consolidated adjustment account	(215)	(224)	8
	Decreases in reserve for retirement benefits	295	(307)	603
	Loss (gain) on sales of investment securities	(720)	(310)	(409)
	Interest and dividend income	(403)	(331)	(71)
	Interest expenses	1,000	1,276	(276)
	Effect of exchange rate changes	74	(61)	136
	Loss on sales of tangible and intangible fixed assets	225	277	(52)
	Gain on sale of credit business	—	(461)	461
	Loss on liquidation of subsidary	522	—	522
	Decrease(increase) in notes and accounts receivable	862	(926)	1,788
	Decrease(increase)in inventories	(1,535)	(1,930)	394
	Increase(decrease) in notes and accounts payable	(3,066)	4,555	(7,622)
	Others	724	(884)	1,608
	Subtotal	8,005	9,898	(1,892)
	Interest and dividends received	404	332	71
	Interest paid	(1,000)	(1,299)	299
	Income taxes paid	(3,071)	(2,581)	(490)
	Net cash provided by operating activities	**4,338**	**6,350**	**(2,011)**
II	**Cash Flows from Investing Activities**			
	Payments for purchases of marketable securities	(4)	(11)	7
	Proceeds from sale of short-term securities	282	258	24
	Payments for purchases of tangible and intangible fixed assets	(5,651)	(5,411)	(240)
	Proceeds from sale of tangible and intangible fixed assets	1,646	1,291	354
	Proceeds from sale of credit business	—	10,409	(10,409)
	Payments for purchase of investment securities	(0)	(588)	588
	Proceeds from sale of investment securities	943	554	389
	Net decrease in long-term loans	8	51	(42)
	Net decrease in time deposits	16	2,037	(2,020)
	Others	151	166	(15)
	Net cash used in (provided by)investing activities	**(2,606)**	**8,758**	**(11,364)**
III	**Cash Flows from Financing Activities**			
	Net decrease in short-term borrowings	(470)	(18,970)	18,499
	Proceeds from long-term debt	4,966	4,036	929
	Repayments of long-term debt	(7,861)	(12,244)	4,382
	Proceeds from bonds issued	1,000	10,000	(9,000)
	Redemption of bonds	(40)	(40)	—
	Payments for purchases of treasury stock	(46)	(562)	516
	Proceeds from sale of treasury stock	56	49	6
	Payment of dividends	(649)	(655)	5
	Others	(3)	(3)	—
	Net cash used in financing activities	**(3,048)**	**(18,390)**	**15,341**
IV	**Effect of Exchange rate Changes on Cash and Cash Equivalents**	**(44)**	**55**	**(100)**
V	**Net Decrease in Cash and Cash Equivalents**	**(1,361)**	**(3,226)**	**1,864**
VI	**Cash and Cash Equivalents at beginning of year**	**7,803**	**11,029**	**(3,226)**
VII	**Increase in cash and cash equivalents by merger**	**147**	**—**	**147**
VIII	**Cash and Cash Equivalents at end of year**	**6,589**	**7,803**	**(1,213)**

Basis of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 34 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, 20 companies (including Iseki-Hokkaido Co., Ltd. and Iseki-Changzhou Mfg. Co., Ltd.) use an end-of-period balance sheet date of December 31. Fourteen 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 employees

Accrued retirement benefits for employees 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 differences 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) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Gains or losses resulting from the translation are credited or charged to income. Balance sheet accounts (except for shareholders’ equity) and revenue and expense accounts of the overseas subsidiary are translated into yen at the rates of exchange in effect at the balance sheet dates. Differences arising from the translation are presented as “Foreign currency translation adjustments” in shareholders’ equity and financial statements.

(6) 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.

(7) Hedge accounting

(a) Hedge accounting

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 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.

(8) 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 with draw able 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.

（**Change in Accounting Method**）

From this fiscal period, we have adopted “Accounting Standard for Impairment of Fixed Assets”(Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets: August 9, 2002, Accounting Standard Board of Japan) and “ the Guidance for the Application of Accounting Standard for Impairment of Fixed Assets” (October 31, 2003, Accounting Standard Board of Japan, ASB Guidance No.6).

As a consequence, income before income taxes was reduced by ¥505 million.

Accumulated impairment losses have been deducted directly from each asset item in accordance with the Regulation on Consolidated Financial Statement for the fiscal year ended.

Notes

(Consolidated Balance Sheet infomation)

		FY2005	FY2004	Variance
1.	Accumulated depreciation of tangible fixsed assets	85,962 million yen	84,333 million yen	1,629 million yen
2.	Guaranteed liabilities	9,929 million yen	10,264 million yen	(334 million yen)
3.	Notes receivable less discount	94 million yen	281 million yen	(186 million yen)
4.	Endorsed notes receivable	642 million yen	670 million yen	(28 million yen)
5.	Treasury stocks	666,946 shares	8,512,787 shares	(7,845,841 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"

・ 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 ・・・・ (8,245million yen)

(Consolidated Statement of Income Infomation)

	FY2005	FY2004	Variance
1. Research and development expenses	4,209 million yen	3,939 million yen	269 million yen

2．Impairment loss

In this consolidated fiscal period, impairment loss has been realized recognized following assets.

(millions of yen)

Usage	Type	Location	Impairment loss
Idle property	Land	Inashiki-gun, Ibaraki Pref.	221
	Land	Kirishima-shi, Kagoshima Pref.	78
	Buildings, land	Kuma-gun, Kumamoto Pref.	56
	Land	Sasayama-shi, Hyogo Pref.	38
	Buildings	Matsuyama-shi, Ehime Pref.	33
	Land	Kasumigaura-shi, Ibaraki Pref.	22
	Structures, land	Kamiminochi-gun, Nagano Pref.	18
	Buildings, structures, and land	Sapporo-shi, Hokkaido (8 places)	36
Total			505

(Reason to recognized impairment loss)

We realized impairment loss of the above assets as they are not being used, with no prospect to be used in the future, and besides, market price of the land is declining.

(Measurement of recoverable amount)

Recoverable amount is measured using net selling price. In case of land, the price is determined by applying reasonable adjustments to the assessed value of fixed assets for property tax.

(Consolidated Statement of Cash Flows Information)

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

	FY2005	FY2004	Variance
Cash and time deposit	6,971 million yen	8,202 million yen	(1,230) million yen
Time deposits with terms of 3 months or more	(382)	(398)	16
Cash and cash equivalents	6,589	7,803	(1,213)

(Segment Information)

1. Business Segment Information

For this period (April 1, 2005 – March 31, 2006) and the previous period (April 1, 2004 – March 31, 2005), 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 this period (April 1, 2005 – March 31, 2006) and the previous period (April 1, 2004 – March 31, 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 2005 (April 1, 2005 – March 31, 2006)

(millions of yen)

	The United States	Europe	Others	Total
Overseas sales	9,071	8,674	2,766	20,512
Consolidated net sales	—	—	—	161,744
Overseas sales as a percentage of consolidated net sales (%)	5.6	5.4	1.7	12.7

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

(millions of yen)

	The United States	Europe	Others	Total
Overseas sales	8,031	6,010	1,839	15,881
Consolidated net sales	—	—	—	157,462
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) Classification by Area

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

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

(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

	FY2005	FY2004
(Deferred tax assets)		
Accrued retirement benefits for employees	988 million yen	697 million yen
Accrued bonuses	516	507
Unrealized gains on sales of inventories	355	1,195
Tax loss carry forwards	672	8
Others	271	216
Offset to deferred tax liabilities	(477)	(21)
Net deferred tax assets	2,327	2,603

	FY2005	FY2004
(Deferred tax liabilities)		
Deferred gain on sale of properties	187 million yen	175 million yen
Prepaid pension cost	270	—
Net unrealized holding gain on securities	1,939	1,307
Others	289	98
Offset to deferred tax assets	(477)	(21)
Net deferred tax liabilities	2,210	1,559

Securities

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

(millions of yen)

Category	FY2005 (year ended March 31, 2006)			FY2004 (year ended March 31, 2005)		
	as recorded on Consolidated Balance Sheet	Fair Market Value	Variance	as recorded on Consolidated Balance Sheet	Fair Market Value	Variance
Securities whose market value exceeds the value recorded in the Consolidated Balance Sheet	—	—	—	635	637	2
Securities whose market value dose not exceed the value recorded in the Consolidated Balance Sheet	390	385	(4)	30	29	(0)
Total	390	385	(4)	665	667	2

2. Other securities with fair market value

(millions of yen)

Category		FY2005 (year ended March 31, 2006)			FY2004 (year ended March 31, 2005)		
		Purchase cost	as recorded on Consolidated Balance Sheet	Variance	Purchase cost	as recorded on Consolidated Balance Sheet	Variance
Securities whose market value exceeds the value recorded in the Consolidated Balance Sheet	Shares	2,716	7,569	4,852	2,936	6,209	3,272
	Others	—	—	—	0	0	0
(Subtotal)		2,716	7,569	4,852	2,937	6,210	3,272
Securities whose market value dose not exceed the value recorded in the Consolidated Balance Sheet	Shares	16	13	(2)	17	12	(4)
(Subtotal)		16	13	(2)	17	12	(4)
Total		2,732	7,582	4,849	2,954	6,222	3,267

3. Major securities not valued at fair market value

(millions of yen)

Category	FY2005 (year ended March 31, 2006)	FY2004 (year ended March 31, 2005)
	as recorded in the Consolidated Balance Sheet	as recorded in the Consolidated Balance Sheet
(1) Held-to-maturity securities		
Discounted bank debenture	6	9
(2) Other securities		
Non-listed shares (excluding over-the-counter shares)	1,332	1,354

(Derivatives Transaction)

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.

2. Employees' retirement benefits obligations information

		FY2005 (millions of yen)	FY2004 (millions of yen)
1	Retirement benefit obligation	(30,317)	(29,927)
2	Pension plan assets	12,108	8,724
3	Unfunded retirement benefit obligation (1+2)	(18,208)	(21,202)
4	Unrecognized net transition obligation	13,143	14,604
5	Unrecognized actuarial differences	1,462	2,913
6	Unrecognized past service liabilities	(528)	(626)
7	Net amount recorded on Consolidated Balance Sheet (3+4+5+6)	(4,130)	(4,311)
8	Prepaid pension cost	679	202
9	Accrued retirement benefits for employees (7-8)	(4,809)	(4,514)

Notes: Some consolidated subsidiaries employ by simplified methods to estimate the benefits obligation.

3. Employees' retirement benefits expenses information

		FY2005 (millions of yen)	FY2004 (millions of yen)
1	Service costs	1,295	1,396
2	Interest costs	498	506
3	Expected return on pension plan assets	(132)	(99)
4	Amortized net transition obligations	1,460	1,460
5	Amortized actuarial differences	326	331
6	Amortized past service liabilities	(98)	(98)
7	Other expenses	51	44
8	Retirement benefits expenses (1+2+3+4+5+6+7)	3,401	3,542
9	Special retirement payment	—	3
10	Loss on transition to new retirement benefit plan	—	20
	Total (8+9＋10)	3,401	3,566

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

		FY2005	FY2004
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%	2.0%
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

1. Production results per product-type

(millions of yen)

Product-type	FY2005 (Apr 1, 2005 - Mar 31, 2006)	FY2004 (Apr 1, 2004 - Mar 31, 2005)	Change from previous period
Machinery for soil preparation	49,391	46,590	2,801
Cultivating machinery	13,528	13,544	(16)
Harvesting and processing machinery	33,197	30,634	2,563
Parts and farming implements	2,582	2,110	471
Agricultural machinery related	7,231	8,809	(1,578)
Others	3,097	2,549	548
Total	109,029	104,239	4,790

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	FY2005 (Apr 1, 2005 - Mar 31, 2006)		FY2004 (Apr 1, 2004 - Mar 31, 2005)		Change from previous period	
	amount	ratio	amount	ratio	amount	ratio
		%		%		%
Machinery for soil preparation	48,478	30.0	45,195	28.7	3,283	7.3
Cultivating machinery	11,742	7.3	12,299	7.8	(557)	(4.5)
Harvesting and processing machinery	32,704	20.2	31,229	19.8	1,474	4.7
Parts and farming implements	31,614	19.5	30,965	19.7	648	2.1
Agricultural machinery related	25,165	15.6	26,603	16.9	(1,437)	(5.4)
Others	12,037	7.4	11,167	7.1	870	7.8
Total	161,744	100	157,462	100	4,282	2.7

(2) Domestic (millions of yen)

Product-type	FY2005 (Apr 1, 2005 - Mar 31, 2006)		FY2004 (Apr 1, 2004 - Mar 31, 2005)		Change from previous period	
	amount	ratio	amount	ratio	amount	ratio
		%		%		%
Machinery for soil preparation	31,425	22.3	31,860	22.5	(434)	(1.4)
Cultivating machinery	10,730	7.6	11,557	8.2	(827)	(7.2)
Harvesting and processing machinery	31,876	22.6	30,722	21.7	1,154	3.8
Parts and farming implements	30,539	21.6	30,166	21.3	373	1.2
Agricultural machinery related	24,774	17.5	26,106	18.4	(1,331)	(5.1)
Others	11,884	8.4	11,167	7.9	716	6.4
Total	141,231	100	141,581	100	(349)	(0.2)

(3) Overseas (millions of yen)

Product-type	FY2005 (Apr 1, 2005 -Mar 31, 2006)		FY2004 (Apr 1, 2004 - Mar 31, 2005)		Change from previous period	
	amount	ratio	amount	ratio	amount	ratio
		%		%		%
Machinery for soil preparation	17,053	83.1	13,335	84.0	3,718	27.9
Cultivating machinery	1,012	4.9	742	4.7	270	36.4
Harvesting and processing machinery	827	4.0	506	3.2	320	63.2
Parts and farming implements	1,075	5.3	799	5.0	275	34.5
Agricultural machinery related	391	1.9	497	3.1	(105)	(21.3)
Others	153	0.8	—	—	153	—
Total	20,512	100	15,881	100	4,631	29.2