




August 10, 2016

Name of Listed Company: ISEKI & CO., LTD.  Stock Exchange Listings: Tokyo
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Date of Submission of Quarterly Report: August 10, 2016
Scheduled Date to Commence Dividend Payment: —
Supplementary Information for Quarterly Financial Results: Yes
Quarterly Financial Results Briefing: Yes (for institutional investors and analysts)

Summary Announcement of Consolidated Financial Results **for the Six Months Ended June 30, 2016 (Japanese GAAP)**

I. Financial Results for the Six Months Ended June 30, 2016 (January 1, 2016 — June 30, 2016)

A. Results of Operations

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

	Six Months Ended June 30, 2016	%	Six Months Ended September 30, 2015	%
Net Sales	81,047	—	77,576	(5.9)
Operating Income	1,751	—	885	(15.5)
Ordinary Income	1,264	—	1,269	(14.5)
Profit (Loss) Attributable to Owners of Parent	553	—	(717)	—
Profit (Loss) per Share (yen)				
Non-diluted	2.45		(3.18)	
Fully Diluted	2.45		—	

Note: Comprehensive income

Six months ended June 30, 2016: -¥2,114 mil. (—%)

Six months ended September 30, 2015: -¥1,268 mil. (—%)

The fiscal year of the Company, previously from April 1 to March 31 of the following year, has been changed to January 1 to December 31 of the year, effective as of the fiscal year ended December 31, 2015. Accordingly, the year-on-year changes are not given for the second quarter of fiscal 2016 (January 1, 2016 to June 30, 2016) since the period is different from the first six months of the previous fiscal year (April 1, 2015 to September 30, 2015).

B. Financial Position

(Rounded down to a million yen)

	As of June 30, 2016	As of December 31, 2015
Total Assets	209,984	201,149
Net Assets	65,641	68,099
Shareholders' Equity to Total Assets Ratio (%)	30.5	33.0
Net Assets per Share (yen)	283.14	293.87

Reference: Shareholders' equity

As of June 30, 2016: ¥63,955 mil.

As of December 31, 2015: ¥66,380 mil.

II. Dividends

(Yen)

	Dividend per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
FY Ended December 31, 2015	—	—	—	1.50	1.50
FY Ending December 31, 2016	—	—			
FY Ending December 31, 2016 (Forecast)			—	1.50– 3.00	1.50– 3.00

Note: Revision of the most recently announced dividend forecast: None

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)
Full Year	161,500	—	3,500	—	3,200	—	1,900	—	8.41

Note: Revision of the most recently announced performance forecast: Yes

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 Adoption of unique accounting method for preparing the quarterly consolidated financial statements: None
- C Change in accounting policy, change in accounting estimates and restatements
- | | |
|---|------|
| 1) Change in accounting policy in response to revision of accounting standards: | None |
| 2) Change in accounting policy other than 1): | None |
| 3) Change in accounting estimates: | None |
| 4) Restatements: | None |
- D Outstanding shares (common shares)
- | | | |
|---|-------------------------------------|--------------------|
| 1) Outstanding shares (including treasury shares) | As of June 30, 2016 | 229,849,936 shares |
| | As of December 31, 2015 | 229,849,936 shares |
| 2) Outstanding treasury shares | As of June 30, 2016 | 3,968,386 shares |
| | As of December 31, 2015 | 3,964,166 shares |
| 3) Average number of shares during the period | Six months ended June 30, 2016 | 225,883,820 shares |
| | Six months ended September 30, 2015 | 225,888,444 shares |

***Statement regarding implementation of the quarterly review procedure**

Although the summary of quarterly financial results is exempt from the quarterly review procedure required under the Financial Instruments and Exchange Act, we have completed the review procedure of the financial statements at the time of disclosure.

***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 "1. Qualitative Information Regarding Financial Results for the Period" on page 2 of the supplementary material for the assumptions underlying the forecast and precautions when using the forecast.

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1. Qualitative Information Regarding Financial Results for the Period

(1) Explanation Regarding Business Performance

During the six months ended June 30, 2016, the Japanese economy reached a turning point in corporate earnings and business confidence due to the strong yen from the beginning of the year and the continued weakness in the recovery of consumer spending. Furthermore, although the European and U.S. economies remain on a robust recovery trend on the back of a rise in consumer spending and improvements in the employment situation, there is uncertainty over the outlook of the world economy due to the continued deceleration of growth of the Chinese economy since last year and the U.K.'s decision to leave the EU.

With regard to the environment surrounding agriculture in Japan, the demand environment remained at a low level, despite a rise in the price of last year's rice.

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 expand sales overseas in its core markets of North America, Europe, China and the ASEAN region by strengthening marketing. As a result, the Group's business performance can be summarized as follows.

Note: The fiscal year of the Company, previously from April 1 to March 31 of the following year, has been changed to January 1 to December 31 of the year, effective as of the fiscal year ended December 31, 2015. Accordingly, the year-on-year changes are not given for the second quarter of fiscal 2016 (January 1, 2016 to June 30, 2016) since the period is different from the first six months of the previous fiscal year (April 1, 2015 to September 30, 2015).

During the six months ended June 30, 2016, net sales totaled ¥81,047 million. Domestic sales amounted to ¥61,307 million, mainly as a result of the increase in sales of farming implements, parts, repair fees and construction of facilities, despite a year-on-year decrease in sales of agricultural machinery. Overseas sales amounted to ¥19,739 million reflecting an increase in shipments of semi-finished rice transplanters due to the recovery of the Chinese market, as well as strong shipments of semi-finished tractors, the full-scale sale of which started from this fiscal year.

Operating income totaled ¥1,751 million due to a significant reduction in fixed costs through full enforcement of low-cost operations.

Ordinary income was ¥1,264 million due to the recording of foreign exchange losses.

Profit attributable to owners of parent ended at ¥553 million, reflecting the recording of extraordinary income and losses including a loss on disaster and a gain on sales of investment securities.

Sales by product are as follows.

[Domestic]

Sales of cultivating & mowing machinery (tractors, high-clearance multipurpose vehicles, etc.) were ¥15,881 million, and sales of planting machinery (rice transplanters and vegetable transplanters) were ¥6,322 million. Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥5,947 million. Sales of spare parts and farming implements, and repair fees were ¥19,644 million. Sales of other agriculture-related business (construction of facilities, etc.) were ¥13,510 million.

[Overseas]

Sales of cultivating & mowing machinery (tractors, etc.) were ¥15,134 million, and sales of planting machinery (rice transplanters, etc.) were ¥2,846 million. Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥89 million. Sales of spare parts and farming implements were ¥1,067 million. Sales of other agriculture-related business were ¥601 million.

(2) Explanation Regarding Financial Position

Total assets as of June 30, 2016 increased ¥8,835 million from December 31, 2015 to ¥209,984 million.

Looking at the breakdown, current assets increased ¥13,555 million and non-current assets decreased ¥4,720 million. The changes mainly resulted from a ¥5,020 million increase in cash and deposits, a ¥9,709 million increase in notes and accounts receivable—trade, and a ¥3,657 million decrease in investment securities.

Total liabilities increased ¥11,292 million from December 31, 2015 to ¥144,342 million. The change resulted mainly from a ¥2,944 million increase in notes and accounts payable—trade and electronically recorded obligations—operating and a ¥10,789 million increase in short-term and long-term loans payable.

Net assets decreased ¥2,457 million from December 31, 2015 to ¥65,641 million, mainly due to the recording of a ¥2,247 million decrease in valuation difference on available-for-sale securities, a ¥932 million decrease in foreign currency translation adjustment, ¥553 million in profit attributable to owners of parent and ¥338 million in dividends of surplus.

(3) Explanation Regarding Forward-looking Statements Including Consolidated Performance Forecast

Although consolidated sales for the six months ended June 30, 2016 increased from the same period of the previous year both in Japan and overseas, they ended below the target. Profits were roughly as targeted since the drop in gross profit due to the failure to reach the sales target was offset by a thorough reduction in fixed costs, and the impact of

the loss on disaster following the Kumamoto Earthquake that occurred in April was cancelled out by recording the gain on sales of investment securities as extraordinary income.

Going forward, we expect a continued lack of full-scale recovery in sales of agricultural machinery in Japan, and forecast sales to remain flat. Through Dream Agricultural Research Institute, an institute for research, verification and dissemination of advanced agricultural technology, as well as services at large-scale maintenance facilities in the local regions, we will continue to strive to expand sales by further strengthening our capabilities to support customers and provide high-quality marketing services. In overseas markets, we will focus on further expanding the sales of strategic products introduced in North America, Europe, China and major markets in the ASEAN region. Furthermore, we will strive for further sales expansion at Dongfeng Iseki Agricultural Machinery Co., Ltd., an affiliate accounted for by the equity method, and other overseas affiliates. In terms of income, we will aim to achieve our profit target through a reduction of fixed costs by fully enforcing low-cost operations, which we advocate in our management policy for the consolidated fiscal year under review.

As for the consolidated business performance forecasts for the fiscal year ending December 31, 2016, we have revised our forecast for domestic net sales downward in view of the progress of business performance up to this second quarter and the deterioration of the foreign exchange environment. However, we have not changed our profit forecasts as the reduction of fixed costs is proceeding.

The latest business performance forecast uses foreign exchange rates for the second half of this fiscal year of ¥105 per U.S. dollar and ¥115 per Euro (both revised ¥15 higher for the yen from the initial forecasts).

2. Matters Concerning Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY ended December 31, 2015 (as of Dec. 31, 2015)	2Q of FY ending December 31, 2016 (as of Jun. 30, 2016)
Assets		
Current assets		
Cash and deposits	8,788	13,808
Notes and accounts receivable-trade	24,895	34,604
Merchandise and finished goods	40,600	39,906
Work in process	5,856	5,940
Raw materials and supplies	1,359	1,124
Other	5,327	5,010
Allowance for doubtful accounts	(56)	(67)
Total current assets	86,771	100,327
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,957	23,524
Land	50,657	50,621
Other, net	23,296	22,636
Total property, plant and equipment	96,911	96,782
Intangible assets	1,134	1,102
Investments and other assets		
Investment securities	8,569	4,911
Other	8,062	7,138
Allowance for doubtful accounts	(300)	(278)
Total investments and other assets	16,331	11,772
Total non-current assets	114,377	109,657
Total assets	201,149	209,984

(Millions of yen)

	FY ended December 31, 2015 (as of Dec. 31, 2015)	2Q of FY ending December 31, 2016 (as of Jun. 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,400	31,085
Electronically recorded obligations-operating	10,604	11,863
Short-term loans payable	24,389	27,555
Current portion of long-term loans payable	8,641	9,358
Income taxes payable	438	856
Provision for bonuses	467	513
Provision for loss on disaster	—	605
Other	13,575	12,344
Total current liabilities	87,518	94,183
Non-current liabilities		
Long-term loans payable	23,703	30,610
Deferred tax liabilities for land revaluation	6,074	5,790
Provision for directors' retirement benefits	107	107
Net defined benefit liability	4,806	4,677
Asset retirement obligations	304	319
Other	10,534	8,655
Total non-current liabilities	45,532	50,159
Total liabilities	133,050	144,342
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	13,514	13,729
Treasury shares	(988)	(989)
Total shareholders' equity	49,325	49,538
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,509	261
Deferred gains or losses on hedges	1	12
Revaluation reserve for land	12,401	12,686
Foreign currency translation adjustment	1,425	492
Remeasurements of defined benefit plans	717	963
Total accumulated other comprehensive income	17,055	14,416
Subscription rights to shares	91	91
Non-controlling interests	1,626	1,594
Total net assets	68,099	65,641
Total liabilities and net assets	201,149	209,984

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

Consolidated Statements of Income

For the Six Months Ended September 30, 2015 and June 30, 2016

(Millions of yen)

	2Q of FY ended December 31, 2015 (Apr. 1, 2015– Sep. 30, 2015)	2Q of FY ending December 31, 2016 (Jan. 1, 2016– Jun. 30, 2016)
Net sales	77,576	81,047
Cost of sales	54,591	57,716
Gross profit	22,985	23,331
Selling, general and administrative expenses	22,099	21,580
Operating income	885	1,751
Non-operating income		
Interest income	75	76
Dividend income	141	146
Foreign exchange gains	217	—
Other	571	441
Total non-operating income	1,005	664
Non-operating expenses		
Interest expenses	391	318
Foreign exchange losses	—	462
Other	230	371
Total non-operating expenses	622	1,151
Ordinary income	1,269	1,264
Extraordinary income		
Gain on sales of non-current assets	19	31
Gain on sales of investment securities	213	967
Compensation income	6	—
Total extraordinary income	240	998
Extraordinary losses		
Loss on sales and retirement of non-current assets	94	55
Impairment loss	38	47
Loss on valuation of investment securities	—	56
Loss on disaster	—	1,139
Total extraordinary losses	133	1,299
Income before income taxes	1,375	963
Income taxes-current	658	789
Income taxes-deferred	1,438	(363)
Total income taxes	2,096	426
Profit (loss)	(720)	537
Loss attributable to non-controlling interests	(2)	(15)
Profit (loss) attributable to owners of parent	(717)	553

Consolidated Statements of Comprehensive Income
For the Six Months Ended September 30, 2015 and June 30, 2016

(Millions of yen)

	2Q of FY ended December 31, 2015 (Apr. 1, 2015– Sep. 30, 2015)	2Q of FY ending December 31, 2016 (Jan. 1, 2016– Jun. 30, 2016)
Profit (loss)	(720)	537
Other comprehensive income		
Valuation difference on available-for-sale securities	(556)	(2,251)
Deferred gains or losses on hedges	—	11
Revaluation reserve for land	—	284
Foreign currency translation adjustment	(57)	(273)
Remeasurements of defined benefit plans, net of tax	(13)	246
Share of other comprehensive income of entities accounted for using equity method	78	(669)
Total other comprehensive income	(548)	(2,651)
Comprehensive income	(1,268)	(2,114)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,263)	(2,085)
Comprehensive income attributable to non-controlling interests	(5)	(29)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	2Q of FY ended December 31, 2015 (Apr. 1, 2015– Sep. 30, 2015)	2Q of FY ending December 31, 2016 (Jan. 1, 2016– Jun. 30, 2016)
Cash flows from operating activities		
Income before income taxes	1,375	963
Depreciation	3,324	3,565
Impairment loss	38	47
Increase (decrease) in net defined benefit liability	(236)	(123)
Increase (decrease) in provision for loss on disaster	—	605
Loss (gain) on sales of investment securities	(213)	(967)
Interest and dividend income	(216)	(222)
Interest expenses	391	318
Foreign exchange losses (gains)	(108)	(33)
Loss (gain) on sales of property, plant and equipment and intangible assets	75	23
Decrease (increase) in notes and accounts receivable-trade	(2,631)	(9,819)
Decrease (increase) in inventories	(1,187)	560
Increase (decrease) in notes and accounts payable-trade	929	3,168
Other	131	1,311
Subtotal	1,673	(601)
Interest and dividends income received	208	230
Interest expenses paid	(394)	(326)
Surcharges paid	(305)	—
Income taxes paid	(445)	(188)
Net cash provided by (used in) operating activities	736	(886)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(5,075)	(5,278)
Proceeds from sales of property, plant and equipment and intangible assets	199	242
Purchase of investment securities	(99)	(0)
Proceeds from sales of investment securities	510	1,237
Decrease (increase) in time deposits	(318)	(253)
Other	661	31
Net cash provided by (used in) investing activities	(4,121)	(4,019)

(Millions of yen)

	2Q of FY ended December 31, 2015 (Apr. 1, 2015– Sep. 30, 2015)	2Q of FY ending December 31, 2016 (Jan. 1, 2016– Jun. 30, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,765	3,465
Proceeds from long-term loans payable	5,820	13,150
Repayments of long-term loans payable	(4,097)	(5,526)
Proceeds from sales and leasebacks	734	442
Repayments of lease obligations	(1,381)	(1,397)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(670)	(334)
Other	(9)	(13)
Net cash provided by (used in) financing activities	4,159	9,785
Effect of exchange rate change on cash and cash equivalents	35	(113)
Net increase (decrease) in cash and cash equivalents	809	4,767
Cash and cash equivalents at beginning of period	6,570	8,761
Cash and cash equivalents at end of period	7,380	13,528

**(4) Notes Regarding the Consolidated Financial Statements
(Notes Regarding the Going Concern Assumption)**

Not applicable

(Notes Regarding Significant Changes in Shareholders' Equity)

Not applicable