




August 9, 2006

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Summary Announcement of Consolidated Financial Results
for the Three Months Ended June 30, 2006

Consolidated Financial Highlights

I. Pertaining to the preparation of the summary report for the quarterly financial results

A. Adoption of Simplified Accounting Practices : Yes

- Namely: 1. A physical inventory check has not occurred.
 2. We have employed a simplified method as standards for accounting for such items as corporate tax.

B. Change in Accounting Practices from Previous Fiscal Year : None

C. Changes in Consolidation Scope : None

II. Summary Announcement of Consolidated Financial Results (Apr.1st, 2006—Jun.30, 2006)

A. Results of Operations

(Rounded down to millions of yen, %)

	Three Months Ended Jun.30, 2006	%	Three Months Ended Jun.30, 2005	%	Year Ended Mar. 31, 2006
Net Sales	33,661	(5.4)	35,580	2.1	161,744
Operating Income	499	124.7	222	109.1	7,458
Ordinary Income	428	124.0	191	—	6,860
Net Income	329	110.2	156	(52.1)	3,756
Net Income per Share					
Non-diluted	1.46		0.72		17.23
Fully Diluted	1.34		0.64		15.27

Note: (%) in Net Sales, Operating Income, etc, represent the increase or decrease relative to the same period of the previous year.

Financial Results

Net sales for the first quarter FY2007 declined by ¥1.9 billion (down 5.4%) on the same period last year to ¥33.7 billion. Domestic sales declined by ¥1.0 billion (down 3.5%) mainly due to agricultural machinery on the same period last year to ¥29.5 billion in the market which saw less activity. Overseas sales were ¥4.2 billion, down by ¥0.9 billion (down 16.8%) from the same period last year when anticipated shipping of new type tractors to the North American market boosted sales. Operating income reached ¥499 million, up ¥277 million (up 124.7%) from the same period last year as worsened profitability caused by reduced gross profit from reduced sales and rising material prices was more than offset by cost reduction and reduction of fixed expenses. Ordinary income rose ¥237 million (up 124.0%) on the same period last year to reach ¥428 million. Net income for the three months ended rose ¥172 million (up 110.2%) to ¥329 million.

B. Financial Position

(Rounded down to millions of yen)

	Jun.30, 2006	Jun.30, 2005	Mar. 31, 2006
Total Assets	190,630	190,164	183,831
Net Assets	59,602	50,827	58,644
Shareholders' Equity to Total Assets Ratio	30.5%	26.7%	31.9%
Net Assets per share	¥257.01	¥234.86	¥259.64

C. Cash Flows

(Rounded down to millions of yen)

	Three Months Ended Jun.30, 2006	Three Months Ended Jun.30, 2005	Year Ended Mar. 31, 2006
Cash Flows from Operating Activities	(8,444)	(10,528)	4,338
Cash Flows from Investing Activities	(791)	186	(2,606)
Cash Flows from Financing Activities	10,047	11,140	(3,048)
Cash and Cash Equivalents at End of Period	7,410	8,759	6,589

Total assets as of the end of the first quarter ended increased to ¥190.6 billion, up ¥0.5 billion from the same period last year. The main drivers for the increase were a ¥1.2 billion reduction in cash and time deposits, ¥4.8 billion reduction in notes and accounts receivable, ¥3.4 billion increase in inventories, and a ¥1.8 billion increase in investment securities by market value. Interest bearing liabilities decreased ¥6.6 billion on the same period of last year to ¥ 66.2 billion. Accounts receivable and inventories tend to increase every year in the first quarter as compared to the end of the preceding period due to seasonality of agricultural machinery sales by the sales companies and debt collection. As a consequence, cash flows derived from operating activities results in expenditures every year.

III. Performance Forecast (Apr. 1st,2006 – Mar. 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.

Forecast for the interim and full-year results remain constant from the time of results announcement of May 18, 2006.

Cautionary statement: The above forecasts were based on information that was available as of the day of this announcement and on assumptions made as of the same day regarding a number of uncertainties that could affect future financial performance. Actual results could differ considerably depending on a variety of factors hereafter.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen,%)

Account	First Quarter as at Jun.30, 2006	Previous First Quarter as at Jun. 30, 2005	Change from Previous First Quarter		(Reference) Previous Fiscal Year as at Mar.31, 2006
	Amount	Amount	Amount	% Change	Amount
(Assets)					
I. Current Assets	96,824	99,084	(2,260)	(2.3)	89,910
Cash and time deposits	8,045	9,241	(1,195)	(12.9)	6,971
Notes and accounts receivable	37,404	42,189	(4,785)	(11.3)	34,742
Inventories	46,087	42,653	3,433	8.1	42,486
Others	5,412	5,659	(246)	(4.4)	5,836
Allowance for doubtful accounts	(125)	(658)	533	(81.0)	(126)
II. Fixed Assets	93,806	91,080	2,726	3.0	93,921
1. Tangible fixed assets	79,402	79,474	(72)	(0.1)	79,018
Buildings and structures	15,107	15,178	(70)	(0.5)	15,044
Machinery, equipment and vehicles	8,249	8,799	(549)	(6.2)	8,503
Land	50,203	50,767	(563)	(1.1)	50,173
Others	5,841	4,729	1,111	23.5	5,296
2. Intangible fixed assets	992	1,047	(54)	(5.2)	1,036
3. Investment and other assets	13,411	10,558	2,853	27.0	13,865
Investment securities	8,896	7,065	1,831	25.9	9,234
Others	5,172	4,388	784	17.9	5,289
Allowance for doubtful accounts	(657)	(895)	237	(26.6)	(659)
Total Assets	190,630	190,164	466	0.2	183,831

(Millions of yen,%)

Account	First Quarter as at Jun.30, 2006	Previous First Quarter as at Jun.30, 2005	Change from Previous First Quarter		(Reference) Previous Fiscal Year as at Mar.31,
	Amount	Amount	Amount	% Change	Amount
(Liabilities)					
I. Current Liabilities	97,625	88,518	9,106	10.3	89,836
Notes and accounts payable, trade	40,172	41,440	(1,268)	(3.1)	41,536
Short-term borrowings	30,664	31,280	(615)	(2.0)	19,885
Bonds (due within one year)	40	100	(60)	(60.0)	100
Long-term debt (due within one year)	18,571	7,149	11,422	159.8	18,290
Others	8,176	8,549	(372)	(4.4)	10,024
II. Long-term Liabilities	33,402	49,300	(15,898)	(32.2)	33,790
Bonds	8,115	11,360	(3,245)	(28.6)	8,135
Long-term debt	8,655	22,802	(14,146)	(62.0)	8,905
Deferred tax liability from land revaluation gain	7,595	7,131	464	6.5	7,595
Accrued retirement benefits for employees	4,927	4,517	409	9.1	4,809
Others	4,109	3,489	620	17.8	4,345
Total Liabilities	131,027	137,819	(6,791)	(4.9)	123,627
(Minority Interests in Consolidated Subsidiaries)					
(Minority Interests in Consolidated Subsidiaries)	—	1,517	—	—	1,558
(Shareholders' Equity)					
I. Common stock	—	22,534	—	—	22,784
II. Capital surplus	—	11,693	—	—	12,815
III. Retained earnings	—	6,336	—	—	9,760
IV. Land revaluation reserve	—	10,696	—	—	10,527
V. Net unrealized holding gain on securities	—	1,550	—	—	2,896
VI. Foreign currency translation adjustments	—	(9)	—	—	15
VII. Treasury stock	—	(1,974)	—	—	(154)
Total Shareholders' Equity	—	50,827	—	—	58,644
Total Liabilities, Minority Interests and Shareholders' Equity	—	190,164	—	—	183,831

(Millions of yen,%)

Account	First Quarter as at Jun.30, 2006	Previous First Quarter as at Jun. 30, 2005	Change from Previous First Quarter		(Reference) Previous Fiscal Year as at Mar.31, 2006
	Amount	Amount	Amount	% Change	Amount
(Net Assets)					
I. Shareholders' equity	44,855	—	—	—	—
Common stock	22,784	—	—	—	—
Capital surplus	12,815	—	—	—	—
Retained earnings	9,411	—	—	—	—
Treasury stock	(156)	—	—	—	—
II. Difference of appreciation and conversion	13,193	—	—	—	—
Net unrealized holding gain on securities	2,650	—	—	—	—
Land revaluation reserve	10,527	—	—	—	—
Foreign currency translation adjustments	15	—	—	—	—
III. Minority interests in Consolidated Subsidiaries	1,554	—	—	—	—
Total Net Assets	59,602	—	—	—	—

Consolidated Statements of Income

(Millions of yen,%)

Account	Three Months Apr.1, 2006 - Jun.30, 2006	Previous Period Apr.1, 2005 - Jun.30, 2005	Change from Previous Period		(Reference) Previous Fiscal Year Apr.1, 2005 - Mar.31, 2006
	Amount	Amount	Amount	% Change	Amount
I. Net Sales	33,661	35,580	(1,918)	(5.4)	161,744
II. Cost of Sales	22,383	24,485	(2,101)	(8.6)	107,958
Gross Profit	11,277	11,094	182	1.6	53,785
III. Selling, General and Administrative Expenses	10,777	10,872	(94)	(0.9)	46,326
Operating Income	499	222	277	124.7	7,458
IV. Non-operating Income	324	370	(46)	(12.6)	1,763
Interest and dividend income	92	99	(7)	(7.3)	403
Others	232	271	(39)	(14.5)	1,360
V. Non-operating Expenses	395	401	(6)	(1.6)	2,361
Interest expenses	263	291	(28)	(9.6)	1,121
Others	132	110	21	19.7	1,240
Ordinary Income	428	191	237	124.0	6,860
VI. Extraordinary Gains	5	679	(674)	(99.2)	907
Gain on sale or disposal of property, plant and equipment	3	1	1	100.3	186
Gain on sale of investment securities	—	677	(677)	(100.0)	720
Others	2	0	1	986.4	—
VII Extraordinary Losses	46	95	(48)	(51.2)	1,940
Loss on sale or disposal of property, plant and equipment	42	63	(20)	(32.8)	412
Impairment loss	—	—	—	—	505
Transfer to allowance for doubtful accounts	—	—	—	—	195
Loss on liquidation of a subsidiary	—	—	—	—	522
Loss from prior period adjustment	—	—	—	—	177
Loss on bad debt	—	—	—	—	73
Others	4	32	(28)	(87.2)	53
Income before income taxes and minority interests	387	775	(388)	(50.0)	5,827
Income taxes	57	600	(542)	(90.4)	2,020
Minority interests in consolidated subsidiaries	0	18	(17)	(94.9)	50
Net Income	329	156	172	110.2	3,756

Note: "Income taxes" includes current and deferred taxes.

Consolidated Statements of Cash Flows

(Millions of yen)

Account	Three Months Apr.1, 2006 - Jun.30, 2006	Previous Period Apr.1, 2005 - Jun.30, 2005	(Reference) Previous Fiscal Year Apr.1, 2004 - Mar.31, 2005
Description	Amount	Amount	Amount
I. Cash Flows from Operating Activities			
Income before income taxes and minority interests	387	775	5,827
Depreciation and amortization	912	956	3,910
Impairment loss	—	—	505
Interest and dividend income	(92)	(99)	(403)
Interest expenses	237	263	1,000
Loss on liquidation of subsidiary	—	—	522
Decrease(increase) in notes and accounts receivable	(2,661)	(5,369)	862
Decrease(increase) in inventories	(3,601)	(1,603)	(1,535)
Increase (decrease) in notes and accounts payable	(1,364)	(3,163)	(3,066)
Others	(1,001)	(229)	383
Sub-total	(7,182)	(8,469)	8,005
Interest and dividends received	90	97	404
Interest paid	(263)	(287)	(1,000)
Income taxes paid	(1,087)	(1,868)	(3,071)
Net cash provided by (used in) operating activities	(8,444)	(10,528)	4,338
II. Cash Flows from Investing Activities			
Sales(purchases) of securities	20	873	1,221
Sales(purchases) of property, plant and equipment	(873)	(599)	(4,005)
Net decrease in time deposits	(253)	(83)	16
Others	315	(4)	160
Net cash provided by (used in) investing activities	(791)	186	(2,606)
III. Cash Flows from Financing Activities			
Net increase(decrease) in borrowings	10,810	10,791	(3,365)
Net proceeds from issuance and redemption of bonds	(80)	980	960
Payments for acquisition/sale of treasury stock	(2)	22	10
Payment dividends	(677)	(649)	(649)
Others	(3)	(3)	(3)
Net cash (used in) provided by financing activities	10,047	11,140	(3,048)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	9	9	(44)
V. Net Increase (Decrease) in Cash and Cash Equivalents	820	807	(1,361)
VI. Cash and Cash Equivalents at Beginning of the Period	6,589	7,803	7,803
VII. Increase in Cash and Cash Equivalents by Merger	—	147	147
VIII. Cash and Cash Equivalents at the End of the Period	7,410	8,759	6,589

Basis of Quarterly Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 34 companies (including Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd., Iseki-Hokkaido Co., Ltd. and Iseki-Tohoku Co., Ltd.)

2. Scope of the equity method companies

The equity method is not applied to any of the group companies.

3. Accounting periods of consolidated subsidiaries

Of the consolidated subsidiaries, 20 companies (including Iseki-Hokkaido Co.,Ltd. and Iseki-Changzhou Mfg. Co.,Ltd.) use an end-of-period balance sheet date of March 31, 14 companies (including Iseki-Matsuyama Mfg. Co.,Ltd.) use an end-of-period 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 first quarter financial statements, and necessary adjustments at consolidation are made for any significant transaction that occur between the end-of-period of balance sheet date and this date.

4. Accounting Policies

I. 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 1st quarter consolidated reporting period
(Any estimate variance is credited or debited to Shareholders' Equity)

•Securities without fair market value-----Recorded at cost, based on the moving-average method

b. Inventories----- Principally gross average method

c. Derivatives----- Fair value method

II. Depreciation methods of material depreciable assets

a. Tangible fixed assets

In general, the straight-line method is used to depreciate tools. In other cases, 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.

III. Treatment of principal deferred assets

Total amount of cost of issuing bonds was appropriated as expense at the time of disbursement.

IV. Allowances and reserves

a. Allowance for doubtful accounts

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.

b. Accrued retirement benefits for employees

Accrued retirement benefits for employees is recorded as at the end of the fiscal year 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.

V. 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.

VI. Hedge accounting

a. Hedge accounting

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

b. Hedging instruments and hedged items

- Hedging instruments

Forward exchange contracts and interest rate swap agreements

- 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 currency exchange rates and interest rates

VII. Accounting treatment of consumption tax

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

August 9, 2006

Supplementary Information to the Three Months of Financial Results

(Apr.1st, 2006—Jun.30, 2006)

I . Three Months Business Results

(Billions of yen)

	1 st Quarter-	1 st Quarter-	Variance		1 st	Variance
	Last	This	Amount	%	Quarter	Amount
	Fiscal Year	Fiscal Year			Forecast	
Net Sales	35.6	33.7	(1.9)	(5.4)	33.5	0.2
Domestic	30.5	29.5	(1.0)	(3.5)	29.7	(0.2)
Overseas	5.1	4.2	(0.9)	(16.8)	3.8	0.4
Operating Income	0.2	0.5	0.3	124.7	0.1	0.4
Balance of Financial Income	(0.3)	(0.3)			(0.3)	—
Other Non-operating Income	0.3	0.2	(0.1)		0.2	—
Ordinary Income	0.2	0.4	0.2	124.0	0	0.4
Extraordinary Gains	0.7		(0.7)		—	—
Extraordinary Losses	(0.1)		0.1		(0.1)	0.1
Income Before Income Taxes and Minority Interests	0.8	0.4	(0.4)	(50.0)	(0.1)	0.5
Income taxes	(0.6)	(0.1)	0.5		0.1	(0.2)
Net Income	0.2	0.3	0.1	110.2	0	0.3

A. Net Sales: Net sales for the first quarter FY2006 declined by ¥1.9 billion (down 5.4%) on the same period last year.

1. Domestic sales declined by ¥1.0 billion mainly due to on agricultural machinery in the market which saw lower activity.
2. Overseas sales declined by ¥0.9 billion due to anticipated shipping of new type tractors to the North America market which took place in the same period last year.

B. Operating Income: Operating income increased ¥0.3 billion (up 124.7%) on the same period last year.

Income increased as worsened profitability caused by reduced gross profit from reduced sales and rising material prices were more than offset by cost reduction and reduction of fixed expenses.

C. Ordinary Income: Income increased ¥0.2 billion (up 124.0%) on the same period last year.

Balance of financial income remained unchanged on the same period last year while non-operating income (profit from exchange valuation) decreased.

D. Quarterly Net Income: Net Income increased ¥0.1 billion (up 110.2%) on the same period last year.

(Sales Breakdown)

	1 st Quarter- Last Fiscal Year	1 st Quarter- This Fiscal Year	Variance	(Billions of yen)	
				1 st Quarter Forecast	Variance Amount
Agricultural Machinery	17.4	16.2	(1.2)	16.4	(0.2)
Parts & Farming Implements	5.9	5.9	—	5.9	—
Construction of Facilities	0.4	0.3	(0.1)	0.3	—
Others	6.8	7.1	0.3	7.1	—
Domestic Sales Total	30.5	29.5	(1.0)	29.7	(0.2)
North America	2.4	1.4	(1.0)	1.6	(0.2)
Europe	1.9	2.0	0.1	1.3	0.7
Asia	0.4	0.4	—	0.5	(0.1)
(China	—	0.1	0.1)	(0.2)	(0.1)
Australia	0.1	0.1	—	0.1	—
Total Product Sales	4.8	3.9	(0.9)	3.5	0.4
Parts	0.2	0.2	—	0.2	—
Others	0.1	0.1	—	0.1	—
Overseas Sales Total	5.1	4.2	(0.9)	3.8	0.4
Total	35.6	33.7	(1.9)	33.5	0.2

II. Performance Forecast

Forecast for the interim and full-year results remain constant from the time of results announcement of May 18, 2006.

(Interim)	1 st Quarter- Last Fiscal Year	1 st Quarter- This Fiscal Year	Variance	
			Amount	%
Net Sales	79.2	79.0	(0.2)	(0.3)
Operating Income	3.4	3.0	(0.4)	(11.8)
Ordinary Income	3.3	2.8	(0.5)	(15.2)
Net Income	1.6	1.5	(0.1)	(6.3)

(Annual)	1 st Quarter- Last Fiscal Year	1 st Quarter- This Fiscal Year	(Billions of yen)	
			Variance	
			Amount	%
Net Sales	161.7	164.0	2.3	1.4
Operating Income	7.4	6.5	(0.9)	(12.2)
Ordinary Income	6.8	6.0	(0.8)	(11.8)
Net Income	3.7	3.5	(0.2)	(5.4)