

## Summary Announcement of the Non-Consolidated Financial Results for the year ending March 31, 2004

May 24, 2004

Name of listed company: Iseki & Co., Ltd. Stock Exchange Listings: Tokyo, Osaka  
 Company Code: 6310 Head Office: Tokyo  
 (URL <http://www.iseki.co.jp>)

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

Date of meeting of Board of Directors to approve financial results: May 24, 2004 Adoption of interim dividend system No  
 Date of regular meeting of Shareholders: June 29, 2004 Adoption of unit trading system: Yes  
 (1 unit is 1,000 shares)

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

#### (1) Results of operations (Rounded down to millions of yen)

Year ending	Sales		Operating Income		Ordinary Profit	
	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2004	87,321	△ 7.6	2,431	△ 26.9	2,521	△ 9.8
March 31, 2003	94,533	△ 0.2	3,328	82.1	2,794	142.7

  

	Net Income for the period		Net Income per share for the period	Net Income per share for the period, adjusted for residual shares	Return on Equity	Ratio of Ordinary Profit to Total Capital	Ratio of Ordinary Profit to Sales
	millions of yen	%	yen	yen	%	%	%
March 31, 2004	1,788	16.9	8.07	—	3.6	1.9	2.9
March 31, 2003	1,529	27.1	6.89	—	3.2	2.2	3.0

Note: ① Average number of shares outstanding: FY 2003: 221,640,088 shares, FY 2002: 221,889,504 shares

② Change in accounting policies: No

③ Changes (%) in sales, operating income, ordinary profit and net income for the period represent the increase or decrease relative to the same period of the previous year.

#### (2) Dividends

	Annual Cash Dividends per Share (yen)			Total Cash Dividend (annual)	Ratio of earnings to dividends	Ratio of dividends to shareholders' equity
	Interim	End of year				
March 31, 2004	3.00	—	3.00	656	37.2	1.3
March 31, 2003	0.00	—	0.00	—	—	—

#### (3) Financial position

	Total Assets	Total Shareholders' Equity	Equity to Assets Ratio	Shareholders' Equity per share
	millions of yen	millions of yen	%	yen
March 31, 2004	139,501	50,499	36.2	230.89
March 31, 2003	128,419	48,519	37.8	219.49

Note: ① Number of shares outstanding at: March 31, 2004: 218,715,793 shares, March 31, 2003: 221,055,888 shares

② Number of treasury stock at: March 31, 2004: 6,338,295 shares, March 31, 2003: 3,998,200 shares

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

	Sales	Operating Income	Ordinary Profit	Net Income for the period	Annual Cash Dividends per share		
					Interim	End of year	
Half-year	43,000	1,300	1,200	800	—	—	—
Full-year	93,000	3,300	3,400	1,900	—	3.00	3.00

For reference, the expected net income per share for the year is ¥8.69.

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.

## Non-Consolidated Financial Statements

### Balance Sheet

(millions of yen)

Account	Current Period (as at March 31, 2004)		Previous Period (as at March 31, 2003)		Change from previous period (Δ)
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
I Current Assets	76,608	54.9	66,910	52.1	9,697
Cash and bank deposits	5,453		16,954		Δ 11,500
Notes receivable, trade	21,449		10,635		10,813
Accounts receivable, trade	13,040		14,446		Δ 1,405
Short-term Securities	220		31		188
Manufactured goods & Components for sale	13,717		15,491		Δ 1,773
Work in progress	1,282		634		648
Raw materials and supplies	375		376		Δ 0
Advances	557		228		328
Prepaid expenses	310		228		81
Short-term loans receivable	19,014		6,112		12,901
Deferred tax assets	446		—		446
Others	976		1,933		Δ 957
Allowance for doubtful accounts	Δ 235		Δ 163		Δ 72
II Property plant and equipment	62,893	45.1	61,508	47.9	1,384
1. Tangible fixed assets	35,256	25.3	36,386	28.3	Δ 1,129
Buildings	3,608		3,853		Δ 244
Structures	328		315		13
Machinery and equipment	3,789		4,277		Δ 488
Vehicles	9		13		Δ 4
Tools, furniture and fixtures	1,711		2,388		Δ 676
Land	25,511		25,511		—
Construction in progress	296		26		270
2. Intangible fixed assets	464	0.3	511	0.4	Δ 46
Leasehold	85		85		—
Software	355		39		315
Others	23		386		Δ 362
3. Investment and other assets	27,172	19.5	24,610	19.2	2,561
Investment securities	7,327		5,810		1,516
Stock of affiliated companies	17,418		16,618		799
Long-term loans receivable	5,369		5,606		Δ 237
Long-term prepaid expenses	355		142		212
Others	1,099		833		265
Allowance for doubtful accounts	Δ 4,397		Δ 4,401		4
Total Assets	139,501	100	128,419	100	11,082

**Balance Sheet**

(millions of yen)

Account	Current Period (as at March 31, 2004)		Previous Period (as at March 31, 2003)		Change from previous period (Δ)
	Amount	Ratio	Amount	Ratio	Amount
(Liabilities)		%		%	
I Current liabilities	54,418	39.0	63,564	49.5	Δ 9,146
Notes payable, trade	19,324		18,819		504
Accounts payable, trade	9,278		8,113		1,165
Short-term borrowings	10,760		16,807		Δ 6,047
Bonds (due within one year)	—		8,000		Δ 8,000
Long-term debt (due within one year)	4,358		3,583		775
Other accrued liabilities	1,089		485		604
Accrued expenses payable	2,663		2,591		72
Income taxes payable	806		26		779
Payments received in advance	1,914		1,127		786
Deposits received	4,113		3,565		548
Others	108		444		Δ 335
II Non-current liabilities	34,584	24.8	16,335	12.7	18,248
Long-term debt	21,837		4,436		17,400
Deferred tax liabilities	1,136		438		698
Deferred tax liability from revaluation gain	7,131		7,131		—
Reserve for employees' retirement benefits	1,678		1,463		214
Reserve for directors' retirement benefits	167		166		0
Long-term deposits	2,632		2,699		Δ 66
<b>Total Liabilities</b>	<b>89,002</b>	<b>63.8</b>	<b>79,899</b>	<b>62.2</b>	<b>9,102</b>
(Shareholders' Equity)					
I Common stock	22,534	16.1	22,534	17.5	—
II Capital surplus	12,244	8.8	12,008	9.4	236
1. Capital reserve	10,744		10,508		236
2. Other capital surpluses					
Capital surplus from reduction of capital reserve	1,500		1,500		—
III Earned surplus	4,844	3.5	3,056	2.4	1,788
1. Unappropriated retained earnings	4,844		3,056		1,788
IV Revaluation reserve on land	10,696	7.7	10,696	8.3	—
V Net unrealized holding gain on securities	1,557	1.1	509	0.4	1,047
VI Treasury stock	Δ 1,378	Δ 1.0	Δ 286	Δ 0.2	Δ 1,091
<b>Total Shareholders' Equity</b>	<b>50,499</b>	<b>36.2</b>	<b>48,519</b>	<b>37.8</b>	<b>1,980</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>139,501</b>	<b>100</b>	<b>128,419</b>	<b>100</b>	<b>11,082</b>

**Statement of Income**

(millions of yen)

Account	Current Period April 1, 2003 - March 31, 2004		Previous Period April 1, 2002 - March 31, 2003		Change from previous period (Δ)
	Amount	Ratio	Amount	Ratio	
		%		%	Amount
I Net sales	87,321	100	94,533	100	Δ 7,212
II Cost of sales	71,912	82.4	78,473	83.0	Δ 6,561
Gross Profit	15,409	17.6	16,060	17.0	Δ 651
III Selling, general and administrative expenses	12,977	14.8	12,731	13.5	245
Operating Income	2,431	2.8	3,328	3.5	Δ 896
IV Non-operating income	2,828	3.2	2,977	3.2	Δ 148
Interest and dividend income	963		605		358
Rental income	1,587		2,028		Δ 441
Others	277		343		Δ 65
V Non-operating expenses	2,738	3.1	3,511	3.7	Δ 772
Interest expenses	775		1,151		Δ 376
Rental assets expense	1,347		1,746		Δ 399
Others	616		613		2
Ordinary Income	2,521	2.9	2,794	3.0	Δ 273
VI Extraordinary gains	182	0.2	352	0.3	Δ 169
Gain on sale and disposal of property plant and equipment, net	25		352		Δ 327
Gain on sale of investment securities	62		—		62
Gain on insurance claim	94		—		94
VII Extraordinary losses	423	0.5	1,726	1.8	Δ 1,302
Loss on sale and disposal of property plant and equipment, net	370		378		Δ 7
Loss on devaluation of investment securities	—		830		Δ 830
Loss on devaluation of affiliated companies' investments and loans	—		189		Δ 189
Special severance benefit	—		287		Δ 287
Others	53		40		12
Income before income taxes	2,279	2.6	1,420	1.5	859
Income taxes, current	937	1.1	26	0.0	911
deferred	Δ 446	Δ 0.5	Δ 135	Δ 0.1	Δ 310
Net Income	1,788	2.0	1,529	1.6	258
Retained earnings brought forward	3,056		1,203		1,853
Write-off of net land revaluation	—		323		Δ 323
Unappropriated retained earnings	4,844		3,056		1,788

**Proposed Appropriation of Profit**

(millions of yen)

Account	Current Period (year ending March 31, 2004)	Previous Period (year ending March 31, 2003)	Change from previous period (Δ)
I Unappropriated retained earnings	4,844	3,056	1,788
II Appropriation	656	—	656
Cash dividends	656	—	656
	(3 yen per share)		
III Unappropriated retained earnings to be carried forward	4,188	3,056	1,132

## **Major Accounting Policies**

### 1. Valuation standards and valuation methods for securities

(1) Held-to-maturity debt securities ······ recorded at amortized cost

(2) Stock of subsidiaries and affiliated companies

····· recorded at cost, based on the moving-average method

(3) Other securities

- Securities at fair market value ······ recorded at market value, based on the fair market price at the closing balance date

(Any estimate variance is credited or debited to Shareholders' Equity)

- Securities not at fair market value ···· recorded at cost, based on the moving-average method

### 2. Valuation standards and valuation methods for derivatives, etc

Derivatives ······ recorded using the market value method

### 3. Valuation standards and valuation methods for inventories

(1) Manufactured goods & Components for sale

····· recorded at the lower of cost or market value using the gross average method

(2) Raw materials and inventories

····· recorded at the lower of cost or market value using the moving-average method

### 4. Depreciation methods for non-current assets

(1) Tangible non-current assets

(a) Buildings ···· recorded using the declining-balance method

However, the straight-line method has been used for new buildings (not including building fixtures and furnishings) acquired on or after April 1, 1998.

(b) Machines ···· recorded using the straight-line method

(c) Others ······ recorded using the declining-balance method

(2) Intangible non-current assets

Straight-line method (However, in-house software is depreciated using the straight-line method over an expected useful life of five years.)

### 5. Accounting standards for allowances and reserves

(1) Allowance for doubtful debts

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

(2) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is recorded based on the amounts for the obligation for employees' retirement benefits and pension plan assets projected to the end of the current

accounting period.

Disparities arising out of changes to accounting standards are expensed pro rata over 15 years. 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 fiscal period.

(3) Reserve for directors' retirement benefits

The reserve for directors' retirement benefits is recorded at the amount necessary at the end of the accounting period to provide for that expenditure on directors' retirement benefits, based on internal regulations.

6. Accounting treatment of 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. Accounting treatment of material hedging activities

(1) Accounting treatment of hedging activities

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

(2) Hedging methods and hedged transactions

(a) Hedging methods

Forward exchange contracts and interest rate swap agreements

(b) Hedged transactions

Foreign currency denominated receivables and payables; and borrowings

(3) Principle of hedging

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

8. Other notes pertaining to the preparation of the Financial Statements

(1) Accounting treatment of consumption tax

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

## Explanatory Notes

### **(Balance Sheet Items)**

	Current Period	Previous Period	Variance
1. Accumulated depreciation of tangible non-current assets	53,617 million yen	55,276 million yen	△1,659 million yen
2. Major assets of affiliated companies			
Notes receivable	16,111 million yen	5,941 million yen	10,170 million yen
Accounts receivable	8,247 million yen	9,565 million yen	△1,317 million yen
Long-term loans receivable	5,158 million yen	5,348 million yen	△ 190 million yen
3. Major liabilities to affiliated companies			
Notes payable	13,283 million yen	13,182 million yen	100 million yen
Accounts payable	5,941 million yen	5,092 million yen	848 million yen
Long-term deposits payable	1,556 million yen	1,556 million yen	— million yen
4. Guaranteed liabilities (including loan guarantees)	37,398 million yen ( 12,261 million yen)	54,539 million yen ( 23,832 million yen)	△17,140 million yen ( △11,570 million yen)
5. Notes receivable less discount	— million yen	9,137 million yen	△9,137 million yen
6. Revaluation of business property			
Pursuant to the law (Law No. 19, announced on March 31, 2001) which revises parts of the law relating to the revaluation of land, business property has been revalued. The equivalent tax related to the change in the said revaluation has been recorded in the liabilities (non-current liability) as a "Deferred tax liability from revaluation gain" and the deducted amount has been recorded in the assets as a "Difference of land revaluation".			
• 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+L18 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 post-revaluation book value	△ 4,559 million yen		

### **(Income Statement Items)**

	Current Period	Previous Period	Variance
Sales to affiliated companies	62,111 million yen	66,531 million yen	△4,419 million yen

### **Tax Effect Accounting**

Itemized basis of deferred tax liabilities and deferred tax assets

(Deferred tax assets)	Current Period	Previous Period
Allowance for bonuses	146 million yen	— million yen
Unpaid business taxes	87 million yen	— million yen
<u>Others</u>	<u>212 million yen</u>	<u>— million yen</u>
Total deferred tax liabilities	446 million yen	— million yen

(Deferred tax liabilities)	Current Period	Previous Period
Net unrealized holding gain on securities	1,038 million yen	339 million yen
<u>Others</u>	<u>98 million yen</u>	<u>98 million yen</u>
Total deferred tax liabilities	1,136 million yen	438 million yen

**Transfer of Executive Officers** (as at June 29, 2004)

(1) Candidates for new directors

(Planned New Titles)	Name		(Current Title)
Managing Director General Manager of Sales and Marketing	Hideki	Arikawa	Managing Officer General Manager of Sales and Marketing

Director in charge of Financial Department	Susumu	Tada	Corporate Adviser
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(2) Directors intending to retire

(Current Title)	Name		(Title post-retirement)
Managing Director in charge of Financial Department Chairman of the board of Isec Co., Ltd.	Akira	Mikita	Corporate Adviser Chairman of the Board of Isec Co., Ltd.

Director & Executive Officer President of Iseki-Tohoku, Co., Ltd.	Yasuo	Seike	Executive Officer President of Iseki-Tohoku, Co., Ltd.
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(3)

(Planned New Titles)	Name		(Title post-retirement)
Corporate Auditor	Keiji	Itoh	General Manager of Consolidated Administration

(4)

(Current Titles)	Name		
Corporate Auditor	Toshio	Aono	-