



## 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  
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### 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 accountion 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(April1, 2005-June30, 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 Europ 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 ¥191million . 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                                |
| <b>(Assets)</b>                       |                                      |                                      |                |               |                                       |
| <b>I Current Assets</b>               | <b>99,084</b>                        | <b>103,117</b>                       | <b>△ 4,033</b> | <b>△ 3.9</b>  | <b>91,868</b>                         |
| 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                                 |
| <b>II Fixed Assets</b>                | <b>91,080</b>                        | <b>92,597</b>                        | <b>△ 1,516</b> | <b>△ 1.6</b>  | <b>92,608</b>                         |
| <b>1.Tangible fixed assets</b>        | <b>79,474</b>                        | <b>79,185</b>                        | <b>289</b>     | <b>0.4</b>    | <b>79,418</b>                         |
| 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                                 |
| <b>2.Intangible fixed assets</b>      | <b>1,047</b>                         | <b>1,083</b>                         | <b>△ 36</b>    | <b>△ 3.4</b>  | <b>1,102</b>                          |
| <b>3.Investments and other assets</b> | <b>10,558</b>                        | <b>12,327</b>                        | <b>△ 1,769</b> | <b>△ 14.4</b> | <b>12,087</b>                         |
| 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                                 |
| <b>Total Assets</b>                   | <b>190,164</b>                       | <b>195,714</b>                       | <b>△ 5,550</b> | <b>△ 2.8</b>  | <b>184,477</b>                        |

(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                                |
| <b>(Liabilities)</b>  |                                      |                                      |                 |               |                                       |
| <b>I Current Liabilities</b>  | <b>88,518</b>                        | <b>102,726</b>                       | <b>△ 14,207</b> | <b>△ 13.8</b> | <b>82,602</b>                         |
| 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<br>(due within one year)  | 100                                  | 40                                   | 60              | 150.0         | 40                                    |
| Long-term debt<br>(due within one year)                               | 7,149                                | 8,109                                | △ 960           | △ 11.8        | 7,350                                 |
| Others  | 8,549                                | 8,634                                | △ 85            | △ 1.0         | 10,412                                |
| <b>II Long-term Liabilities</b>                                       | <b>49,300</b>                        | <b>42,030</b>                        | <b>7,270</b>    | <b>17.3</b>   | <b>48,646</b>                         |
| 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                                 |
| <b>Total Liabilities</b>  | <b>137,819</b>                       | <b>144,756</b>                       | <b>△ 6,937</b>  | <b>△ 4.8</b>  | <b>131,249</b>                        |
| <b>(Minority Interests in Consolidated Subsidiaries)</b>              |                                      |                                      |                 |               |                                       |
| Minority interests in consolidated subsidiaries                       | 1,517                                | 1,474                                | 42              | 2.9           | 1,502                                 |
| <b>(Shareholders' Equity)</b>   |                                      |                                      |                 |               |                                       |
| 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                               |
| <b>Total Shareholders' Equity</b>                                     | <b>50,827</b>                        | <b>49,483</b>                        | <b>1,344</b>    | <b>2.7</b>    | <b>51,726</b>                         |
| <b>Total Liabilities, Minority Interests and Shareholders' Equity</b> | <b>190,164</b>                       | <b>195,714</b>                       | <b>△ 5,550</b>  | <b>△ 2.8</b>  | <b>184,477</b>                        |

## 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                              |
| <b>Gross Profit</b>   | <b>11,094</b>                        | <b>10,254</b>                        | <b>840</b>   | <b>8.2</b>    | <b>52,334</b>                        |
| III Selling, general and administrative expenses            | 10,872                               | 10,147                               | 724          | 7.1           | 45,817                               |
| <b>Operating Income</b>                                     | <b>222</b>                           | <b>106</b>                           | <b>116</b>   | <b>109.1</b>  | <b>6,516</b>                         |
| 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                                |
| <b>Ordinary Income</b>                                      | <b>191</b>                           | <b>△ 80</b>                          | <b>271</b>   | <b>—</b>      | <b>5,286</b>                         |
| 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                                   |
| <b>Net Income</b>   | <b>156</b>                           | <b>326</b>                           | <b>△ 170</b> | <b>△ 52.1</b> | <b>2,965</b>                         |

### 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                               |
| <b>I Cash Flow from Operating Activities</b>                           |  |  |                                      |
| 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                              |
| <b>Net cash provided by operating activities</b>                       | <b>△ 10,528</b>                              | <b>△ 9,919</b>                               | <b>6,350</b>                         |
| <b>II Cash Flows from Investing Activities</b>                         |  |  |                                      |
| 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                                |
| <b>III Cash Flows from Financing Activities</b>                        |  |  |                                      |
| 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                             |
| <b>IV Effect of Exchange rate Changes on Cash and Cash Equivalents</b> | <b>9</b>                                     | <b>15</b>                                    | <b>55</b>                            |
| <b>V Net Decrease in Cash and Cash Equivalents</b>                     | <b>807</b>                                   | <b>4,023</b>                                 | <b>△ 3,226</b>                       |
| <b>VI Cash and Cash Equivalents at beginning of Year</b>               | <b>7,803</b>                                 | <b>11,029</b>                                | <b>11,029</b>                        |
| <b>VII Increase In Cash and Cash Equivalents by Merger</b>             | <b>147</b>                                   | <b>—</b>                                     | <b>—</b>                             |
| <b>VIII Cash and Cash Equivalents at End of Quarter</b>                | <b>8,759</b>                                 | <b>15,053</b>                                | <b>7,803</b>                         |

## **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     | <b>35.6</b> | +0.7     |
| Cost of sales                                     | 24.6     | <b>24.5</b> | -0.1     |
| Gross profit                                      | 10.3     | <b>11.1</b> | +0.8     |
| Selling, general and administrative expenses      | 10.2     | <b>10.9</b> | +0.7     |
| Operating income                                  | 0.1      | <b>0.2</b>  | +0.1     |
| Net financial income/loss                         | -0.4     | <b>-0.3</b> | +0.1     |
| Other non-operating income                        | 0.2      | <b>0.3</b>  | +0.1     |
| Ordinary income                                   | -0.1     | <b>0.2</b>  | +0.3     |
| Extraordinary gains/losses                        | 0.6      | <b>0.6</b>  | -        |
| Income before income taxes and minority interests | 0.5      | <b>0.8</b>  | +0.3     |
| Income taxes and others                           | -0.2     | <b>-0.6</b> | -0.4     |
| Net income  | 0.3      | <b>0.2</b>  | -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<br>ending March 31,2006 |           | FY2004<br>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<br>ending March 31,2006 |           | FY2004<br>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       |