



November 12, 2018

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Date of Submission of Quarterly Report: November 12, 2018
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 Nine Months Ended September 30, 2018 (Japanese GAAP)**

I. Consolidated Financial Results for the Nine Months Ended September 30, 2018 (January 1, 2018—September 30, 2018)

A. Consolidated Results of Operations (Cumulative Total)

(Rounded down to millions of yen, % indicates change from the previous corresponding period)

	Nine Months Ended September 30, 2018	%	Nine Months Ended September 30, 2017	%
Net Sales	119,186	(1.1)	120,526	1.8
Operating Income	3,591	(22.5)	4,633	67.6
Ordinary Income	2,765	(49.2)	5,446	238.2
Profit Attributable to Owners of Parent	2,219	(33.4)	3,332	368.6
Earnings per Share (yen)				
Basic	98.26		147.54	
Diluted	98.11		147.29	

Note: Comprehensive income

Nine months ended September 30, 2018: ¥1,205 million [(67.6)%]

Nine months ended September 30, 2017: ¥3,721 million [—%]

* The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. The amounts stated for basic earnings per share are calculated based on the assumption that shares of the common stock were consolidated at the beginning of the previous fiscal year.

B. Consolidated Financial Position

(Rounded down to millions of yen)

	As of September 30, 2018	As of December 31, 2017
Total Assets	211,508	201,348
Net Assets	71,439	70,916
Shareholder's Equity to Total Assets Ratio (%)	32.9	34.4
Net Assets per Share (yen)	3,084.44	3,061.84

Reference: Shareholder's equity

As of September 30, 2018: ¥69,677 million

As of December 31, 2017: ¥69,164 million

II. Dividends

	Dividend per Share(yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY Ended December 31, 2017	—	—	—	30.00	30.00
FY Ending December 31, 2018	—	—	—		
FY Ending December 31, 2018 (Forecast)				30.00	30.00

Note: Revision of the most recently announced dividend forecast: No

III. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – December 31, 2018)

(Rounded down to millions of yen, % indicates change from the previous period)

	Net Sales	%	Operating Income	%	Ordinary Income	%	Profit Attributable to Owners of Parent	%	Earnings per Share (yen)
Full Year	155,000	(2.1)	3,200	(19.1)	2,600	(38.8)	1,400	(50.1)	61.98

Note: Revision of the most recently announced financial results forecast: Yes

* Notes

A. Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No

New: - (), Exclusion: - ()

B. Adoption of special accounting treatment for preparing the quarterly consolidated financial statements: No

C. Changes in accounting policies, changes in accounting estimates and restatements

- | | |
|--|----|
| 1) Changes in accounting policies due to the revision of accounting standards, etc.: | No |
| 2) Any changes other than 1) above: | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatements: | No |

D. Total number of shares issued (common stock)

1) Total number of shares issued at the end of the period (including treasury shares):

As of September 30, 2018	22,984,993 shares
As of December 31, 2017	22,984,993 shares

2) Total number of treasury shares at the end of the period:

As of September 30, 2018	394,990 shares
As of December 31, 2017	395,946 shares

3) Average number of shares during the period (cumulative total):

Nine months ended September 30, 2018	22,589,300 shares
Nine months ended September 30, 2017	22,588,348 shares

* The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. The amounts stated for the total number of shares issued (common stock) are calculated based on the assumption that shares of the common stock were consolidated at the beginning of the

previous fiscal year.

- * These quarterly financial results are outside the scope of quarterly review procedures to be performed by certified public accountants or an audit corporation.
- * Explanation on the proper use of financial results forecasts and other notes
The financial results forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain preconditions that the Company deems to be reasonable. Actual results, etc. may differ significantly from the forecasts, however, as a result of various factors. For details on the preconditions on the financial results forecasts of the Company and notes on the use of financial results forecasts, please see "1. Qualitative Information on Consolidated Financial Results for the Period under Review" on page 2 of the Appendix.

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1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Explanation on Results of Operations

During the nine months ended September 30, 2018, the Japanese economy saw signs of recovery in consumer spending while corporate earnings and employment conditions remained on an improving trend. Meanwhile, the world economy continued its slow recovery as a whole. The U.S. economy experienced steady growth against the backdrop of a sound employment environment. The European economy remained on a recovery track led by domestic demand, while the Chinese economy showed signs of slowdown in public investment and personal consumption.

On the other hand, in the domestic agricultural environment, the market for agricultural machinery is leveling off amid ongoing structural changes in agriculture.

Under these circumstances, ISEKI Group continued its initiatives to expand sales volume mainly by launching new products and improving customer service in Japan, while working to strengthen its sales in its mainstay overseas markets of North America, Europe, China and ASEAN. As a result, the Group's consolidated financial results are summarized as follows.

Net sales for the nine months ended September 30, 2018 were ¥119,186 million, a decrease of ¥1,339 million (1.1%) year on year. Domestic sales in Japan were ¥93,900 million, a decrease of ¥434 million (0.5%) year on year, mainly as a result of a decrease in sales of tractors and orders received for construction of facilities despite favorable sales of rice transplanters thanks to the launch of new products, with added help from favorable sales of farming implements, spare parts, and repair fees. Overseas sales were ¥25,286 million, a decrease of ¥905 million (3.5%) year on year. This was mainly due to the decreased shipments of rice transplanters in China and tractors in Thailand stemming from local inventory adjustments, despite increased income in North America after changes in business terms and increased sales at ISEKI France S.A.S. in Europe.

Operating income was ¥3,591 million, a decrease of ¥1,042 million (22.5%) year on year, due to temporary factors such as unprofitable construction of facilities and expenses resulting from the application of the principle of calculating retirement benefits upon the merger of subsidiaries, as well as other factors such as increased development costs for products responsive to the emission gas regulations and increased personnel expenses, in addition to a decrease in gross margin due to decreased revenue.

Ordinary income was ¥2,765 million, a decrease of ¥2,681 million (49.2%) year on year, mainly due to a worsening in the share of profit or loss of entities using equity method for an affiliate in China, as well as the disappearance of subsidy income recorded in the same period of the previous fiscal year.

Profit attributable to owners of parent was ¥2,219 million, a decrease of ¥1,112 million (33.4%) year on year, resulting from decreased tax expenses by the application of the consolidated taxation system.

Sales by product are as follows.

[Domestic]

Sales of cultivating machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥21,039 million (a decrease of 6.4% year on year). Sales of planting machinery (rice transplanters and vegetable transplanters) were ¥7,464 million (an increase of 12.4% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥13,749 million (a decrease of 1.0% year on year). Sales of farming implements, spare parts and repair fees were ¥31,513 million (an increase of 2.3% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥20,132 million (a decrease of 1.9% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥19,320 million (an increase of 8.3% year on year). Sales of planting machinery (rice transplanters, among others) were ¥1,755 million (a decrease of 47.3% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥514 million (a decrease of 69.6% year on year). Sales of farming implements and spare parts were ¥2,064 million (an increase of 1.5% year on year). Sales of other agriculture-related business were ¥1,632 million (an increase of 26.6% year on year).

(2) Explanation on Financial Position

[Assets]

Total assets at the end of the third quarter ended September 30, 2018 increased by ¥10,160 million from the end of the previous fiscal year to ¥211,508 million. This was mainly due to an increase of ¥10,884 million in notes and accounts receivable - trade, an increase of ¥1,055 million in inventories, and a decrease of ¥1,139 million in investment securities.

[Liabilities]

Total liabilities at the end of the third quarter ended September 30, 2018 increased by ¥9,637 million from the end of the previous fiscal year to ¥140,069 million. This was mainly due to an increase of ¥2,143 million in notes and accounts payable - trade and electronically recorded obligations - operating, an increase of ¥9,255 million in short-term loans payable and long-term loans payable, and a decrease of ¥823 million in other non-current liabilities.

[Net assets]

Total net assets at the end of the third quarter ended September 30, 2018 increased by ¥523 million from the end of the previous fiscal year to ¥71,439 million. This was mainly due to ¥2,219 million of profit attributable to owners of parent, ¥677 million of dividends of surplus, and a decrease of ¥747 million in valuation difference on available-for-sale securities.

(3) Explanation on Consolidated Financial Results Forecasts and Other Forecast Information

With regard to the consolidated financial results forecasts for the fiscal year ending December 31, 2018, we have revised net sales and respective profit and income items from the previous forecast (released on August 8, 2018) in consideration of the actual financial results for the nine months ended September 30, 2018, the current trends of orders received, and other factors. For matters related to the revisions to forecast figures, please refer to the Notice on Revisions to the Consolidated Business Performance Forecast for the Fiscal Year ending December 31, 2018, which was released today (November 12, 2018).

These financial results forecasts are calculated based on the exchange rates at ¥110 per U.S. dollar and ¥130 per euro, which remain unchanged from the preceding quarterly report.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

As of December 31, 2017 **As of September 30, 2018**

<hr/>		
	As of December 31, 2017	As of September 30, 2018
<hr/>		
Assets		
Current assets		
Cash and deposits	7,981	7,790
Notes and accounts receivable - trade	25,113	35,998
Merchandise and finished goods	45,410	46,559
Work in process	6,728	6,684
Raw materials and supplies	1,267	1,216
Other	5,310	4,574
Allowance for doubtful accounts	(60)	(125)
Total current assets	<hr/> 91,751	<hr/> 102,672
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,343	25,029
Land	50,773	50,977
Other, net	20,476	20,876
Total property, plant and equipment	<hr/> 95,592	<hr/> 96,883
Intangible assets	1,025	1,051
Investments and other assets		
Investment securities	7,146	6,006
Other	5,990	5,040
Allowance for doubtful accounts	(158)	(146)
Total investments and other assets	<hr/> 12,978	<hr/> 10,901
Total non-current assets	<hr/> 109,596	<hr/> 108,836
Total assets	<hr/> 201,348	<hr/> 211,508

As of December 31, 2017 As of September 30, 2018

Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,532	27,756
Electronically recorded obligations - operating	14,140	15,059
Short-term loans payable	27,216	35,120
Current portion of long-term loans payable	8,004	7,671
Income taxes payable	894	365
Provision for bonuses	446	857
Provision for loss on construction contracts	391	—
Other	12,018	11,468
Total current liabilities	89,644	98,299
Non-current liabilities		
Long-term loans payable	24,354	26,038
Deferred tax liabilities for land revaluation	5,780	5,780
Provision for directors' retirement benefits	122	130
Net defined benefit liability	3,312	3,408
Asset retirement obligations	315	332
Other	6,902	6,078
Total non-current liabilities	40,787	41,769
Total liabilities	130,432	140,069
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,453	13,452
Retained earnings	16,519	18,061
Treasury shares	(986)	(983)
Total shareholders' equity	52,330	53,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,818	1,070
Deferred gains or losses on hedges	(16)	3
Revaluation reserve for land	12,670	12,670
Foreign currency translation adjustment	1,115	921
Remeasurements of defined benefit plans	1,244	1,136
Total accumulated other comprehensive income	16,833	15,802
Subscription rights to shares	80	78
Non-controlling interests	1,671	1,684
Total net assets	70,916	71,439
Total liabilities and net assets	201,348	211,508

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

Quarterly Consolidated Statements of Income
For the Nine Months Ended September 30, 2018

(Millions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Net sales	120,526	119,186
Cost of sales	84,529	83,840
Gross profit	35,996	35,346
Selling, general and administrative expenses	31,362	31,754
Operating income	4,633	3,591
Non-operating income		
Interest income	109	91
Dividend income	107	90
Foreign exchange gains	92	—
Share of profit of entities accounted for using equity method	384	—
Subsidy income	356	—
Other	574	688
Total non-operating income	1,624	870
Non-operating expenses		
Interest expenses	448	499
Foreign exchange losses	—	50
Share of loss of entities accounted for using equity method	—	760
Other	363	385
Total non-operating expenses	811	1,696
Ordinary income	5,446	2,765
Extraordinary income		
Gain on sales of non-current assets	29	71
Gain on sales of investment securities	—	52
Gain on step acquisitions	—	16
Subsidy income	42	—
Total extraordinary income	71	140
Extraordinary losses		
Loss on sales and retirement of non-current assets	128	126
Impairment loss	21	10
Loss on valuation of investment securities	30	—
Penalty	427	—
Total extraordinary losses	607	136
Income before income taxes	4,910	2,769
Income taxes - current	1,522	984
Income taxes - deferred	21	(471)
Total income taxes	1,543	513
Profit	3,366	2,256
Profit attributable to non-controlling interests	34	36
Profit attributable to owners of parent	3,332	2,219

Quarterly Consolidated Statements of Comprehensive Income
For the Nine Months Ended September 30, 2018

(Millions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Profit	3,366	2,256
Other comprehensive income		
Valuation difference on available-for-sale securities	251	(767)
Deferred gains or losses on hedges	(36)	19
Foreign currency translation adjustment	144	(46)
Remeasurements of defined benefit plans, net of tax	(45)	(108)
Share of other comprehensive income of entities accounted for using equity method	41	(146)
Total other comprehensive income	354	(1,050)
Comprehensive income	3,721	1,205
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,684	1,188
Comprehensive income attributable to non-controlling interests	36	16

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable

(Notes to Material Changes in Shareholders' Equity)

Not applicable