February 12, 2016

Name of Listed Company: ISEKI & CO., LTD. Stock Exchange Listings: Tokyo
Company Code: 6310 (URL http://www.iseki.co.jp)
Representative: Title President Name Noriyuki Kimura
Enquiries: Title Corporate Officer and General Manager of Financial Department Name Kazuma Takahashi
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Date of the Regular Meeting of Shareholders: March 25, 2016
Scheduled Date to Commence Dividend Payment: March 28, 2016
Date of Submission of Securities Report: March 28, 2016
Supplementary Information for Financial Results: Yes
Financial Results Briefing: Yes (for institutional investors and analysts)

Summary Announcement of Consolidated Financial Results for the Fiscal Year Ended December 31, 2015 (Japanese GAAP)

I. Financial Results for the Fiscal Year Ended December 31, 2015 (April 1, 2015－December 31, 2015)

A. Results of Operations

(Rounded down to a million yen, % indicates changes from the previous period)

	FY Ended December 31, 2015	%	FY Ended March 31, 2015	%
Net Sales	145,210	—	157,417	(6.9)
Operating Income (Loss)	460	—	(535)	—
Ordinary Income	947	—	499	(94.0)
Loss Attributable to Owners of Parent	(1,465)	—	(319)	—
Loss per Share (yen)				
Non-diluted	(6.49)		(1.40)	
Fully Diluted	—		—	
Return on Equity (%)	(2.2)		(0.5)	
Return on Total Assets (%)	0.5		0.2	
Operating Income to Net Sales (%)	0.3		(0.3)	

Note: Comprehensive income
Fiscal year ended December 31, 2015: -¥2,310 mil. (—%)
Fiscal year ended March 31, 2015: ¥4,509 mil. (-42.0%)
Reference: Share of profit of entities accounted for using equity method
Fiscal year ended December 31, 2015: ¥52 mil.
Fiscal year ended March 31, 2015: ¥34 mil.

As the partial revision of the Articles of Incorporation was approved at the general meeting of shareholders held on June 24, 2015, the fiscal year of the Company, previously from April 1 to March 31 of the following year, has been changed to the period from January 1 to December 31, effective as of the fiscal year ended December 31, 2015. As a transitional treatment, subsidiaries which adopted a fiscal year starting April 1 and ending March 31 of the following year, the nine-month results (April 1, 2015 to December 31, 2015) have been included in the consolidated results for the fiscal year ended December 31, 2015.

For subsidiaries which adopt a fiscal year starting January 1 and ending December 31, the twelve-month results (January 1, 2015 to December 31, 2015) have been included in the consolidated results, as in the past.

Because year-on-year comparisons are impossible, percentage changes year on year are left blank.

B. Financial Position

(Rounded down to a million yen)

	As of December 31, 2015	As of March 31, 2015
Total Assets	201,149	204,138
Net Assets	68,099	71,065
Shareholders' Equity to Total Assets Ratio (%)	33.0	34.0
Net Assets per Share (yen)	293.87	307.11

Reference: Shareholders' equity
As of December 31, 2015: ¥66,380 mil.
As of March 31, 2015: ¥69,372 mil.

C. Cash Flows

(Rounded down to a million yen)

	FY Ended December 31, 2015	FY Ended March 31, 2015
Net Cash Provided by (Used in) Operating Activities	10,830	(4,247)
Net Cash Provided by (Used in) Investment Activities	(5,757)	(11,305)
Net Cash Provided by (Used in) Financing Activities	(2,943)	14,031
Cash and Cash Equivalents at End of Period	8,761	6,570

II. Dividends

	Dividend per Share (yen)					Annual Cash Dividend (million yen)	Payout Ratio (%, consolidated)	Ratio of Dividend to Net Assets (%, consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
FY Ended March 31, 2015	—	—	—	3.00	3.00	677	—	1.0
FY Ended December 31, 2015	—	—	—	1.50	1.50	338	—	0.5
FY Ending December 31, 2016 (Forecast)	—	—	—	1.50–3.00	1.50–3.00		—	

III. Forecast for the Fiscal Year Ending December 31, 2016 (January 1, 2016－December 31, 2016)

(Rounded down to a million yen, % indicates changes from the previous period)

	Net Sales	%	Operating Income	%	Ordinary Income	%	Profit Attributable to Owners of Parent	%	Profit per Share (yen)
Interim	83,000	—	1,400	—	1,300	—	700	—	3.10
Full Year	165,000	—	3,500	—	3,200	—	1,900	—	8.41

Note: Due to the change in the fiscal year of the Company, the fiscal year ended December 31, 2015 is a nine-month period from April 1, 2015 to December 31, 2015. Because year-on-year comparisons are impossible, percentage changes year on year are left blank.

*** Notes**

A Changes in important subsidiaries during the period (change in specified subsidiaries which accompanies a change in the range of consolidation): None

B Change in accounting policy, change in accounting estimates and restatements

1) Change in accounting policy in response to revision of accounting standards: Yes
2) Change in accounting policy other than 1): None
3) Change in accounting estimates: None
4) Restatements: None

Note: For details, please refer to “Change in Accounting Policy, Change in Accounting Estimates and Restatements” on page 20 of the supplementary material.

C Outstanding shares (common shares)

1) Outstanding shares (including treasury shares)	As of December 31, 2015	229,849,936 shares
	As of March 31, 2015	229,849,936 shares
2) Outstanding treasury shares	As of December 31, 2015	3,964,166 shares
	As of March 31, 2015	3,959,147 shares
3) Average number of shares	Fiscal year ended December 31, 2015	225,887,727 shares
	Fiscal year ended March 31, 2015	228,018,246 shares

Note: Please refer to “Per Share Information” on page 23 of the supplementary material as to the number of shares which provides a base for calculating loss per share (consolidated).

(Reference) Non-consolidated Financial Results

Financial Results for the Fiscal Year Ended December 31, 2015 (April 1, 2015－December 31, 2015)

A. Results of Operations

(Rounded down to a million yen, % indicates changes from the previous period)

	FY Ended December 31, 2015	%	FY Ended March 31, 2015	%
Net Sales	66,073	—	92,252	(13.3)
Operating Loss	(2,600)	—	(2,660)	—
Ordinary Loss	(971)	—	(198)	—
Loss	(1,588)	—	(942)	—
Loss per Share (yen) Non-diluted Fully Diluted	 (7.03) —		 (4.13) —	

Note: As the partial revision of the Articles of Incorporation was approved at the general meeting of shareholders held on June 24, 2015, the fiscal year of the Company, previously from April 1 to March 31 of the following year, has been changed to the period from January 1 to December 31, effective as of fiscal 2015. Because year-on-year comparisons are impossible, percentage changes year on year are left blank.

B. Financial Position

(Rounded down to a million yen)

	As of December 31, 2015	As of March 31, 2015
Total Assets	129,154	139,195
Net Assets	54,829	57,541
Shareholders’ Equity to Total Assets Ratio (%)	42.4	41.3
Net Assets per Share (yen)	242.32	254.42

Reference: Shareholders’ Equity

As of December 31, 2015: ¥54,737 mil.

As of March 31, 2015: ¥57,472 mil.

*Statement regarding implementation of the review procedure

This summary of financial results is exempt from audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure, audit procedures for consolidated financial statements and non-consolidated financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

* Statement regarding the proper use of financial performance forecast and other notes

The forecast for operating results has been determined based on information presently available, as well as on the assumptions that the Company believes to be reasonable. It is possible that in the future, actual results may differ from the anticipated figures for a variety of reasons. Please refer to “Management Performance” on page 2 of the supplementary material for the assumptions underlying the forecast and precautions when using the forecast.

○ Table of contents for supplementary material

1. Management Performance

(1) Analysis of Management Performance

During the fiscal year ended December 31, 2015, the outlook for the general economy in Japan remained uncertain on the back of cautious forecasts regarding the future economy due in part to the sluggishness of the Chinese economy, despite the benefits of a weaker yen and strong stock prices supported by a series of economic measures taken by the government which benefitted by certain companies engaged in exporting businesses, as well as the diminishing impact of the drop in demand which was a rebound from the last-minute demand surge before the consumption tax rate hike last year. Meanwhile, the world economy faced some uncertainties, mainly due to the impact of a reduction in U.S. quantitative easing measures on the economies in China and other emerging countries.

The agricultural machinery market in Japan was recovering from the downward trend of the rice price. However, it failed to see a full-fledged recovery in farmers' buying motivation due in part to the uncertainty of the impact on domestic agriculture after the basic agreement in the Trans-Pacific Partnership Agreement (TPP) negotiations. On the other hand, 2015 was regarded as the "dawn of a new agricultural administration era" as a result of ongoing steady and significant changes to the agricultural structure.

Under such circumstances, the ISEKI Group continued its efforts to increase sales volume in Japan by launching new products and enhancing customer service, while it endeavored to strengthen its marketing capabilities overseas by introducing new products in North America, Europe, China, as well as the ASEAN region. As a result, the Group's business performance can be summarized as follows.

Note: Since the fiscal year ended December 31, 2015 is a transitional period, for the Company and its consolidated subsidiaries which adopted a fiscal year starting April 1 and ending March 31 of the following year, the nine-month results (April 1, 2015 to December 31, 2015) have been included in the consolidated results for the fiscal year ended December 31, 2015. For subsidiaries which adopt a fiscal year starting January 1 and ending December 31, the twelve-month results (January 1, 2015 to December 31, 2015) have been included in the consolidated results. Because year-on-year comparisons are impossible, changes from the previous period are not mentioned.

[Consolidated business performance of the fiscal year ended December 31, 2015]
In the fiscal year ended December 31, 2015, net sales totaled ¥145,210 million. Domestic sales amounted to ¥122,508 million, mainly as a result of the decrease in sales of agricultural machinery. This decrease was due to the significant rise in sales at our sales companies (which adopt December annual account settlement) in the period from January to March last year, owing to the last-minute surge in demand before the rise in the consumption tax rate, and the inability to offset the drop in sales in the period from January to March this year with sales in the period from April to December, despite showing an increase from the same period last year. Overseas sales amounted to ¥22,701 million reflecting strong shipments to North America and the ASEAN region, as well as a contribution of sales from ISEKI France S.A.S, which was consolidated last year. Operating income resulted in ¥460 million due to a decrease in selling, general and administrative expenses, despite lower gross profit resulting from decreased sales. Ordinary income was ¥947 million. Profit or loss attributable to owners of parent was a loss of ¥1,465 million.

[Non-consolidated business performance of the fiscal year ended December 31, 2015]
In the fiscal year ended December 31, 2015, net sales totaled ¥66,073 million, operating loss was ¥2,600 million, and ordinary loss amounted to ¥971 million. The Company recorded a net loss of ¥1,588 million.

Sales by product are as follows.
[Domestic]
Sales of cultivating & mowing machinery (tractors, high-clearance multipurpose vehicles, etc.) were ¥29,441 million, and sales of planting machinery (rice transplanters and vegetable transplanters) were ¥9,674 million. Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥21,816 million. Sales of spare parts and farming implements were ¥31,250 million. Sales of other agriculture-related business (construction of facilities, etc.) were ¥30,325 million.

[Overseas]
Sales of cultivating & mowing machinery (tractors, etc.) were ¥19,552 million, and sales of planting machinery (rice transplanters, etc.) were ¥772 million. Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥266 million. Sales of spare parts and farming implements were ¥1,712 million. Sales of other agriculture-related business were ¥398 million.

[Forecast for the next consolidated fiscal year]
In both Japan and overseas, economic uncertainty is expected to increase, mainly due to the uncertainty surrounding the Chinese economy and sluggishness of oil prices and stock markets.

In Japan, initiatives to revitalize agriculture are expected to be implemented, as exemplified by agricultural policies being made to enhance agriculture in line with the basic agreement in the TPP negotiations, amid a recovery in sluggish rice price. Living up to the Group's slogan "Supporting the full of dreams farming industry," we will strive to secure and increase sales by further enhancing "our capabilities to support customers," through which we provide high-quality marketing services and make proposals that match the agriculture management of customers, in addition to conducting "provision of energy-saving and low-cost agricultural machinery."

Overseas, we will promote sales expansion by launching strategic products that match the needs of customers in our four core markets (Europe, North America, ASEAN and China). In the European market, ISEKI France S.A.S, a subsidiary in France, will take initiatives in expanding the market. In the Chinese market, Dongfeng Iseki Agricultural Machinery Co., Ltd. will take initiatives in pushing forward with sales expansion by the release of strategic products such as combine harvesters, in addition to a full-fledged launch of tractors. In the Southeast Asian market, which is expected to grow in the future, we will strive to establish the position of the ISEKI brand by starting full-fledged production of strategic machines at PT. ISEKI INDONESIA, a production subsidiary in Indonesia, and sales expansion in the Thai market by ISEKI SALES (THAILAND) Co., Ltd.

We expect increases in incomes both in Japan and overseas. In addition to an increase in the gross profit due to an increase in sales, we expect that a thorough cost reduction by fully enforcing a low-cost operation will contribute to the increases in incomes.

(2) Analysis of Financial Position

Total assets as of December 31, 2015 decreased ¥2,989 million from March 31, 2015 to ¥201,149 million. Looking at the breakdown, current assets decreased ¥5,079 million and non-current assets increased ¥2,090 million. The changes mainly resulted from a ¥5,509 million decrease in notes and accounts receivable–trade, a ¥3,919 million increase in property, plant and equipment, and a ¥1,858 million decrease in investments and other assets. Total liabilities decreased ¥22 million from March 31, 2015 to ¥133,050 million. Net assets decreased ¥2,966 million from March 31, 2015 to ¥68,099 million, mainly due to the recording of ¥1,465 million in loss attributable to owners of parent and ¥677 million in dividends of surplus.

The equity ratio was 33.0%.

(Cash flows from operating activities)

Cash flows from operating activities came to a net cash inflow of ¥10,830 million, comprised principally of depreciation of ¥5,831 million and a decrease in notes and accounts receivable–trade of ¥5,376 million.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net cash outflow of ¥5,757 million, comprised principally of capital investment expenditures of ¥7,440 million.

(Cash flows from financing activities)

Cash flows from financing activities amounted to a net cash outflow of ¥2,943 million, due primarily to the repayment of interest-bearing liabilities.

Note: Since the fiscal year ended December 31, 2015 is a transitional period, for the Company and its consolidated subsidiaries which adopted a fiscal year starting April 1 and ending March 31 of the following year, the nine-month results (April 1, 2015 to December 31, 2015) have been included in the consolidated results for the fiscal year ended December 31, 2015. For subsidiaries which adopt a fiscal year starting January 1 and ending December 31, the twelve-month results (January 1, 2015 to December 31, 2015) have been included in the consolidated results. Because year-on-year comparisons of cash flows are impossible, changes from the previous period are not mentioned.

Reference: The trend of cash flow indicators is as follows.

Indicator	Mar. 31, 2013	Mar. 31, 2014	Mar. 31, 2015	Dec. 31, 2015
Equity ratio (%)	34.3	34.0	34.0	33.0
Market-based equity ratio (%)	41.5	31.7	25.5	21.2
Cash flow/Interest-bearing liabilities ratio (times)	4.9	6.3	—	5.2
Interest coverage ratio (times)	11.8	9.3	—	16.0

• Equity ratio: Shareholders' equity/Total assets
• Market-based equity ratio: Total market price of shares/Total assets
• Cash flow/Interest-bearing liabilities ratio: Interest-bearing liabilities/Operating cash flow
• Interest coverage ratio: Operating cash flow/Interest payments

Notes: 1. All figures have been calculated using consolidated-based financial figures.

2. The total market price of shares is the product of the per-share closing price at the end of the period and the total number of shares outstanding (less treasury shares) at the end of the period.

3. The operating cash flow uses the Cash flows from Operating Activities as per the Consolidated Statement of Cash Flows. Interest-bearing liabilities use all the loans payable and bonds payable as

recorded in the Consolidated Balance Sheet. The Interest payments use the interest expenses paid as recorded in the Consolidated Statement of Cash Flows.

4. A cash flow/Interest-bearing liabilities ratio and an interest coverage ratio for the fiscal year ended March 31, 2015 are not presented in the table because the net cash flow for the fiscal year was an outflow (negative).

(3) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

We recognize that the method for determining dividends to be paid to shareholders is one of the most important policies to be made. Our basic policy is to continue making and increase our dividend distribution, taking into consideration, not just consolidated financial results, but our Group's financial position and future business developments as well as changes in our managerial environment. It is our basic policy to distribute retained earnings to shareholders once a year as year-end dividends. The organ to determine the payment of dividends is a general meeting of shareholders.

With respect to dividends for the fiscal year ended December 31, 2015, we will pay a year-end dividend of 1.5 yen per share in line with the above policy.

For the fiscal year ending December 31, 2016, we plan to pay a year-end dividend of 1.5–3.0 yen per share.

(4) Risks Which Could Affect Our Business

Latent risks and uncertainties which could affect our future financial performance are exemplified as below. We recognize the possibility of the occurrence of such risks and uncertainties, and will strive to avoid their occurrence and take proper measures should they occur:

1) **Economic Conditions and Changes in the Environment of Agriculture**
   Sluggishness of domestic and/or overseas economic conditions and any change in the agriculture policy may negatively affect our financial performance through reduced demand for agricultural machinery.
2) **Exchange Rate Fluctuation**
   There is a possibility that fluctuation of foreign exchange may negatively affect our financial performance.
3) **Price Hike of Raw Materials, Difficulty in Procurement, and Confusion in the Supply Chain**
   As we procure raw materials and parts from numerous suppliers, their prices suddenly increasing more rapidly than expected and a prolonged tightening of supplies may negatively affect our business performance.
   In addition, a fall in production activities due to disruptions in the supply chain may harm the ISEKI Group's business performance and financial position.
4) **Dependency on Specific Customers or Suppliers**
   Any change of business policy, business depression and failure of our specific customers or suppliers may harm our financial performance.
5) **Competition with Other Companies**
   We are involved in fierce competition with other companies in the market, and unless overall product competitiveness, including relevant services, is maintained, there is the possibility of a decline in our performance.
6) **Serious Defects in Products and Services**
   The occurrence of serious defects in our products or services may negatively affect our financial performance.
7) **Stock Market Fluctuation**
   As we hold securities, stock price declines may harm our business performance and financial position.
8) **Government Regulation on Environmental Issues, etc., and Occurrence of Related Difficulties**
   Substantial costs may be incurred related to our products or business activities due to necessitated responses to public regulation of environmental issues etc., corrective measures undertaken upon the occurrence of troubles, lawsuits and other situations which could lead to a deterioration of our financial performance.
9) **Risks Derived from International Business**
   As we promote overseas business development, unexpected changes in tax and legal systems or political unrest of any particular country may unfavorably affect our financial performance when we engage in international business activities.
   In addition, as we focus on expanding business to the Asian region, mainly a difficulty in ensuring human resources, immature technological levels and unstable labor-management relationships in the region may hinder the ISEKI Group's business development.
10) **Risk of Legal Violation**
   We are making group-wide efforts to accomplish complete legal compliance and drive home the code of ethical behavior by establishing the "ISEKI Group Code of Ethical Behavior" and preparing an internal control system. In spite of such efforts, if any of our directors and/or employees should conduct themselves in any way that violates laws and regulations, there is a possibility that the business activities of the Group will be restrained and the business performance will be deteriorated. The Company and its consolidated subsidiary are currently under on-site investigation by the Japan Fair Trade Commission regarding their tendering in a facility construction work bid. Results of the investigation may have an adverse effect on the results of the Group.
11) **Risk of Natural Disasters and Accidents**
   Natural disasters such as earthquakes, typhoons, flood or unexpected accidents may occur, which may harm our financial performance.

12) Business Alliances, Joint Ventures and Strategic Investment with Other Companies

We will form business alliances and joint ventures and carry out strategic investment with other companies as necessary. We believe that these measures are an effective means for the effective utilization of the management resources of both parties and for the timely development, production and sales of products.

However, should a conflict of interests occur between the parties concerned in business alliances or joint ventures due to financial position or other reasons, we would not be able to maintain the alliances. With regard to strategic investment, including acquisitions, there is a possibility that the expected results and/or effects will not be obtained in the integration of business, technologies, products and human resources, or that more time and expenses than expected will be required. Accordingly, the success or failure of these measures may seriously affect the ISEKI Group’s business and may harm our business performance and financial position.

13) Debt

We have concluded syndicate loan or commitment line contracts with financial institutions. Should any of the financial conditions of these contracts be triggered, we could face obligations to pay back some or all of these loans, which could negatively affect the financial position of the ISEKI Group.

There is a possibility that a hike in interest rate may harm our financial performance.

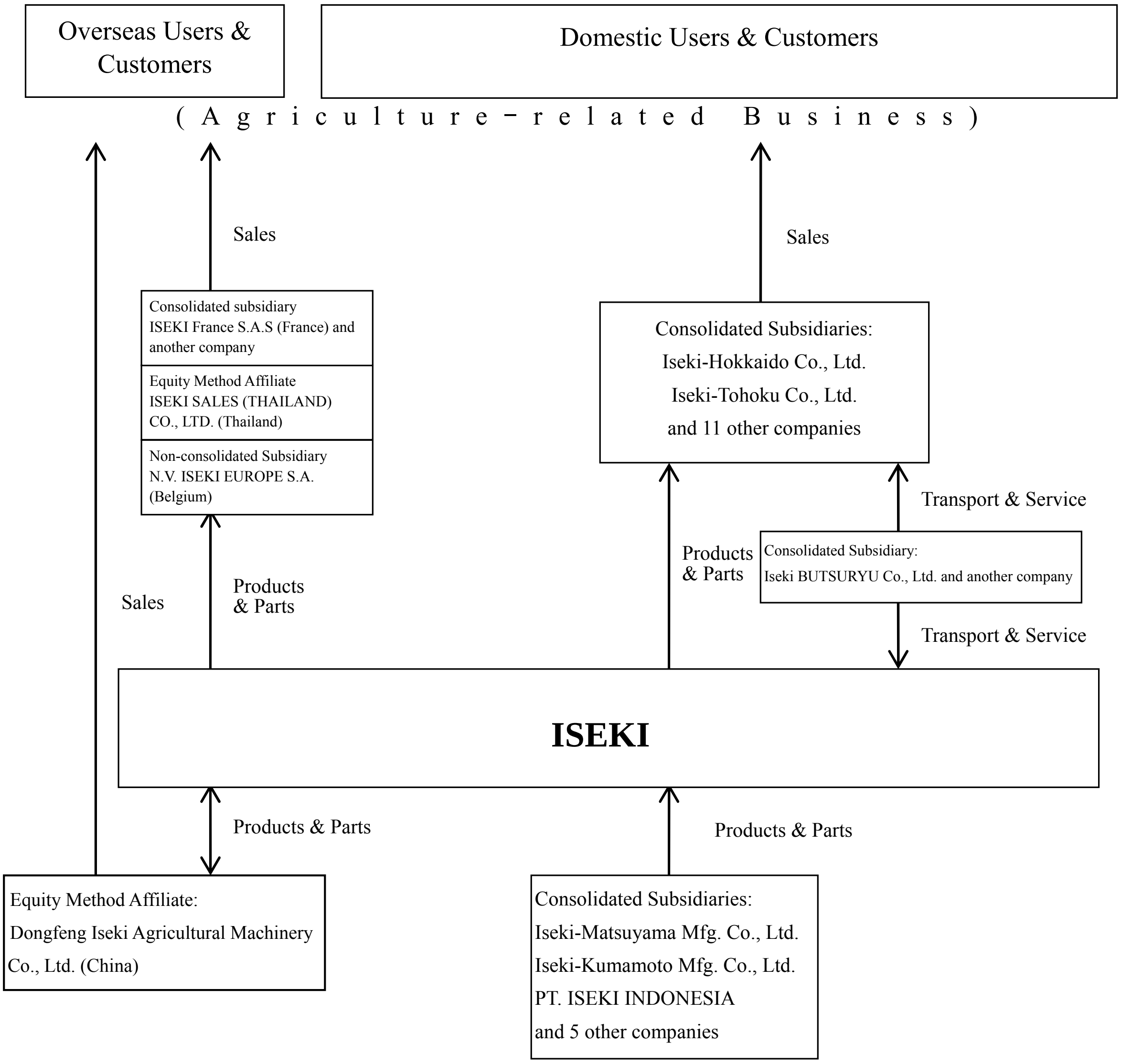
The forecasts for future results and target figures produced by ISEKI & CO., LTD., are based on information available as the day of this announcement, and assumptions made as of the same day regarding a number of latent risks and uncertainties that could affect future financial performance. Actual results could differ considerably depending on economic conditions, market trends, and future conditions for business operations hereafter.

2. The ISEKI Group

The main business of the ISEKI Group is the development, manufacture and sale of agricultural machinery for rice and vegetable farming, among other related areas.
The position of the business in the ISEKI Group is stated below.

(Agriculture-related Business)

The Company primarily handles the development and design of agricultural machinery. Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd. and seven other companies handle our agricultural machinery manufacturing and processing of related components, and 13 domestic sales companies market and sell the machinery across the country. Overseas marketing operations are handled by ISEKI France S.A.S (France), Dongfeng Iseki Agricultural Machinery Co., Ltd. (China) and local distributors and affiliates.



3. ISEKI's Management Policies

(1) ISEKI's Basic Management Principles

Since it was established in 1926, the ISEKI Group has been contributing to the modernization of Japan's agricultural industry as a all-round manufacturer specializing in agricultural machinery. Over this time, we have consistently pursued efficient and labor-saving advances in agriculture, and have served the market by pioneering the development of a great deal of agricultural machinery and facilities. When we consider the questions of an increasing world population and food supply, and then our own nation's food self-sufficiency and land preservation, our role to serve the farming sector becomes important and our duty to society as a manufacturer of agricultural machinery becomes even more significant.

The ISEKI Group will continue to operate under a basic business philosophy of "providing products that satisfy consumers" so that the Group can contribute to agriculture, both in Japan and throughout the world. Our highest priority objectives are "to enhance product capability, to improve quality, to accelerate cost-cutting measures and to strengthen our sales service capabilities." We are aiming for a strong corporate culture that can maintain a stable operating performance and continued payment of stable dividends to shareholders and will continue in our efforts to reform our profit structure.

Furthermore, maintaining positive relations with our stakeholders, including shareholders and customers, and achieving sustainable growth and development are also important. We are endeavoring to expand and improve our corporate governance in order to increase the transparency and fairness of management, essential steps in order to realize these goals.

(2) Long-term Management Strategies and Issues to be Addressed

To realize future development by establishing a stable customer base in Japan and speeding up global business development in a rapidly changing business environment, we will more quickly focus on the following challenges with all the strength of the ISEKI Group.

1) To strengthen the responsiveness to changes in the Japanese market

The modes of cultivation have been diversifying in the Japanese agriculture industry, shifting from the conventional growing of rice for human consumption to growing of rice as feeds, crops and vegetables and other farming. Large-scale farming, utilization of information technology and farming robots have been promoted. Recent changes in the agriculture industry are remarkable. Furthermore, it is expected that trends that aim to enhance agriculture will accelerate, following the basic agreement in the TPP negotiation. We will properly respond to these changes in the domestic market. With an intensifying competition in the market, we will also endeavor to stably ensure a domestic sales share of 20% or more with a view to establishing a stable customer base.

Specifically, to cope with the diversified cultivation systems and change in agricultural management forms, including large-scale farming, we focus on development of sales reps who are able to make diversified proposals (a project to support "Agri-Heroes"), and building large-scale maintenance facilities, including Iseki Trade Support Center and Kyushu Agri Service Center, to strengthen our abilities to inspect and maintain large-scale farming machines. In October 2015, we opened Dream Agricultural Research Institute as a center for "researching and diffusing advanced agricultural technology to support the agriculture industry in Japan." We will strive to expand domestic sales by further improving customer satisfaction. We will do this by enhancing "our capability to support customers" both in our products and services through providing high-quality marketing services and proposals that match the agricultural management of customers.

2) To fully develop global strategies

We will strive to secure a ratio of overseas net sales of 20% or more and enhance our earning power by accelerating overseas development, with an eye on the ASEAN region, where mechanization is remarkably advancing, in addition to the existing three markets of Europe, North America and China.

With regard to North America, Europe and other markets, we will strive to further expand sales by launching "new strategic products" that satisfy customer needs. In Europe in particular, with the recent restructuring of ISEKI France S.A.S as a subsidiary of the Company, we will focus on expanding sales and market share.

In the Chinese market where the mechanization of agriculture is rapidly advancing, we will start a full-fledged launch of tractors, and accelerate and strengthen the development and deployment of new products such as combine harvesters at Dongfeng Iseki Agricultural Machinery Co., Ltd., which completed the integration of business. In the ASEAN market, which is expected to grow in the future, we will endeavor to establish the ISEKI brand by expanding operation at PT. ISEKI INDONESIA, which has started full-fledged production, and reinforcing the sales capability of ISEKI SALES (THAILAND) CO., LTD., which has begun selling strategic tractors.

In addition, we will focus on expanding our business development to meet diversifying market needs by enhancing our development, production, sales and service structures from a locally oriented standpoint.

3) To carry out low-cost operation

The Group has been pushing forward with cost structure reforms mainly in the development and production depratements in order to launch products that can perform better than the competition both in Japan and overseas. However, in the fiscal year ended December 31, 2015, operating income and ordinary income both resulted in low levels due to a decrease in gross profits and other factors. In order to beat off the severe competition in domestic and overseas markets in the future, we will make concerted efforts throughout the Group, including sales divisions, in fully enforcing low-cost operations and implementing earnings structure reforms, in addition to promoting further cost structure reforms in the development and production departements.

4) To ensure compliance

The Company received a cease and desist order and a surcharge payment order on March 26, 2015 and February 10, 2016 pursuant to the Antimonopoly Act regarding bidding for facility construction works. Furthermore, on October 6, 2015, the Company underwent on-site investigations by the Japan Fair Trade Commission (JFTC) on suspicion of possible violation of the Antimonopoly Act regarding “bidding for orders for construction work comprising facilities for protected horticulture and ancillary facilities which would be placed by local public agencies in the Tohoku region.” The Company is fully cooperating with the JFTC investigations.

Recognizing the gravity of this issue severely, the Company has worked on prevention of recurrence by developing and implementing preventive measures. In terms of the organization, as of May 1, 2015, the Management Control Section For Agri-Plant Business’s functions of auditing and monitoring of facility operations were transferred to the Internal Control & Audit Department. At the same time, the Internal Control & Audit Department was placed directly under the Management Supervisory Committee, independent from operational departments. The action policy and manuals on facility operations were also revised and education and training, including at sales subsidiaries, was reinforced.

We will strive to more thoroughly comply with laws and regulations, enhance internal control, and strengthen preventive measures.

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4. Basic Policy for Choosing Accounting Standards

Considering comparability of periods between consolidated financial statements and comparability between companies, the ISEKI Group will continue to use the Japanese accounting standards for preparing consolidated financial statements for the time being.

Regarding the international accounting standards, we will adopt them in proper timing, considering relevant circumstances in and outside Japan.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	**FY ended Dec. 31, 2015** (as of Dec. 31, 2015)
Assets		
Current assets		
Cash and deposits	6,603	8,788
Notes and accounts receivable-trade	30,404	24,895
Merchandise and finished goods	42,554	40,600
Work in process	3,679	5,856
Raw materials and supplies	1,478	1,359
Deferred tax assets	1,444	890
Other	5,777	4,437
Allowance for doubtful accounts	(91)	(56)
Total current assets	91,851	86,771
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,224	22,957
Machinery, equipment and vehicles, net	9,363	10,092
Tools, furniture and fixtures, net	2,754	3,283
Land	50,395	50,657
Leased assets, net	8,455	8,420
Construction in progress	1,771	1,473
Other, net	28	25
Total property, plant and equipment	92,992	96,911
Intangible assets	1,105	1,134
Investments and other assets		
Investment securities	9,495	8,569
Long-term loans receivable	1,003	52
Deferred tax assets	846	731
Net defined benefit asset	513	714
Other	6,766	6,564
Allowance for doubtful accounts	(436)	(300)
Total investments and other assets	18,189	16,331
Total non-current assets	112,287	114,377
Total assets	204,138	201,149

(Millions of yen)

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	36,935	29,400
Electronically recorded obligations-operating	1,778	10,604
Short-term loans payable	25,134	24,389
Current portion of long-term loans payable	13,941	8,641
Lease obligations	2,662	2,646
Accrued consumption taxes	1,175	487
Income taxes payable	776	438
Deferred tax liabilities	75	0
Accrued expenses	5,432	4,571
Provision for bonuses	322	467
Other	4,453	5,868
Total current liabilities	92,689	87,518
Non-current liabilities		
Long-term loans payable	18,520	23,703
Lease obligations	6,559	6,414
Deferred tax liabilities	1,018	1,624
Deferred tax liabilities for land revaluation	6,074	6,074
Provision for directors' retirement benefits	125	107
Net defined benefit liability	5,298	4,806
Asset retirement obligations	266	304
Other	2,519	2,496
Total non-current liabilities	40,383	45,532
Total liabilities	133,073	133,050
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	15,658	13,514
Treasury shares	(986)	(988)
Total shareholders' equity	51,470	49,325
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,979	2,509
Deferred gains or losses on hedges	—	1
Revaluation reserve for land	12,401	12,401
Foreign currency translation adjustment	1,771	1,425
Remeasurements of defined benefit plans	750	717
Total accumulated other comprehensive income	17,902	17,055
Subscription rights to shares	68	91
Non-controlling interests	1,624	1,626
Total net assets	71,065	68,099
Total liabilities and net assets	204,138	201,149

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Net sales	157,417	145,210
Cost of sales	111,777	104,498
Gross profit	45,640	40,711
Selling, general and administrative expenses	46,175	40,251
Operating income (loss)	(535)	460
Non-operating income		
Interest income	247	109
Dividend income	168	202
Foreign exchange gains	423	230
Subsidies received	78	76
Rent income	172	144
Gain on sales of scraps	131	52
Other	903	782
Total non-operating income	2,125	1,599
Non-operating expenses		
Interest expenses	623	664
Sales discounts	99	86
Other	368	360
Total non-operating expenses	1,091	1,111
Ordinary income	499	947
Extraordinary income		
Gain on sales of non-current assets	47	41
Gain on bargain purchase	900	—
Gain on change in equity	589	—
Compensation income	21	6
Gain on sales of investment securities	25	303
Gain on sales of shares of subsidiaries and associates	96	—
Total extraordinary income	1,680	351
Extraordinary losses		
Loss on sales and retirement of non-current assets	395	187
Impairment loss	165	99
Surcharges	305	270
Other	8	—
Total extraordinary losses	874	556
Income before income taxes	1,304	741
Income taxes-current	1,662	756
Income taxes-deferred	(29)	1,446
Total income taxes	1,633	2,202
Loss	(328)	(1,460)
Profit (loss) attributable to non-controlling interests	(9)	5
Loss attributable to owners of parent	(319)	(1,465)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	**FY ended Dec. 31, 2015** (Apr. 1, 2015– Dec. 31, 2015)
Loss	(328)	(1,460)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,636	(472)
Deferred gains or losses on hedges	—	1
Revaluation reserve for land	569	—
Foreign currency translation adjustment	(31)	(105)
Remeasurements of defined benefit plans, net of tax	2,018	(33)
Share of other comprehensive income of entities accounted for using equity method	645	(239)
Total other comprehensive income	4,838	(849)
Comprehensive income	4,509	(2,310)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,510	(2,313)
Comprehensive income attributable to non-controlling interests	(1)	2

(3) Consolidated Statements of Changes in Equity

Fiscal Year Ended March 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,344	13,454	17,266	(30)	54,034
Cumulative effects of changes in accounting policies			(360)		(360)
Restated balance	23,344	13,454	16,905	(30)	53,673
Changes of items during period					
Dividends of surplus			(918)		(918)
Loss attributable to owners of parent			(319)		(319)
Purchase of treasury shares				(956)	(956)
Change of scope of equity method			(8)		(8)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(1,247)	(956)	(2,203)
Balance at end of period	23,344	13,454	15,658	(986)	51,470

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,338	—	11,831	1,170	(1,269)	13,072	—	1,628	68,734
Cumulative effects of changes in accounting policies									(360)
Restated balance	1,338	—	11,831	1,170	(1,269)	13,072	—	1,628	68,374
Changes of items during period									
Dividends of surplus									(918)
Loss attributable to owners of parent									(319)
Purchase of treasury shares									(956)
Change of scope of equity method									(8)
Net changes of items other than shareholders' equity	1,640	—	569	600	2,019	4,830	68	(3)	4,895
Total changes of items during period	1,640	—	569	600	2,019	4,830	68	(3)	2,691
Balance at end of period	2,979	—	12,401	1,771	750	17,902	68	1,624	71,065

Fiscal Year Ended December 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,344	13,454	15,658	(986)	51,470
Cumulative effects of changes in accounting policies					—
Restated balance	23,344	13,454	15,658	(986)	51,470
Changes of items during period					
Dividends of surplus			(677)		(677)
Loss attributable to owners of parent			(1,465)		(1,465)
Purchase of treasury shares				(1)	(1)
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(2,143)	(1)	(2,144)
Balance at end of period	23,344	13,454	13,514	(988)	49,325

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,979	—	12,401	1,771	750	17,902	68	1,624	71,065
Cumulative effects of changes in accounting policies									—
Restated balance	2,979	—	12,401	1,771	750	17,902	68	1,624	71,065
Changes of items during period									
Dividends of surplus									(677)
Loss attributable to owners of parent									(1,465)
Purchase of treasury shares									(1)
Change of scope of equity method									—
Net changes of items other than shareholders' equity	(469)	1	—	(345)	(33)	(847)	22	2	(821)
Total changes of items during period	(469)	1	—	(345)	(33)	(847)	22	2	(2,966)
Balance at end of period	2,509	1	12,401	1,425	717	17,055	91	1,626	68,099

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Cash flows from operating activities		
Income before income taxes	1,304	741
Depreciation	5,902	5,831
Impairment loss	165	99
Gain on bargain purchase	(900)	—
Increase (decrease) in net defined benefit liability	(1,964)	(486)
Loss (gain) on sales of investment securities	(24)	(303)
Loss (gain) on sales of shares of subsidiaries and associates	(96)	—
Interest and dividend income	(415)	(311)
Interest expenses	623	664
Foreign exchange losses (gains)	(272)	(160)
Loss (gain) on sales of property, plant and equipment and intangible assets	348	146
Loss (gain) on change in equity	(589)	—
Compensation income	(21)	(6)
Surcharges	305	270
Decrease (increase) in notes and accounts receivable-trade	13,063	5,376
Decrease (increase) in inventories	(7,835)	(212)
Increase (decrease) in notes and accounts payable-trade	(10,424)	1,419
Other	(115)	(609)
Subtotal	(946)	12,458
Interest and dividends income received	423	300
Interest expenses paid	(659)	(678)
Proceeds from compensation	21	6
Surcharges paid	—	(305)
Income taxes paid	(3,086)	(950)
Net cash provided by (used in) operating activities	(4,247)	10,830
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(11,583)	(7,440)
Proceeds from sales of property, plant and equipment and intangible assets	825	411
Purchase of investment securities	(1)	(99)
Proceeds from sales of investment securities	110	605
Decrease (increase) in loans receivable	(453)	842
Decrease (increase) in time deposits	3	4
Payments for investments in capital of subsidiaries and associates	(543)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(57)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	522	—
Other	(128)	(82)
Net cash provided by (used in) investing activities	(11,305)	(5,757)

(Millions of yen)

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,578	(745)
Proceeds from long-term loans payable	16,140	12,975
Repayments of long-term loans payable	(7,649)	(13,091)
Proceeds from sales and leasebacks	2,050	1,047
Repayments of lease obligations	(2,208)	(2,445)
Purchase of treasury shares	(956)	(1)
Cash dividends paid	(910)	(671)
Other	(12)	(9)
Net cash provided by (used in) financing activities	14,031	(2,943)
Effect of exchange rate change on cash and cash equivalents	392	61
Net increase (decrease) in cash and cash equivalents	(1,129)	2,190
Cash and cash equivalents at beginning of period	8,169	6,570
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(469)	—
Cash and cash equivalents at end of period	6,570	8,761

(5) Notes Regarding the Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable

(Important Basic Items for Preparing Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries……….25 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

Number of affiliates……….2 companies (Dongfeng Iseki Agricultural Machinery Co., Ltd. and ISEKI SALES (THAILAND) CO., LTD.)

3. Change of consolidated end-of-period balance sheet date

The Company, which had adopted March 31 as its consolidated end-of-period balance sheet date, changed its balance sheet date from March 31 to December 31, effective as of the fiscal year ended December 31, 2015. The purpose of this change is to improve the efficiency of management and business operation such as the Group's budget preparation and performance management, to disclose management information in a timely and appropriate manner, and to seek further transparency of corporate management. Due to this change, the fiscal year ended December 31, 2015 is a nine-month period from April 1, 2015 to December 31, 2015.

4. Consolidated accounting period

Of the consolidated subsidiaries, 22 companies (including Iseki-Matsuyama Mfg. Co., Ltd.) use a balance sheet date of December 31. ISEKI France S.A.S and one other company use a balance sheet date of September 30.

With regard to the preparation of the consolidated financial statements, the balance sheet date of eight companies (including Iseki-Matsuyama Mfg. Co., Ltd.) that adopted March 31 as their annual closing date has been changed to December 31, and the nine-month results (April 1, 2015 to December 31, 2015) have been included in the consolidated results for the fiscal year ended December 31, 2015. For 13 companies (including Iseki-Hokkaido Co., Ltd.) that adopted December 31 as their annual closing date, the twelve-month results (January 1, 2015 to December 31, 2015) have been included in the consolidated results, as in the past. Furthermore, for ISEKI France S.A.S and one other company adopting September 30 as their annual closing date, necessary adjustments at consolidation are made for any significant transactions that occurred between the consolidated balance sheet date and these dates.

5. Accounting policies

(1) Valuation basis and methods of important assets

(a) Securities

Held-to-maturity debt securities .... recorded at amortized cost

Available-for-sale 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 fair market value........ recorded at cost, based on the moving-average method

(b) Inventories .... mainly recorded at cost using the gross average method (Balance sheet amounts for items with reduced profitability have been adjusted downward accordingly)

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

(2) Depreciation methods for material depreciable assets

(a) Property, plant and equipment (excluding leased assets)

The straight-line method is used.

(b) Intangible assets (excluding leased assets)

The 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.

(c) Leased assets

Leased assets derived from finance leases other than those leases which transfer the ownership of the assets to the lessee are amortized using the straight-line method with no residual value over the lease period, which is deemed the useful life.

Among finance leases that do not involve transfer of ownership to lessee, leases that began before April 1, 2008 are accounted for as normal operating leases.

(3) 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) Provision for bonuses

To provide for future bonus payments to employees, a provision for bonuses is booked based on estimated future payments.

(c) Provision for directors' retirement benefits

Some of the consolidated subsidiaries record the directors' retirement benefits to provide for directors' retirement benefits in an amount as required by companies' internal regulations.

(d) Provision for loss on construction contracts

To provide for future loss on construction contracts already concluded, an estimated amount of loss is booked regarding construction works which had not been completed by the end of the current fiscal year and for which a loss is expected to occur and the amount of loss can be estimated reasonably.

(4) Accounting treatment related to retirement benefits

(a) Method of attributing the projected benefits to periods of service

In calculating retirement benefits, the method of attributing the projected benefits to periods until the end of the current fiscal year is based on the benefit formula basis attribution.

(b) Method of amortization of actuarial gains or losses and prior service cost

Actuarial gains or losses are amortized as incurred over the periods, which are the average remaining service years of employees, by the straight-line method, starting from the following fiscal year. Prior service cost is amortized as incurred over the periods, which are the average remaining service years of employees, by the straight-line method.

(c) Adoption of the simplified method at small companies

For calculating net defined benefit liability and retirement benefit expenses, some consolidated subsidiaries apply the simplified method which assumes the company's benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees takes place at fiscal year-end.

(5) Accounting standards for revenues and expenses

(a) Accounting standards for the value and cost of completed construction contracts

The percentage-of-completion method is applied for construction in progress up to the end of the consolidated accounting period, for which the outcome can be estimated reliably (the proportional cost method is applied for estimating the percentage of progress of the construction). The completed-contract method is applied for other constructions.

(6) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Gains or losses resulting from the translation are credited or charged to income. Balance sheet accounts (except for shareholders' equity) and revenue and expense accounts of the overseas subsidiary are translated into yen at the rates of exchange in effect at the balance sheet dates. Differences arising from the translation are presented as "Foreign currency translation adjustment" and "Non-controlling interests" in shareholders' equity and financial statements.

(7) 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

(i) Hedging instruments

Forward exchange contracts and interest rate swap agreements

(ii) Hedged items

Receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currencies, and loans payable

(c) Hedging policies

The financial risks associated with fluctuations in foreign currencies exchange rates and interest rates are hedged.

Risks associated with fluctuations in foreign currencies exchange rates concerning transactions in foreign currencies, which occur when import and export operations are performed, are hedged by keeping a balance between export exchanges and import exchanges. With regard to risks associated with fluctuations in interest rates on loans payable, risks concerning variable interest rate loans payable are hedged, mainly with a view to equalizing interest burdens.

(8) Amortization method and amortization period of goodwill
The goodwill account is amortized by the straight-line method over a period of no longer than 20 years.

(9) Cash and cash equivalents in the Consolidated Statement of Cash Flows
Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(10) Other notes pertaining to the preparation of the Consolidated Financial Statements
(a) Accounting treatment of consumption tax
Consumption tax and local consumption taxes are accounted for using a tax-exclusive method.

(Change in Accounting Policy, Change in Accounting Estimates and Restatements)

(Application of accounting standard, etc., for business combinations)

From the fiscal year ended December 31,2015, the Company adopted the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Combinations"), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Accounting Standard for Consolidated Financial Statements"), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Accounting Standard for Business Divestitures") and other accounting standards. To comply with these standards, the Company changed the accounting treatment to record the amount arising from a change in equity in subsidiaries accounted for using the equity method as capital surplus where the Company has been continuously the controlling entity, and to record the costs associated with such acquisition as expenses for the year in which the acquisition was made. For all the business combinations that will be implemented from April 1, 2015, the method to allocate acquisition costs has changed; i.e., allocation of acquisition costs determined based on a provisional accounting treatment will be reviewed and reflected in the consolidated financial statements for the fiscal year in which the business combination was implemented. In addition, the presentation of net income and other related items was changed. The item previously presented as minority interests was also changed, to non-controlling interests. In order to reflect these changes with regard to the previous fiscal year, the consolidated financial statements have been restated.

The method of presentation has been changed from the consolidated statement of cash flows for the fiscal year ended December 31, 2015, to classify cash flows related to the purchase or sales of shares of subsidiaries not resulting in change in scope of consolidation under cash flows from financing activities, and to classify cash flows related to expenses for the purchase of shares of subsidiaries resulting in change in scope of consolidation or cash flows related to expenses incurred in connection with the purchase or sales of shares of subsidiaries not resulting in change in scope of consolidation under cash flows from operating activities.

From April 1, 2015, the Company conformed with the transitional treatments stipulated in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Article 57-4 (4) in the Accounting Standard for Business Divestitures to eventually fully adopt the Accounting Standard for Business Combinations, etc.

The financial statements for the fiscal year ended December 31, 2015 were not affected by any of these changes.

(Consolidated Balance Sheets Information)

		FY ended Mar. 31, 2015	FY ended Dec. 31, 2015
1.	Accumulated depreciation of property, plant and equipment	100,630 million yen	103,229 million yen
2.	Guaranteed liabilities	8,830 million yen	8,099 million yen

3. Contingent liabilities
   On October 6, 2015, the Company underwent on-site investigations by the Japan Fair Trade Commission (JFTC) on suspicion of possible violation of the Antimonopoly Act regarding "bidding for orders for construction work comprising facilities for protected horticulture and ancillary facilities which would be placed by local public agencies in the Tohoku region." The investigation is continuing. The investigations may result in an order for payment of surcharge or any other disposition by the Company. But it is difficult to reasonably estimate the amount of loss arising from such disposition at this point, and what impact it would have on the consolidated financial statements is not certain yet.

		FY ended Mar. 31, 2015	FY ended Dec. 31, 2015
4.	Notes receivable less discount-trade	2 million yen	4 million yen
5.	Endorsed notes receivable-trade	106 million yen	112 million yen

6. Revaluation of land for business use
   The Company has revalued its land for business use pursuant to the law (Law No. 19, announced on March 31, 2001) which revises parts of the law relating to the revaluation of land. The equivalent tax related to the change in the said revaluation has been recorded in the liabilities (non-current liabilities) as a "Deferred tax liabilities for land revaluation" and the deducted amount has been recorded under net assets as "Revaluation reserve for land."
   - Revaluation method ·························· The revaluation of land has been determined using a reasonable adjustment to the assessed value of the non-current assets for property tax as stipulated in Paragraph 3, Article 2 of the enforcement order (Government ordinance No. 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 revalued book value ·························· (12,294) million yen (12,294) million yen

7. Notes to mature on the last day of the fiscal year, etc.
   Notes to mature on the last day of the fiscal year, etc. are settled as of the clearing date. Since the last day of the fiscal year ended December 31, 2015 fell on a holiday of financial institutions, the balance at the end of period includes the following notes to mature on the last day of the fiscal year, etc.

	FY ended Mar. 31, 2015	FY ended Dec. 31, 2015
Notes receivable-trade	— million yen	280 million yen
Note payable-trade	— million yen	1,916 million yen
Electronically recorded obligations-operating	— million yen	858 million yen
Other (Notes payable-facilities)	— million yen	372 million yen
Other (Electronically recorded obligations-non-operating)	— million yen	50 million yen

(Consolidated Statements of Income Information)

	FY ended Mar. 31, 2015	FY ended Dec. 31, 2015
1. Research and development expenses	4,580 million yen	2,666 million yen

2. Impairment loss

Fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

The Company recorded impairment losses on the following assets.

(Millions of yen)

Usage	Type	Location	Impairment loss
Idle property	Buildings, Structures, Land	Inashiki, Ibaraki Pref.	20
		Ohtawara, Tochigi Pref.	82
		Matsusaka, Mie Pref.	4
		Mihara, Hiroshima Pref.	5
	Buildings, Land	Kita Akita, Akita Pref.	11
	Land	Annaka, Gunma Pref.	13
		Anjo, Aichi Pref.	24
		Kunisaki, Oita Pref.	3
Total			165

(Reason to record impairment loss)

The Company recorded an impairment loss on the above assets because idle properties are not being used and have no prospect for use in the future. In addition, their market price is declining.

(Measurement of recoverable amount)

Recoverable amount is measured using net selling price. The price is determined by applying reasonable adjustments to the assessed value of non-current assets for property tax.

Fiscal year ended December 31, 2015 (April 1, 2015–December 31, 2015)

The Company recorded impairment losses on the following assets.

(Millions of yen)

Usage	Type	Location	Impairment loss
Idle property	Buildings, Structures, Land	Uonuma, Niigata Pref.	19
	Buildings, Land	Akita, Akita Pref.	38
		Matsuyama, Ehime Pref.	19
	Land	Hitachinaka, Ibaraki Pref.	3
		Niigata, Niigata Pref.	1
		Shinano-machi, Kamiminochi-gun, Nagano Pref.	2
		Matsusaka, Mie Pref.	2
		Mitoyo, Kagawa Pref.	3
		Kirishima, Kagoshima Pref.	7
Total			99

(Reason to record impairment loss)

The Company recorded an impairment loss on the above assets because idle properties are not being used and have no prospect for use in the future. In addition, their market price is declining.

(Measurement of recoverable amount)

Recoverable amount is measured using net selling price. The price is determined by applying reasonable adjustments to the assessed value of non-current assets for property tax.

(Consolidated Statements of Changes in Equity Information)

Fiscal year ended March 31, 2015 (April 1, 2014–March 31, 2015)

1. Matters concerning the classes and number of outstanding stock and classes and number of treasury shares

	Number of shares (as of Apr. 1, 2014)	Increase in number of shares during period	Decrease in number of shares during period	Number of shares (as of Mar. 31, 2015)
(Number of outstanding shares) Common stock	229,849,936	—	—	229,849,936
(Treasury shares) Common stock	117,254	3,841,893	—	3,959,147

The increase in the number of shares by 3,841,893 shares during the period was due to the purchasing of 11,893 shares below stock trading unit, and the purchasing of 3,830,000 shares pursuant to the decision by the Board of Directors (resolution on May 29, 2014).

2. Dividends

(1) Cash dividends paid

Resolution	Type of shares	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Jun. 25, 2014	Common stock	918	4.00	Mar. 31, 2014	Jun. 26, 2014

(2) Of the dividends for which the record date belongs to the fiscal year ended March 31, 2015, those for which the effective date of the dividends will be in the fiscal year ending December 31, 2015.

Resolution	Type of shares	Source of funds for dividends	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Jun. 24, 2015	Common stock	Retained earnings	677	3.00	Mar. 31, 2015	Jun. 25, 2015

Fiscal year ended December 31, 2015 (April 1, 2015–December 31, 2015)

1. Matters concerning the classes and number of outstanding stock and classes and number of treasury shares

	Number of shares (as of Apr. 1, 2015)	Increase in number of shares during period	Decrease in number of shares during period	Number of shares (as of Dec. 31, 2015)
(Number of outstanding shares) Common stock	229,849,936	—	—	229,849,936
(Treasury shares) Common stock	3,959,147	5,019	—	3,964,166

The increase in the number of shares by 5,019 shares during the period was due to the purchasing of shares below stock trading unit.

2. Dividends

(1) Cash dividends paid

Resolution	Type of shares	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Jun. 24, 2015	Common stock	677	3.00	Mar. 31, 2015	Jun. 25, 2015

(2) Of the dividends for which the record date belongs to the fiscal year ended December 31, 2015, those for which the effective date of the dividends will be in the fiscal year ending December 31, 2016.

Resolution	Type of shares	Source of funds for dividends	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Mar. 25, 2016	Common stock	Retained earnings	338	1.50	Dec. 31, 2015	Mar. 28, 2016

(Consolidated Statements of Cash Flows Information)

Reconciliation between cash and cash equivalents at the end of period and the amount reported in the Consolidated Balance Sheet.

	FY ended Mar. 31, 2015	FY ended Dec. 31, 2015
Cash and deposits	6,603 million yen	8,788 million yen
Time deposits with terms of more than 3 months	(32) million yen	(27) million yen
Total cash and cash equivalents	6,570 million yen	8,761 million yen

(Segment Information)

Since the Group had the only “agriculture-related business” segment, the segment information is omitted.

(Per Share Information)

(Yen)

	FY ended Mar. 31, 2015	FY ended Dec. 31, 2015
Net assets per share	307.11	293.87
Loss per share	(1.40)	(6.49)

Notes:

1. Because the Company reported loss per share, the Company has not presented loss per share after adjustment for dilutive securities.
2. Basis of calculation of loss per share

(Millions of yen)

	FY ended Mar. 31, 2015	FY ended Dec. 31, 2015
Loss per share		
Loss attributable to owners of parent reported in the Consolidated Statements of Income	(319)	(1,465)
Loss attributable to owners of parent attributed to common shares	(319)	(1,465)
Loss not attributable to common shares	—	—
During period average number of common shares (shares)	228,018,246	225,887,727

(Significant Subsequent Events)

Not applicable

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Assets		
Current assets		
Cash and deposits	2,687	3,828
Notes receivable-trade	7,233	3,599
Accounts receivable-trade	30,082	21,762
Merchandise and finished goods	15,825	15,603
Work in process	295	51
Raw materials and supplies	301	364
Advance payments-trade	158	179
Prepaid expenses	216	268
Deferred tax assets	354	473
Short-term loans receivable	9,255	11,104
Other	3,310	2,445
Allowance for doubtful accounts	(9)	(7)
Total current assets	69,711	59,674
Non-current assets		
Property, plant and equipment		
Buildings, net	5,049	6,082
Structures, net	464	610
Machinery and equipment, net	2,163	2,120
Vehicles, net	1	2
Tools, furniture and fixtures, net	1,304	1,373
Land	25,276	25,395
Leased assets, net	298	329
Construction in progress	675	495
Total property, plant and equipment	35,233	36,410
Intangible assets		
Leasehold right	85	85
Software	219	210
Leased assets	209	189
Other	64	85
Total intangible assets	578	571
Investments and other assets		
Investment securities	9,182	8,292
Shares of subsidiaries and associates	18,637	18,637
Investments in capital	95	95
Investments in capital of subsidiaries and associates	1,941	1,941
Long-term loans receivable	3,237	3,023
Long-term prepaid expenses	514	583
Other	864	837
Allowance for doubtful accounts	(122)	(88)
Allowance for investment loss	(680)	(825)
Total investments and other assets	33,671	32,497
Total non-current assets	69,483	69,479
Total assets	139,195	129,154

(Millions of yen)

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Liabilities		
Current liabilities		
Notes payable-trade	17,471	8,316
Electronically recorded obligations-operating	436	5,282
Accounts payable-trade	15,535	18,011
Short-term loans payable	8,400	6,000
Current portion of long-term loans payable	10,620	4,703
Lease obligations	164	167
Account payable-other	907	698
Accrued expenses	2,984	2,284
Income taxes payable	37	—
Advances received	384	79
Deposits received	231	308
Provision for bonuses	—	95
Other	976	937
Total current liabilities	58,149	46,886
Non-current liabilities		
Long-term loans payable	12,702	16,469
Lease obligations	378	389
Deferred tax liabilities	498	1,069
Deferred tax liabilities for land revaluation	6,074	6,074
Provision for retirement benefits	3,026	2,654
Asset retirement obligations	112	112
Long-term deposits received	647	625
Other	63	42
Total non-current liabilities	23,504	27,438
Total liabilities	81,654	74,324
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus		
Legal capital surplus	11,554	11,554
Other capital surplus	2,450	2,450
Total capital surplus	14,004	14,004
Retained earnings		
Other retained earnings		
Retained earnings brought forward	5,743	3,476
Total retained earnings	5,743	3,476
Treasury shares	(986)	(988)
Total shareholders' equity	42,105	39,838
Valuations and translation adjustments		
Valuation difference on available-for-sale securities	2,965	2,497
Revaluation reserve for land	12,401	12,401
Total valuation and translation adjustments	15,366	14,899
Subscription rights to shares	68	91
Total net assets	57,541	54,829
Total liabilities and net assets	139,195	129,154

(2) Non-consolidated Statements of Income

(Millions of yen)

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	**FY ended Dec. 31, 2015** (Apr. 1, 2015– Dec. 31, 2015)
Net sales	92,252	66,073
Cost of sales	81,232	59,328
Gross profit	11,020	6,745
Selling, general and administrative expenses	13,680	9,346
Operating loss	(2,660)	(2,600)
Non-operating income		
Interest income	406	219
Dividend income	977	1,069
Rent income	1,335	976
Other	1,398	805
Total non-operating income	4,117	3,071
Non-operating expenses		
Interest expenses	254	238
Sales discounts	43	34
Rent expenses	1,158	799
Other	200	368
Total non-operating expenses	1,656	1,441
Ordinary loss	(198)	(971)
Extraordinary income		
Gain on sales of non-current assets	6	24
Gain on sales of shares of subsidiaries and associates	11	—
Gain on sales of investment securities	—	303
Total extraordinary income	17	327
Extraordinary losses		
Loss on sales and retirement of non-current assets	204	100
Impairment loss	—	2
Surcharges	305	151
Other	7	—
Total extraordinary losses	517	255
Loss before income taxes	(698)	(899)
Income taxes-current	353	18
Income taxes-deferred	(109)	670
Total income taxes	243	689
Loss	(942)	(1,588)

(3) Non-consolidated Statements of Changes in Equity

Fiscal Year Ended March 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	23,344	11,554	2,450	14,004	8,087	8,087	(30)	45,406
Cumulative effects of changes in accounting policies					(483)	(483)		(483)
Restated balance	23,344	11,554	2,450	14,004	7,604	7,604	(30)	44,923
Changes of items during period								
Dividends of surplus					(918)	(918)		(918)
Loss					(942)	(942)		(942)
Purchase of treasury shares							(956)	(956)
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	(1,861)	(1,861)	(956)	(2,817)
Balance at end of period	23,344	11,554	2,450	14,004	5,743	5,743	(986)	42,105

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	1,321	11,831	13,153	—	58,560
Cumulative effects of changes in accounting policies					(483)
Restated balance	1,321	11,831	13,153	—	58,077
Changes of items during period					
Dividends of surplus					(918)
Loss					(942)
Purchase of treasury shares					(956)
Net changes of items other than shareholders' equity	1,643	569	2,212	68	2,281
Total changes of items during period	1,643	569	2,212	68	(536)
Balance at end of period	2,965	12,401	15,366	68	57,541

Fiscal Year Ended December 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	23,344	11,554	2,450	14,004	5,743	5,743	(986)	42,105
Cumulative effects of changes in accounting policies								—
Restated balance	23,344	11,554	2,450	14,004	5,743	5,743	(986)	42,105
Changes of items during period								
Dividends of surplus					(677)	(677)		(677)
Loss					(1,588)	(1,588)		(1,588)
Purchase of treasury shares							(1)	(1)
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	(2,266)	(2,266)	(1)	(2,267)
Balance at end of period	23,344	11,554	2,450	14,004	3,476	3,476	(988)	39,838

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	2,965	12,401	15,366	68	57,541
Cumulative effects of changes in accounting policies					—
Restated balance	2,965	12,401	15,366	68	57,541
Changes of items during period					
Dividends of surplus					(677)
Loss					(1,588)
Purchase of treasury shares					(1)
Net changes of items other than shareholders' equity	(467)	—	(467)	22	(444)
Total changes of items during period	(467)	—	(467)	22	(2,711)
Balance at end of period	2,497	12,401	14,899	91	54,829

(4) Notes Regarding the Non-consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable

7. Others

(1) Production, Orders & Sales

Note: Since the fiscal year ended December 31, 2015 is a transitional period, for the Company and its consolidated subsidiaries which adopted a fiscal year starting April 1 and ending March 31 of the following year, the nine-month results (April 1, 2015 to December 31, 2015) have been included in the consolidated results for the fiscal year ended December 31, 2015. For subsidiaries which adopt a fiscal year starting January 1 and ending December 31, the twelve-month results (January 1, 2015 to December 31, 2015) have been included in the consolidated results. Because year-on-year comparisons are impossible, changes from the previous period for production, orders, and sales are not mentioned.

1) Production results per product-type

(Millions of yen)

Product-type	FY ended Mar. 31, 2015 (Apr. 1, 2014-Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015-Dec. 31, 2015)
Cultivating & mowing machinery	55,646	39,986
Planting machinery	18,330	8,776
Harvesting and processing machinery	28,378	16,103
Parts and farming implements	2,307	1,488
Other agriculture related business	7,261	5,303
Total	111,923	71,658

Note: Figures are shown in terms of sales values.

2) Orders

We operate a system whereby production is based mostly on projected demand. We hardly ever produce on order.

3) Sales results per product-type

(a) Total

(Millions of yen)

Product-type	FY ended Mar. 31, 2015 (Apr. 1, 2014- Mar. 31, 2015)		FY ended Dec. 31, 2015 (Apr. 1, 2015-Dec. 31, 2015)	
	Amount	Ratio	Amount	Ratio
		%		%
Cultivating & mowing machinery	52,273	33.2	48,993	33.7
Planting machinery	11,870	7.5	10,447	7.2
Harvesting and processing machinery	24,322	15.5	22,082	15.2
Parts and farming implements	34,867	22.1	32,962	22.7
Other agriculture related business	34,083	21.7	30,724	21.2
Total	157,417	100	145,210	100

(b) Domestic

(Millions of yen)

Product-type	FY ended Mar. 31, 2015 (Apr. 1, 2014- Mar. 31, 2015)		FY ended Dec. 31, 2015 (Apr. 1, 2015-Dec. 31, 2015)	
	Amount	Ratio	Amount	Ratio
		%		%
Cultivating & mowing machinery	31,634	24.0	29,441	24.0
Planting machinery	9,764	7.4	9,674	7.9
Harvesting and processing machinery	23,996	18.2	21,816	17.8
Parts and farming implements	33,075	25.0	31,250	25.5
Other agriculture related business	33,485	25.4	30,325	24.8
Total	131,956	100	122,508	100

(c) Overseas

(Millions of yen)

Product-type	FY ended Mar. 31, 2015 (Apr. 1, 2014- Mar. 31, 2015)		FY ended Dec. 31, 2015 (Apr. 1, 2015-Dec. 31, 2015)	
	Amount	Ratio	Amount	Ratio
		%		%
Cultivating & mowing machinery	20,639	81.1	19,552	86.1
Planting machinery	2,105	8.3	772	3.4
Harvesting and processing machinery	325	1.3	266	1.2
Parts and farming implements	1,792	7.0	1,712	7.5
Other agriculture related business	598	2.3	398	1.8
Total	25,460	100	22,701	100