




Summary Report of First Quarter Consolidated Financial Results for the three months ended June 30, 2005

August 10, 2005

Name of listed company: Iseki & Co., Ltd.  Stock Exchange Listings: Tokyo, Osaka
 Company Code: 6310 (U R L <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

1. Notes pertaining to the preparation of the summary reports for the quarterly financial results

- (1) A simplified method for accounting procedures has been employed.
 Namely
- a physical inventory check has not occurred; and
 - we have employed a simplified method as standards for accounting for such items as corporate tax.
- (2) There have not been any changes made to accounting procedures since the most recent consolidated accounting year
- (3) There have been shifts in the scope of consolidation on equity methods.
 The number of consolidated subsidiaries has been reduced by 1 to 35.

2. Summary Report of Financial Results for FY 2005 First Quarter (April 1, 2005-June 30, 2005)

(1) Consolidated Results of Operations

(Rounded down to millions of yen)

	Net Sales		Operating Income		Ordinary Income	
	millions of yen	%	millions of yen	%	millions of yen	%
3 months ended June 30, 2005	35,580	2.1	222	109.1	191	—
3 months ended June 30, 2004	34,863	3.2	106	368.0	△ 80	—
Year ended March 31, 2005 (reference)	157,462		6,516		5,286	

	Net Income for the period		Net Income per share for the period	Net Income per share for the period, adjusted for potential dilution
	millions of yen	%	yen	yen
3 months ended June 30, 2005	156	△ 52.1	0.72	0.64
3 months ended June 30, 2004	326	—	1.49	—
Year ended March 31, 2005 (reference)	2,965		13.61	12.74

Note: The percentage figures listed in Sales, Operating Income, etc, indicate variances compared to the same quarter in the previous year.)

[Qualitative information concerning the status of consolidated financial results]

Domestic sales for the first quarter (January-March for sales subsidiaries) of agricultural machinery, which is our main business, tend to be less than the rest of the other quarters due to seasonal factors. Consolidated sales for the first quarter reached ¥35.6 billion, up ¥0.7 billion (2.1%) on the same period last year. Domestic sales were down by ¥1.2 billion (3.9%) to ¥30.5 billion as a marginal increase in the agricultural machinery sales was more than offset by a ¥1.0 billion drop in the sales of agricultural facilities. Overseas sales rose ¥1.9 billion (61.8%) to ¥5.1 billion aided by brisk sales of new tractor models in both North America and Europe and increased sales of lawn mowers in Europe. Operating income reached ¥222 million, up ¥116 million (109.1%) on the same period last year as higher material prices and increased sales and administrative expenses like transporting expenses were absorbed by bigger gross profit through sales increases and cost reductions. Due to a decrease in interest payments, etc, ordinary income rose ¥271 million on the same period last year to reach ¥191 million. Net income for the quarter declined by ¥170 million (52.1%) on the same period last year to ¥156 million due to an increased burden of income tax, etc.

(2) Shifts in the Consolidated Financial Position

	Total Assets	Total Shareholders' Equity	Shareholders' Equity to Total Assets Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	Yen
3 months ended June 30, 2005	190,164	50,827	26.7	234.86
3 months ended June 30, 2004	195,714	49,483	25.3	226.36
Year ended March 31, 2005(reference)	184,477	51,726	28.0	238.88

(3) Consolidated Cash Flow

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at end of Period
	millions of yen	millions of yen	millions of yen	millions of yen
3 months ended June 30, 2005	△ 10,528	186	11,140	8,759
3 months ended June 30, 2004	△ 9,919	11,926	2,001	15,053
Year ended March 31, 2005(reference)	6,350	8,758	△ 18,390	7,803

[Qualitative information concerning the shifts in consolidated financial position]

At the end of the first quarter, total assets were contracted to ¥190.2 billion, down ¥5.5 billion on the same period of the previous year. The main items were a ¥7 billion reduction in cash and time deposits, a ¥2.2 billion increase in inventory due to increased work in process. Interest bearing liabilities were down ¥8.1 billion on the same period last year, at ¥72.8 billion.

As always, accounts receivables and inventories in the first quarter tended to increase, compared to the results at the end of previous fiscal period, due to the seasonales of agricultural machinery by the sales subsidiaries and the recovery of debt. As a result, first quarter cash flow generated by operating activities tends to be negative every year.

3. Forecast for the FY 2005 Financial Results (April 1, 2005 – March 31, 2006)

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

For reference, the estimated net income per share for the year ending March 31, 2006 is ¥18.48.

[Qualitative information regarding Performance Forecast]

Forecasts for the interim and full-year results remain constant from the time of results announcement of May 20, 2005.

Note: The forecast for financial 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.

1. Quarterly Consolidated Balance Sheets(Summary)

(Millions of yen,%)

Account	First Quarter	Same Quarter of Previous Year	Variance		Year ended March 31, 2005 (reference)
	(as at end of first quarter, FY2005)	(as at end of first quarter, FY2004)	Amount	Variance Rate	Amount
(Assets)					
I Current Assets	99,084	103,117	△ 4,033	△ 3.9	91,868
Cash and time deposits	9,241	16,207	△ 6,966	△ 43.0	8,202
Notes and accounts receivable	42,189	42,218	△ 28	△ 0.1	37,015
Inventories	42,653	40,454	2,198	5.4	40,851
Others	5,659	4,921	737	15.0	6,469
Allowance for doubtful accounts	△ 658	△ 684	25	—	△ 670
II Fixed Assets	91,080	92,597	△ 1,516	△ 1.6	92,608
1.Tangible fixed assets	79,474	79,185	289	0.4	79,418
Buildings and structures	15,178	15,292	△ 114	△ 0.7	15,170
Machinery and Equipment and vehicles	8,799	8,483	315	3.7	8,783
Land	50,767	50,319	447	0.9	50,460
Others	4,729	5,090	△ 360	△ 7.1	5,003
2.Intangible fixed assets	1,047	1,083	△ 36	△ 3.4	1,102
3.Investments and other assets	10,558	12,327	△ 1,769	△ 14.4	12,087
Investment securities	7,065	7,983	△ 917	△ 11.5	8,404
Others	4,388	4,760	△ 371	△ 7.8	4,590
Allowance for doubtful accounts	△ 895	△ 415	△ 479	—	△ 906
Total Assets	190,164	195,714	△ 5,550	△ 2.8	184,477

(Millions of yen,%)

Account	First Quarter	Same Quarter of Previous Year	Variance		Year ended March 31, 2005 (reference)
	(as at end of first quarter, FY2005)	(as at end of first quarter, FY2004)	Amount	Variance Rate	Amount
(Liabilities)					
I Current Liabilities	88,518	102,726	△ 14,207	△ 13.8	82,602
Notes and accounts payable, trade	41,440	39,787	1,653	4.2	44,493
Short-term borrowings	31,280	46,154	△ 14,874	△ 32.2	20,306
Bonds (due within one year)	100	40	60	150.0	40
Long-term debt (due within one year)	7,149	8,109	△ 960	△ 11.8	7,350
Others	8,549	8,634	△ 85	△ 1.0	10,412
II Long-term Liabilities	49,300	42,030	7,270	17.3	48,646
Bonds	11,360	460	10,900	2,369.6	10,440
Long-term debt	22,802	25,976	△ 3,174	△ 12.2	22,740
Deferred tax liability from land revaluation gain	7,131	7,131	—	—	7,131
Accrued retirement benefits for employees	4,517	4,638	△ 120	△ 2.6	4,514
Others	3,489	3,823	△ 334	△ 8.7	3,820
Total Liabilities	137,819	144,756	△ 6,937	△ 4.8	131,249
(Minority Interests in Consolidated Subsidiaries)					
Minority interests in consolidated subsidiaries	1,517	1,474	42	2.9	1,502
(Shareholders' Equity)					
I Common stock	22,534	22,534	—	—	22,534
II Capital surplus	11,693	11,650	42	0.4	11,664
III Retained earnings	6,336	4,190	2,146	51.2	6,829
IV Land revaluation reserve	10,696	10,696	—	—	10,696
V Net unrealized holding gains on securities	1,550	1,812	△ 262	△ 14.5	1,956
VI Foreign currency translation adjustments	△ 9	△ 11	1	—	△ 14
VII Treasury stock	△ 1,974	△ 1,390	△ 584	—	△ 1,940
Total Shareholders' Equity	50,827	49,483	1,344	2.7	51,726
Total Liabilities, Minority Interests and Shareholders' Equity	190,164	195,714	△ 5,550	△ 2.8	184,477

2. Quarterly Consolidated Statement of Income(Summary)

(Millions of yen,%)

Account	First Quarter	Same Quarter of Previous Year	Variance		Year ended March 31,2005 (reference)
	(as at end of first quarter, FY2005)	(as at end of first quarter, FY2004)	Amount	Variance Rate	Amount
I Net sales	35,580	34,863	716	2.1	157,462
II Cost of sales	24,485	24,609	△ 123	△ 0.5	105,128
Gross Profit	11,094	10,254	840	8.2	52,334
III Selling, general and administrative expenses	10,872	10,147	724	7.1	45,817
Operating Income	222	106	116	109.1	6,516
IV Non-operating Income	370	292	77	26.6	1,556
Interest and dividend income	99	78	20	26.3	331
Others	271	214	57	26.7	1,225
V Non-operating Expenses	401	479	△ 77	△ 16.2	2,787
Interest expenses	291	390	△ 99	△ 25.4	1,406
Others	110	89	21	23.9	1,381
Ordinary Income	191	△ 80	271	—	5,286
VI Extraordinary Gains	679	734	△ 54	△ 7.4	841
Gain on sale and disposal of plant and equipment	1	8	△ 6	△ 78.7	69
Gain on sale of investment securities	677	113	564	496.2	310
Gain on sale of credit business	—	612	△ 612	—	461
VII Extraordinary Losses	95	87	7	9.1	1,069
Loss on sale and disposals of property, plant and equipment	63	51	12	23.9	347
Transfer to allowance for doubtful account	—	—	—	—	475
Others	32	36	△ 4	△ 11.5	245
Income before income taxes and minority interests	775	566	209	36.9	5,058
Income taxes	600	228	372	163.3	2,064
Minority interests in consolidated subsidiaries	18	11	6	57.0	28
Net Income	156	326	△ 170	△ 52.1	2,965

3. Consolidated Statement of Cash Flows(Summary)

(Millions of yen)

Account	First Quarter	Same Quarter of Previous Year	Year ended March 31,2005 (reference)
	(As at the end of the first quarter, FY2005)	(As at the end of the first quarter, FY2004)	
	Amount	Amount	Amount
I Cash Flow from Operating Activities			
Income before income taxes and minority interests	775	566	5,058
Depreciation and amortization	956	984	4,167
Interest and dividend income	△ 99	△ 78	△ 331
Interest expenses	263	363	1,276
Gain on sale of credit business	—	△ 612	△ 461
Increase in notes and accounts receivable	△ 5,369	△ 6,129	△ 926
Increase in inventories	△ 1,603	△ 1,533	△ 1,930
Increase (decrease) in notes and accounts payable	△ 3,163	△ 150	4,555
Others	△ 229	△ 1,328	△ 1,510
Subtotal	△ 8,469	△ 7,917	9,898
Interest and dividends received	97	76	332
Interest paid	△ 287	△ 397	△ 1,299
Income taxes paid	△ 1,868	△ 1,680	△ 2,581
Net cash provided by operating activities	△ 10,528	△ 9,919	6,350
II Cash Flows from Investing Activities			
Balance from acquisition/sale of securities	873	192	212
Balance from acquisition/sale of fixed assets	△ 599	△ 139	△ 4,119
Proceeds from sale of credit business	—	10,560	10,409
Net decrease (increase) in time deposits	△ 83	1,281	2,037
Others	△ 4	31	218
Net cash used in investing activities	186	11,926	8,758
III Cash Flows from Financing Activities			
Net shift in short-term borrowings	10,791	2,665	△ 27,178
Payments for issuance/redemption of bonds	980	△ 20	9,960
Payments for acquisition/sale of treasury stock	22	14	△ 513
Payment of dividends	△ 649	△ 655	△ 655
Others	△ 3	△ 3	△ 3
Net cash used in financing activities	11,140	2,001	△ 18,390
IV Effect of Exchange rate Changes on Cash and Cash Equivalents	9	15	55
V Net Decrease in Cash and Cash Equivalents	807	4,023	△ 3,226
VI Cash and Cash Equivalents at beginning of Year	7,803	11,029	11,029
VII Increase In Cash and Cash Equivalents by Merger	147	—	—
VIII Cash and Cash Equivalents at End of Quarter	8,759	15,053	7,803

Basis of the First-Quarter Consolidated Financial Statement

1. Scope of consolidation

Number of consolidated subsidiaries 35 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, 19 companies (including Iseki-Hokkaido Co., Ltd.) as well as Iseki-Changzhou Mfg. Co., Ltd. use a first-quarter balance sheet date of March 31. Fifteen companies (including Iseki-Matsuyama Mfg. Co., Ltd.) use a first-quarter balance sheet date of June 30.

With regard to the preparation of the first-quarter consolidated financial statements, the same current date is employed in the financial statements, and necessary adjustments for consolidation are made for any significant transactions that occur between the first-quarter closing date and this date.

4. Accounting policies

(1) Valuation basis and methods of important assets

(a) Securities

Held-to-maturity debt securities recorded at amortized cost

Other securities

Securities with fair market value recorded at market value, based on the fair market price at the closing date of the consolidated reporting period.

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

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

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

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

(2) Depreciation methods for material depreciable assets

(a) Tangible fixed assets

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

(b) Intangible fixed assets

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

(3) Treatment of principal deferred assets

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

(4) Allowances and reserves

(a) Allowance for doubtful accounts

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

(b) Accrued retirement benefits for employee

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

(c) Accrued directors' retirement benefits

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

(5) Leases

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

(6) Hedge accounting

(a) Hedge accounting

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

(b) Hedging instruments and hedged items

(i) Hedging instruments

Forward exchange contracts and interest rate swap agreements

(ii) Hedged items

Receivables and payables denominated in foreign currencies and borrowings

(c) Hedging policies

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

(7) Accounting treatment of consumption tax

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

Supplementary Information to the First-Quarter Financial Results

1. Seasonality of the Consolidated Financial Results

- Our consolidated financial results comprise the results of our sales subsidiaries which have a different accounting period (January to December).
- The first-quarter consolidated financial results consolidate the results for the sales subsidiaries and Iseki-Changzhou Mfg. Co., Ltd. from January through to March, and for Iseki unconsolidated and other related companies from April through to June.
- Domestic sales of agricultural machinery, which account for almost 70% of consolidated sales, are particularly down in the January-March period.
- In contrast, overseas sales tend to concentrate in the fourth quarter in expectation for the upcoming lawn-mowing season.

(FY 2004 Consolidated Net Sales Performance)

(Units: billions of yen)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Domestic	31.7	38.3	35.9	35.6	141.5
Overseas	3.2	3.4	2.4	6.9	15.9
Total	34.9	41.7	38.3	42.5	157.4
(%)	22	27	24	27	100

2. Details of the First-Quarter Financial Results

(Units: billions of yen)

	June2004	June2005	Variance
Net Sales	34.9	35.6	+0.7
Cost of sales	24.6	24.5	-0.1
Gross profit	10.3	11.1	+0.8
Selling, general and administrative expenses	10.2	10.9	+0.7
Operating income	0.1	0.2	+0.1
Net financial income/loss	-0.4	-0.3	+0.1
Other non-operating income	0.2	0.3	+0.1
Ordinary income	-0.1	0.2	+0.3
Extraordinary gains/losses	0.6	0.6	-
Income before income taxes and minority interests	0.5	0.8	+0.3
Income taxes and others	-0.2	-0.6	-0.4
Net income	0.3	0.2	-0.1

1) Net Sales Break-down

(Units: billions of yen)

	June 2004	June 2005	Variance
Agricultural machinery	17.3	17.4	+0.1
Construction of facilities	1.4	0.4	-1.0
Parts and farming, implements and others	13.0	12.7	-0.3
Domestic Subtotal	31.7	30.5	-1.2
Export products	2.9	4.8	+1.9
Parts and Others	0.3	0.3	—
Overseas Subtotal	3.2	5.1	+1.9
Grand Total	34.9	35.6	+0.7

Net Sales by Area

(Units: billions of yen)

	June 2004	June 2005	Variance
North America	1.6	2.4	+0.8
Europe	1.0	1.9	+0.9
Asia	0.2	0.4	+0.2
Australia and others	0.1	0.1	—
Products	2.9	4.8	+1.9
Parts and others	0.3	0.3	—
Total	3.2	5.1	+1.9

Overseas sales increased by ¥1.9 billion(61.8%) to ¥5.1 billion aided by continued brisk sales of new tractor models in both North America and Europe and increased sales of lawn mowers in Europe

- 2) Operating income reached ¥0.2billion, up ¥0.1 billion on the same period last year as higher material prices and increased sales and administrative expenses like transporting expenses were absorbed by bigger gross profit through sales increases and cost reductions.
- 3) Ordinary income increased by ¥0.3billion due to improved financial accounts.Net income for the period dropped by ¥0.1billion due to a rise in income tax,etc.

3. Performance Forecast for the Whole Period

Forecasts for the interim and full-year results remain constant from the time of results announcement of May 20, 2005.

1) Consolidated Business Results

(units: billions of yen)

	FY2005 ending March 31,2006		FY2004 ended March 31,2005	
	Interim	Full-year	Interim	Full-year
Net Sales	78.0	163.0	76.6	157.4
Operating income	3.0	8.5	2.8	6.5
Ordinary income	2.8	7.5	2.6	5.3
Net income	1.6	4.0	2.0	3.0

2) Non-consolidated

(units: billions of yen)

	FY2005 ending March 31,2006		FY2004 ended March 31,2005	
	Interim	Full-year	Interim	Full-year
Net Sales	46.0	95.0	47.7	95.3
Operating income	1.6	3.8	1.2	3.3
Ordinary income	1.9	4.3	1.4	3.4
Net income	1.6	4.0	1.0	2.1