


[Pre-amendment]



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 217,965,619 shares

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): 225,869,383 shares

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

[Post-amendment]



May 24, 2007

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	6,319	24.1	5,090	(12.4)
Ordinary Income	5,721	48.2	3,859	(14.8)
Net Income	2,661	93.1	1,378	(37.5)
Net Income per Share (yen)				
Non-diluted	12.21		6.32	
Fully Diluted	10.82		5.92	
Return on Equity (%)	5.1		2.8	
Return Total Assets (%)	3.2		2.0	
Ordinary Income to Net Sales (%)	3.5		2.5	

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 217,965,619 shares

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	180,439	182,182
Shareholders' Equity	55,092	49,268
Shareholders' Equity to Total Assets Ratio (%)	30.5	27.1
Shareholders' Equity per Share (yen)	243.91	227.52

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

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

[Pre-amendment]

C. Cash Flows

(Rounded down to millions of yen)

	Year Ended March 31, 2006	Year Ended March 31, 2005
Cash Flows from Operating Activities	<u>4,338</u>	<u>6,350</u>
Cash Flows from Investing Activities	<u>(2,606)</u>	<u>8,758</u>
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.

[Post-amendment]

C. Cash Flows

(Rounded down to millions of yen)

	Year Ended March 31, 2006	Year Ended March 31, 2005
Cash Flows from Operating Activities	<u>4,016</u>	<u>6,303</u>
Cash Flows from Investing Activities	<u>(2,285)</u>	<u>8,805</u>
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.

Management Performance & Financial Position

1. Management Performance

(1) The Fiscal Period in Review

[Pre-amendment]

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 48.2%), 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.

Management Performance & Financial Position

1. Management Performance

(1) The Fiscal Period in Review

[Post-amendment]

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 ¥6.319 billion, an increase of ¥1.229 billion (up 24.1%) 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 ¥5.721 billion, up ¥1.861 billion (up 48.2%), driven by a decrease in interest expenses, which was the result of a decrease in interest-bearing liabilities. Net income soared to ¥2.661 billion, up ¥1.282 billion (up 93.1%) due to impairment loss of fixed assets and increased extraordinary losses resulting mainly from loss on liquidation of a subsidiary.

2. Financial Position

[Pre-amendment]

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 billion 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	<u>25.1</u>	<u>28.0</u>	<u>31.9</u>
Market-based equity ratio (%)	9.5	<u>34.3</u>	<u>38.7</u>	<u>65.0</u>
Years until debt redeemed (years)	8.3	6.3	<u>9.6</u>	<u>12.8</u>
Interest coverage ratio (times)	5.5	7.0	<u>4.9</u>	<u>4.3</u>

- 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.

2. Financial Position

[Post-amendment]

1) Financial Position

Total assets decreased ¥1.7 billion from the previous fiscal year to ¥180.4 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 billion 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 ¥5.8 billion to ¥55.1 billion thanks to ¥3.2 billion increase resulted from the aforesaid exercise of the stock warrant and net income which increased to ¥2.7 billion etc, and the ratio of shareholders' equity to total assets improved comfortably to 30.5%.

2) Cash Flow

Cash flow from operating activities resulted in revenues of ¥4.0 billion (down ¥2.3 billion from the previous fiscal year) due to before tax net income of ¥4.7 billion and a ¥3.0 billion reduction in accounts payable. Cash flow from investment activities resulted in net expenditures of ¥2.3 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	<u>24.8</u>	<u>27.1</u>	<u>30.5</u>
Market-based equity ratio (%)	9.5	<u>34.4</u>	<u>39.2</u>	<u>66.2</u>
Years until debt redeemed (years)	8.3	6.3	<u>9.7</u>	<u>13.8</u>
Interest coverage ratio (times)	5.5	7.0	<u>4.8</u>	<u>4.0</u>

- 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.

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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.

Consolidated Financial Statements
Consolidated Balance Sheets

[Pre-amendment]

(millions of yen)

Account	FY2005 (as at Mar. 31, 2006)		FY2004 (as at Mar. 31,2005)		Change from previous period Amount
	Amount	Ratio	Amount	Ratio	
(Assets)		%		%	
I Current Assets	<u>89,910</u>	<u>48.9</u>	<u>91,868</u>	<u>49.8</u>	<u>(1,958)</u>
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	<u>42,486</u>		<u>40,851</u>		<u>1,634</u>
Deferred income taxes	<u>1,677</u>		<u>2,073</u>		<u>(395)</u>
Others	<u>4,012</u>		4,111		<u>(99)</u>
Allowance for doubtful accounts	(126)		(670)		544
II Fixed Assets	<u>93,921</u>	<u>51.1</u>	<u>92,608</u>	<u>50.2</u>	<u>1,312</u>
1. Tangible fixed assets	<u>79,018</u>	<u>43.0</u>	<u>79,418</u>	<u>43.0</u>	<u>(399)</u>
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	<u>2,058</u>		<u>1,813</u>		<u>245</u>
Others	<u>3,238</u>		3,190		<u>47</u>
2. Intangible fixed assets	1,036	0.6	1,102	0.6	(65)
3. Investments and other assets	<u>13,865</u>	<u>7.5</u>	<u>12,087</u>	<u>6.6</u>	<u>1,777</u>
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	<u>183,831</u>	100	<u>184,477</u>	100	<u>(646)</u>

Consolidated Financial Statements**Consolidated Balance Sheets**

[Post-amendment]

(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	<u>86,868</u>	<u>48.1</u>	<u>89,621</u>	<u>49.2</u>	<u>(2,752)</u>
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	<u>39,798</u>		<u>38,909</u>		<u>889</u>
Deferred income taxes	<u>1,330</u>		<u>1,768</u>		<u>(437)</u>
Others	<u>4,005</u>		4,111		<u>(105)</u>
Allowance for doubtful accounts	(126)		(670)		544
II Fixed Assets	<u>93,570</u>	<u>51.9</u>	<u>92,561</u>	<u>50.8</u>	<u>1,009</u>
1. Tangible fixed assets	<u>78,668</u>	<u>43.6</u>	<u>79,371</u>	<u>43.6</u>	<u>(702)</u>
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	<u>1,812</u>		<u>1,766</u>		<u>46</u>
Others	<u>3,134</u>		3,190		<u>(56)</u>
2. Intangible fixed assets	1,036	0.6	1,102	0.6	(65)
3. Investments and other assets	<u>13,865</u>	<u>7.7</u>	<u>12,087</u>	<u>6.6</u>	<u>1,777</u>
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	<u>180,439</u>	100	<u>182,182</u>	100	<u>(1,743)</u>

Consolidated Balance Sheets

[Pre-amendment]

(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
(Liabilities)					
I Current Liabilities	<u>89,836</u>	<u>48.9</u>	<u>82,602</u>	<u>44.8</u>	<u>7,234</u>
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	<u>8,774</u>		<u>8,550</u>		<u>223</u>
II Long - term Liabilities	<u>33,790</u>	<u>18.4</u>	<u>48,646</u>	<u>26.4</u>	<u>(14,855)</u>
Bonds	8,135		10,440		(2,305)
Long-term debt	8,905		22,740		(13,834)
Deferred income taxes	<u>2,210</u>		<u>1,559</u>		<u>650</u>
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	<u>123,627</u>	<u>67.3</u>	<u>131,249</u>	<u>71.2</u>	<u>(7,621)</u>
(Minority Interests in Consolidated Subsidiaries)					
Minority interests in consolidated subsidiaries	<u>1,558</u>	<u>0.8</u>	<u>1,502</u>	<u>0.8</u>	<u>56</u>
(Shareholders' Equity)					
I Common stock	22,784	<u>12.4</u>	22,534	<u>12.2</u>	250
II Capital surplus	12,815	<u>7.0</u>	11,664	<u>6.3</u>	1,151
III Retained earnings	<u>9,760</u>	<u>5.3</u>	<u>6,829</u>	<u>3.7</u>	<u>2,930</u>
IV Land revaluation reserve	10,527	<u>5.7</u>	10,696	<u>5.8</u>	(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	<u>58,644</u>	<u>31.9</u>	<u>51,726</u>	<u>28.0</u>	<u>6,918</u>
Total liabilities, Minority interests and Shareholders' Equity	<u>183,831</u>	<u>100</u>	<u>184,477</u>	<u>100</u>	<u>(646)</u>

[Post-amendment]

(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
(Liabilities)					
I Current Liabilities	<u>89,943</u>	<u>49.8</u>	<u>82,715</u>	<u>45.4</u>	<u>7,228</u>
Notes and accounts payable, trade	<u>41,621</u>		44,493		<u>(2,871)</u>
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	<u>8,795</u>		<u>8,663</u>		<u>132</u>
II Long - term Liabilities	<u>33,846</u>	<u>18.8</u>	<u>48,696</u>	<u>26.7</u>	<u>14,850</u>
Bonds	8,135		10,440		(2,305)
Long-term debt	8,905		22,740		(13,834)
Deferred income taxes	<u>2,265</u>		<u>1,610</u>		<u>655</u>
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	<u>123,789</u>	<u>68.6</u>	<u>131,412</u>	<u>(72.1)</u>	<u>(7,622)</u>
(Minority Interests in Consolidated Subsidiaries)					
Minority interests in consolidated subsidiaries	<u>1,558</u>	<u>0.9</u>	<u>1,502</u>	<u>0.8</u>	<u>56</u>
(Shareholders' Equity)					
I Common stock	22,784	<u>12.6</u>	22,534	<u>12.4</u>	250
II Capital surplus	12,815	<u>7.1</u>	11,664	<u>6.4</u>	1,151
III Retained earnings	<u>6,207</u>	<u>3.5</u>	<u>4,372</u>	<u>2.4</u>	<u>1,835</u>
IV Land revaluation reserve	10,527	<u>5.8</u>	10,696	<u>5.9</u>	(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	<u>55,092</u>	<u>30.5</u>	<u>49,268</u>	<u>27.1</u>	<u>5,823</u>
Total liabilities, Minority interests and Shareholders' Equity	<u>180,439</u>	<u>100</u>	<u>182,182</u>	<u>100</u>	<u>1,743</u>

Consolidated Statement of Income

[Pre-amendment]

(millions of yen)

Account	FY2005 (Apr.1,2005 - Mar. 31,2006)		FY2004 (Apr. 1,2004 - Mar. 31,2005)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
I Net sales	161,744	100	157,462	100	4,282
II Cost of sales	<u>107,958</u>	<u>66.7</u>	<u>105,128</u>	<u>66.8</u>	<u>2,830</u>
Gross Profit	<u>53,785</u>	<u>33.3</u>	<u>52,334</u>	<u>33.2</u>	<u>1,451</u>
III Selling, general and administrative expenses	<u>46,326</u>	28.7	45,817	29.1	<u>509</u>
Operating Income	<u>7,458</u>	<u>4.6</u>	<u>6,516</u>	<u>4.1</u>	<u>941</u>
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	<u>6,860</u>	<u>4.2</u>	<u>5,286</u>	<u>3.4</u>	<u>1,574</u>
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	<u>5,827</u>	<u>3.6</u>	<u>5,058</u>	<u>3.2</u>	<u>768</u>
Income taxes	1,655	1.0	2,516	1.6	(860)
Income taxes, deferred	<u>364</u>	0.2	<u>(452)</u>	<u>(0.3)</u>	<u>817</u>
Minority interests in consolidated subsidiaries	50	0.1	28	0.0	21
Net Income	<u>3,756</u>	<u>2.3</u>	<u>2,965</u>	<u>1.9</u>	<u>790</u>

Consolidated Statement of Income

[Post-amendment]

(millions of yen)

Account	FY2005 (Apr.1,2005 - Mar. 31,2006)		FY2004 (Apr. 1,2004 - Mar. 31,2005)		Change from previous period
	Amount	Ratio	Amount	Ratio	Amount
I Net sales	161,744	100	157,462	100	4,282
II Cost of sales	<u>109,088</u>	<u>67.4</u>	<u>106,554</u>	<u>67.7</u>	<u>2,533</u>
Gross Profit	<u>52,656</u>	<u>32.6</u>	<u>50,907</u>	<u>32.3</u>	<u>1,748</u>
III Selling, general and administrative expenses	<u>46,337</u>	28.7	45,817	29.1	<u>519</u>
Operating Income	<u>6,319</u>	<u>3.9</u>	<u>5,090</u>	<u>3.2</u>	<u>1,229</u>
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	<u>5,721</u>	<u>3.5</u>	<u>3,859</u>	<u>2.5</u>	<u>1,861</u>
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	<u>4,688</u>	<u>2.9</u>	<u>3,632</u>	<u>2.3</u>	<u>1,055</u>
Income taxes	1,655	1.0	2,516	1.6	(860)
Income taxes, deferred	<u>320</u>	0.2	<u>(291)</u>	<u>(0.2)</u>	<u>611</u>
Minority interests in consolidated subsidiaries	50	0.1	28	0.0	21
Net Income	<u>2,661</u>	<u>1.6</u>	<u>1,378</u>	<u>0.9</u>	<u>1,282</u>

Consolidated Statement of Surplus

(millions of yen)

[Pre-amendment]

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	<u>6,829</u>	<u>4,519</u>	<u>2,310</u>
II Increase in retained earnings	<u>3,756</u>	<u>2,965</u>	<u>790</u>
Net income	<u>3,756</u>	<u>2,965</u>	<u>790</u>
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	<u>9,760</u>	<u>6,829</u>	<u>2,930</u>

Consolidated Statement of Surplus

(millions of yen)

[Post-amendment]

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	<u>4,372</u>	<u>3,648</u>	<u>723</u>
II Increase in retained earnings	<u>2,661</u>	<u>1,378</u>	<u>1,282</u>
Net income	<u>2,661</u>	<u>1,378</u>	<u>1,282</u>
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	<u>6,207</u>	<u>4,372</u>	<u>1,835</u>

Consolidated Statement of Cash Flows

[Pre-amendment]

(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 subsidiary	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)

Consolidated Statement of Cash Flows

[Post-amendment]

(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	4,688	3,632	1,055
Depreciation and amortization	3,892	4,167	(275)
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 subsidiary	522	—	522
Decrease(increase) in notes and accounts receivable	862	(926)	1,788
Decrease(increase)in inventories	(790)	(550)	(240)
Increase(decrease) in notes and accounts payable	(2,981)	4,555	(7,537)
Others	730	(884)	1,614
Subtotal	7,683	9,851	(2,167)
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	4,016	6,303	(2,286)
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	(5,330)	(5,364)	33
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	(2,285)	8,805	(11,090)
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)

(Tax Effect Accounting)**[Pre-amendment]**

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

	FY2005	FY2004
(Deferred tax assets)		
Accrued retirement benefits for employees	<u>988</u> million yen	<u>697</u> million yen
Accrued bonuses	<u>516</u>	<u>507</u>
Unrealized gains on sales of inventories	<u>355</u>	<u>1,195</u>
Tax loss carry forwards	672	8
Others	<u>271</u>	<u>216</u>
Offset to deferred tax liabilities	<u>(477)</u>	<u>(21)</u>
Net deferred tax assets	<u>2,327</u>	<u>2,603</u>
(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	<u>289</u>	<u>98</u>
Offset to deferred tax assets	<u>(477)</u>	<u>(21)</u>
Net deferred tax liabilities	<u>2,210</u>	<u>1,559</u>

(Tax Effect Accounting)**[Post-amendment]**

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

	FY2005	FY2004
(Deferred tax assets)		
Accrued retirement benefits for employees	<u>933</u> million yen	<u>647</u> million yen
Accrued bonuses	<u>305</u>	<u>314</u>
Unrealized gains on sales of inventories	<u>274</u>	<u>1,130</u>
Tax loss carry forwards	672	8
Others	<u>216</u>	<u>373</u>
Offset to deferred tax liabilities	<u>(422)</u>	<u>(175)</u>
Net deferred tax assets	<u>1,980</u>	<u>2,298</u>
(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	<u>310</u>	<u>415</u>
Offset to deferred tax assets	<u>(422)</u>	<u>(175)</u>
Net deferred tax liabilities	<u>2,286</u>	<u>1,722</u>

Notes

(Consolidated Balance Sheet information)

[Pre-amendment]

	FY2005	FY2004	Variance
1. Accumulated depreciation of tangible fixed assets	<u>85,962 million yen</u>	84,333 million yen	<u>1,629 million yen</u>

Notes

(Consolidated Balance Sheet information)

[Post-amendment]

	FY2005	FY2004	Variance
1. Accumulated depreciation of tangible fixed assets	<u>85,944 million yen</u>	84,333 million yen	<u>1,610 million yen</u>