ISEKI

Annual Report 2015

Year ended December 31, 2015

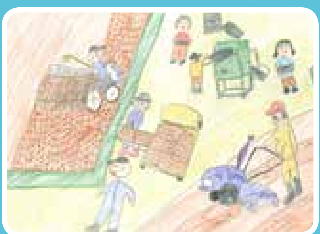
Improving Agricultural Environments around the World

ISEKI & CO., LTD.

Contents







Cautionary Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements in which certain risks and uncertainties are inherent and actual performance may differ materially from the expectations indicated herein. Readers are therefore cautioned not to rely exclusively on these statements, which take into account the best information that is available to management at the time.
The Company undertakes no responsibility to disclose revisions to these statements owing to future developments, which may reflect changes in the environment and unexpected climatic events.

The illustrations in this Annual Report

The illustrations in this annual report and on the front cover are of drawings that won prizes in our annual Sanae National Children's Drawing Contest, the theme of which was "Farming Families." Iseki places great importance on family relationships and is committed to encouraging families in the agricultural business.

This annual report is a literal translation into English of a section of the *Yukashoken-Hokokusho* ("Securities Report") for the year ended December 31, 2015.

I. Overview of the Company

1. Developments Regarding Major Management Indicators, etc.

Consolidated management indicators, etc.

Ordinary business term	88th business term	89th business term	90th business term	91st business term	92nd business term
For the year ended	March 2012	March 2013	March 2014	March 2015	December 2015
Net sales (millions of yen)	145,252	155,697	169,129	157,417	145,210
Ordinary income (millions of yen)	3,898	5,414	8,285	499	947
Profit (loss) attributable to owners of parent (millions of yen)	2,727	3,979	6,447	(319)	(1,465)
Comprehensive income (millions of yen)	3,577	5,012	7,772	4,509	(2,310)
Net assets (millions of yen)	58,189	62,927	68,734	71,065	68,099
Total assets (millions of yen)	172,554	179,028	197,628	204,138	201,149
Net assets per share (yen)	246.77	266.94	292.11	307.11	293.87
Profit (loss) per share (yen)	11.87	17.32	28.06	(1.40)	(6.49)
Profit per share after adjustment for dilutive securities (yen)	—	—	—	—	—
Equity ratio (%)	32.9	34.3	34.0	34.0	33.0
Return on equity (%)	5.0	6.7	10.0	—	—
Price earnings ratio (times)	17.78	18.65	9.73	—	—
Net cash provided by (used in) operating activities (millions of yen)	8,580	8,531	7,007	(4,247)	10,830
Net cash provided by (used in) investing activities (millions of yen)	(5,234)	(6,342)	(10,038)	(11,305)	(5,757)
Net cash provided by (used in) financing activities (millions of yen)	(2,141)	(647)	1,521	14,031	(2,943)
Cash and cash equivalents at end of period (millions of yen)	6,952	9,040	8,169	6,570	8,761
Number of employees (persons)	6,295 [1,050]	6,325 [1,103]	6,295 [1,185]	6,039 [1,234]	6,021 [1,207]

Notes:

1. Net sales above do not include consumption tax, etc.
2. Profit per share after adjustments for dilutive securities was not stated due to the following reasons: In the 88th through 90th business terms, the Company had no dilutive securities. In the 91st and 92nd business terms, the Company had dilutive securities, but each term reported a loss per share.
3. Return on equity and price earnings ratios for the 91st and the 92nd business terms were not stated because each term posted a loss attributable to owners of parent.
4. The number of employees is the number of people gainfully occupied and the figure in brackets represents the average number of temporary employees hired, which is not included in the number of people gainfully occupied.
5. With the application of the Accounting Standard for Business Combinations (Accounting Standards Board of Japan, ASBJ Statement No. 21 of September 13, 2013) and other related standards, “net income (loss)” was changed to “profit (loss) attributable to owners of parent” from the 92nd business term.
6. Pursuant to the amendment to the Articles of Incorporation resolved at the 91st Ordinary General Meeting of Shareholders on June 24, 2015, the fiscal year-end was changed from March 31 to December 31. Accordingly, the 92nd business term is a nine-month period from April 1, 2015 to December 31, 2015.

Main Business

The ISEKI Group is engaged mainly in the development, manufacture and sale of agricultural machinery for the cultivation of rice, vegetables and other related areas.

Agriculture-related Business Segment

The Company and its associated companies engage in agriculture-related business encompassing three divisions: Development and Production, Sales and Others.

[Development and Production]

This division mainly develops and designs agricultural machinery, and 9 associated companies manufacture agricultural machinery and related components.

[Main associated companies]

Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd., Iseki-Niigata Mfg. Co., Ltd., Iseki-Hoei Mfg. Co., Ltd., PT. ISEKI INDONESIA (Indonesia), and Dongfeng Iseki Agricultural Machinery Co., Ltd. (China)

[Sales]

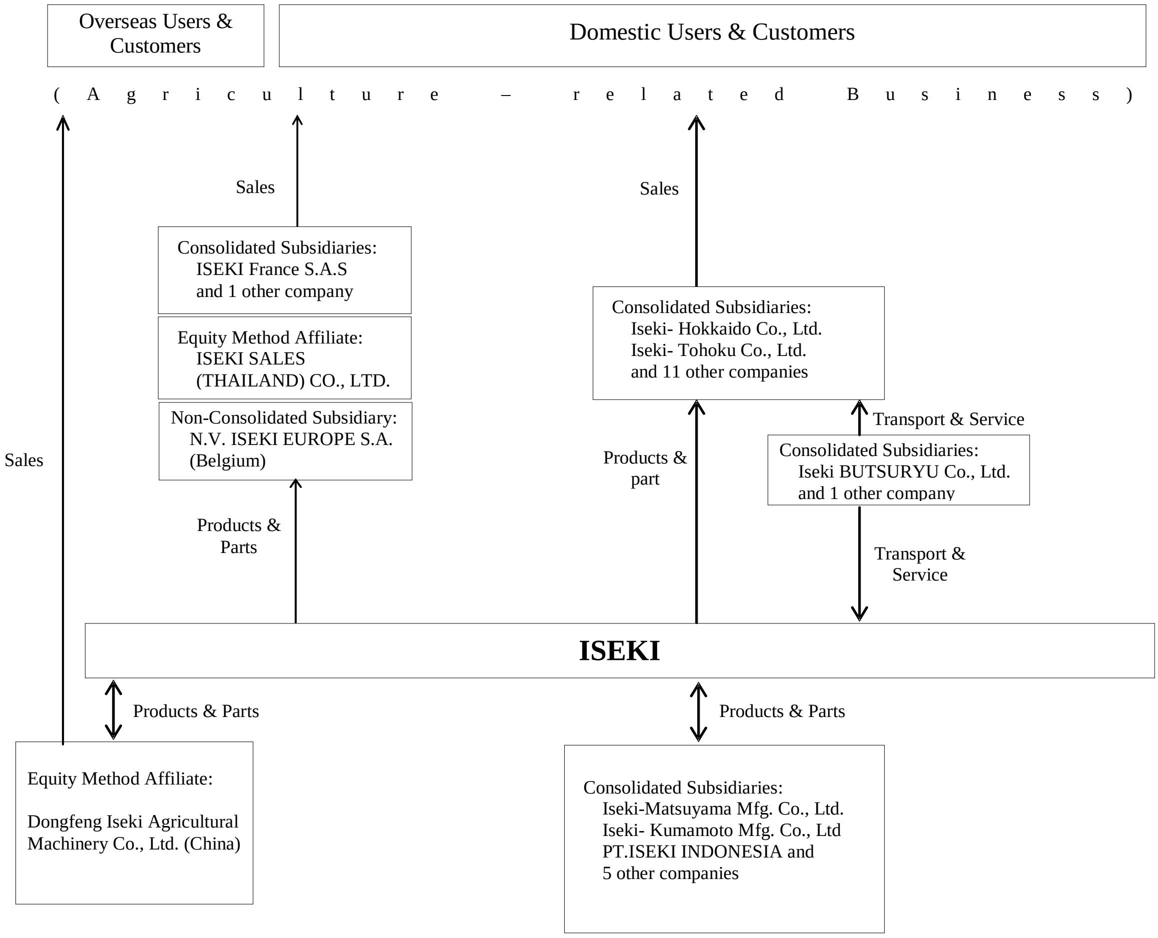
In Japan, sales are conducted through 13 sales companies nationwide. In overseas markets, sales are conducted through associated companies as well as local distributors, etc.

[Main associated companies]

Japan ....Iseki-Hokkaido Co., Ltd., Iseki-Tohoku Co., Ltd., Iseki-Kanto Co., Ltd., Iseki-Shinetsu Co., Ltd., Iseki-Hokuriku Co., Ltd., Iseki-Tokai Co., Ltd., Iseki-Kansai Co., Ltd., Iseki-Chugoku Co., Ltd., Iseki-Shikoku Co., Ltd. and Iseki-Kyushu Co., Ltd.

Overseas.........ISEKI France S.A.S (France), N.V. ISEKI EUROPE S.A. (Belgium), and Dongfeng Iseki Agricultural Machinery Co., Ltd. (China), ISEKI SALES (THAILAND) CO., LTD. (THAILAND)

The following is a schematic diagram of the ISEKI Group



II. Management Performance

1. Analysis of Management Performance

Pursuant to the amendment to the Articles of Incorporation resolved at the 91st Ordinary General Meeting of Shareholders held on June 24, 2015, the fiscal year-end was changed from March 31 to December 31. Accordingly, the consolidated fiscal year under review is a nine-month period from April 1, 2015 to December 31, 2015. Therefore, comparisons with the previous consolidated fiscal year are not provided.

(1) The Fiscal Period in Review

During the fiscal year under review, the Japanese economy continued to see uncertainties overall, being adversely impacted by cautious views on the economic outlook due to, among other factors, a slowdown in the Chinese economy. However, some Japanese corporations, such as those engaged in exporting businesses, benefitted from the weakening yen and high stock prices on the back of a series of economic measures taken by the government, and the diminishing impact of the draw in demand after the consumption tax rate hike. The global economy was uncertain due to, among other factors, concerns about how the tapering of U.S. quantitative easing measures would impact the economies in China and other emerging countries.

Though the domestic agricultural machinery market recovered from the downward trend in the price of rice, this did not generate a full-fledged recovery in farmers' buying motivation due to uncertainties regarding the impact of the basic agreement in the Trans-Pacific Partnership Agreement (TPP) negotiation on domestic farming. On the other hand, the agricultural structure has been steadily and significantly changing, and 2015 became the "dawn of a new agricultural administration era."

Under such circumstances, the ISEKI Group strove to increase sales volume in Japan, launching new products and enhancing customer services. In overseas markets, the Group worked to increase sales by, for example, launching new products in the ASEAN region, in addition to the North American, European, and Chinese markets. As a result, the Group's business performance for the consolidated fiscal year under review was as follows.

(Consolidated business performance for the fiscal year under review)

In the fiscal year under review, net sales were ¥145,210 million. In the domestic market, our sales companies, for which the fiscal year ends in December, recorded significantly higher sales during the January to March period in the previous fiscal year due to a spike in demand before the consumption tax increase. While sales increased in the April to December period of the fiscal year under review, compared with the same period in the previous fiscal year, it was not sufficient to offset the reduced sales in the January to March period, resulting in a sales decline in agricultural machinery products. As a result, domestic sales were ¥122,508 million. Overseas sales amounted to ¥22,701 million, driven by robust shipments to North America and the ASEAN region, and further boosted by net sales of ISEKI France S.A.S, which was consolidated into a subsidiary in the previous fiscal year. Operating income was ¥460 million with reductions in selling, general and administrative expenses offsetting a decline in gross profits caused by weak sales. Ordinary income was ¥947 million. Profit (loss) attributable to owners of parent was a loss of ¥1,465 million.

(Non-consolidated business performance for the fiscal year under review)

In the fiscal year under review, net sales totaled ¥66,073 million, operating loss was ¥2,600 million, and ordinary loss was ¥971 million. The Company recorded a loss of ¥1,588 million.

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) 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, among others) were ¥21,816 million. Sales of spare parts and farming implements were ¥31,250 million, and sales in other agriculture-related business (including construction of facilities, among others) were ¥30,325 million.

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) 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, and sales in other agriculture-related business were ¥398 million.

(2) Cash Flows

The balance of cash and cash equivalents at end of period increased ¥2,190 million year on year, to ¥8,761 million.

(Net cash provided by (used in) operating activities)

Net cash provided by (used in) operating activities generated 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.

(Net cash provided by (used in) investing activities)

Net cash provided by (used in) investing activities resulted in a net cash outflow of ¥5,757 million, comprised principally of capital investment expenditures of ¥7,440 million.

(Net cash provided by (used in) financing activities)

Net cash provided by (used in) financing activities amounted to a net cash outflow of ¥2,943 million. This was due primarily to the repayment of interest-bearing liabilities.

2. Production, Orders and Sales

Pursuant to the amendment to the Articles of Incorporation resolved at the 91st Ordinary General Meeting of Shareholders held on June 24, 2015, the fiscal year-end was changed from March 31 to December 31. Accordingly, the consolidated fiscal year under review is a nine-month period from April 1, 2015 to December 31, 2015. Therefore, year-on-year changes (%) are not stated.

(1) Production

Production results for the consolidated fiscal year under review are as follows. As the Company comprises a single segment of the “agriculture-related business,” it reports manufacturing results by product in the “agriculture-related business.”

Product category	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)	
	Amount (millions of yen)	Change yoy (%)
Cultivating and mowing machinery	39,986	—
Planting machinery	8,776	—
Harvesting and processing machinery	16,103	—
Parts and farming implements	1,488	—
Other agriculture-related business	5,303	—
Total	71,658	—

Note: Amounts are based on sales prices and do not include consumption tax, etc.

(2) Orders

We operate a system whereby production is based mostly on projected demand. We hardly ever produce on order. Accordingly, the number of orders received is not presented.

(3) Sales

Sales results for the consolidated fiscal year under review are as follows. As the Company comprises a single segment of the “agricultural-related business,” it reports sales results by product within the “agriculture-related business.”

Product category	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)	
	Amount (millions of yen)	Change yoy (%)
Cultivating and mowing machinery	48,993	—
Planting machinery	10,447	—
Harvesting and processing machinery	22,082	—
Parts and farming implements	32,962	—
Other agriculture-related business	30,724	—
Total	145,210	—

Notes: 1. Net sales to major customer and as a percentage of total sales

Customer	FY ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)		FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)	
	Amount (millions of yen)	Percentage of total sales (%)	Amount (millions of yen)	Percentage of total sales (%)
ZEN-NOH (National Federation of Agricultural Co-operative Associations)	17,955	11.4	17,131	11.8

2. Amounts above do not include consumption tax, etc.

3. Issues to Be Addressed

To realize future growth by establishing a stable customer base in Japan and accelerating global business development in a rapidly changing operating environment, the ISEKI Group will promptly focus all of its strengths on the following challenges:

1) Enhanced responses to changes in domestic market

Cultivation systems in domestic farming are shifting from conventional forms centered on rice as food to diversified systems including rice feed, dry field and vegetable farming. At the same time, we have been witnessing significant changes in recent years such as the growing use of IT in farming and the robotization of agricultural machinery amid the trend toward larger-scale farming. Furthermore, moves aimed at improving agriculture are expected to accelerate, following the basic agreement in the TPP negotiation. The Company will take appropriate measures to respond to these changes in the domestic market environment and strive to build stable customer bases in spite of intensified competition to secure a steady market share of 20% or more.

Specifically, the Company has focused on developing personnel who can provide a broad range of perspectives and suggestions (“Agri-Heroes” Support Project) in response to the diversification of cultivation systems and farming operations centered on a trend toward larger-scale farming. At the same time, it has enlarged the scale of its maintenance bases, such as through the establishment of the Iseki Trade Support Center (ITSC) and Kyushu Agri Service Center, and reinforced its operations to inspect and maintain large machinery. Furthermore, the Company established its Dream Agricultural Research Institute in October 2015 as a base for “researching and diffusing advanced agricultural technology to support the agricultural industry in Japan.” The Company will elevate its support for customers in terms of both its products and services by offering high-quality marketing services and proposals suited to customers’ farming management needs, and strive to achieve a higher level of customer satisfaction and expand domestic sales.

2) Fully develop global strategies

We will strive to maintain an overseas sales ratio of more than 20% and enhance profitability by accelerating overseas expansion, with an eye on ASEAN countries, where mechanization is remarkably advancing, in addition to the existing three markets of Europe, North America and China.

For markets in Europe, North America and other regions, the Company will further expand sales by launching new strategic products that meet customer needs. In Europe, in particular, given the business integration whereby ISEKI France S.A.S became a wholly owned subsidiary, the Company will focus on boosting sales and market share.

For the Chinese market, which is experiencing rapid mechanization in the agricultural sector, the Company will shore up operations at its newly consolidated company, Dongfeng Iseki Agricultural Machinery Co., Ltd., by accelerating their full-fledged sales of tractors as well as the release and development of new products including combine harvesters. For the ASEAN market, which has potential for growth in the future, the Company will work to firmly establish the ISEKI brand through expanding operations of PT. ISEKI INDONESIA, which has started full-fledged production, and strengthening the sales capability of ISEKI SALES (THAILAND) CO., LTD., which has started 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 perspective.

3) Low-cost operations

The ISEKI Group has pushed forward with cost structure reforms mainly in the development and production division to launch products that can outperform competitors both in Japan and abroad. During the fiscal year under review, however, both operating income and ordinary income were low, mainly due to a decline in gross profit. Going forward, the Group as a whole, including the sales division, will work to achieve low-cost operations and revenue structure reforms while the development and production division implements further cost structure reforms to be able to overcome fierce competition both within and outside of Japan.

4) Assurance of thorough compliance

On March 26, 2015 and February 10, 2016, the Company received a cease and desist order and an order for surcharge payment in regard to bidding on facility construction projects under the Antimonopoly Act. Also, the Company underwent on-site investigations by the Japan Fair Trade Commission (JFTC) on October 6, 2015 on suspicion of a possible violation of the Antimonopoly Act concerning “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 in the investigations.

With full recognition of the severity of the case, the Company established and implemented measures to prevent the recurrence of such misconduct, putting great effort toward preventing similar occurrences.

In terms of organizational structures, we transferred the Management Control Division for the Agri-Plant Business, which is meant to monitor and supervise the facility business, to the Internal Control & Audit Department on May 1, 2015. Meanwhile, the Internal Control & Audit Department was also moved and placed under the Management Supervisory Committee, a body that is independent from business execution divisions. In addition, the Company has reviewed the code of conduct and manuals for the facility business, while enhancing the training of human resources including those at sales subsidiaries.

Going forward, we will strive to ensure more thorough compliance with laws and regulations, enhance internal control, and strengthen measures to prevent recurrence.

4. Risks Which Could Affect Our Business

Potential risks and uncertainties which could affect our future financial performance are enumerated below. Recognizing the possibility of these risks occurring, the ISEKI Group will make every effort to prevent such occurrences and ensure an appropriate response should such risks occur.

It should be noted that matters concerning the future stated herein are those that the Company deems applicable as of the end of the consolidated fiscal year under review.

1) Economic Conditions and Changes in the Environment of Agriculture
Sluggish domestic and/or overseas economic conditions and any change in agricultural policy may negatively affect our financial performance through reduced demand for agricultural machinery.

2) Exchange Rate Fluctuation
There is a possibility that fluctuations in foreign currencies 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 damage caused by 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 slowdown or failure among 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 Regulations on Environmental Issues, etc., and Related Difficulties
Substantial costs may be incurred related to our products or business activities due to necessitated responses to public regulations on environmental issues, etc., corrective measures undertaken in relation to conflicts, 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 Groupwide efforts to achieve complete legal compliance and instill 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 negatively impacted and business performance may deteriorate. The on-site investigations on the Company and its consolidated subsidiaries by the JFTC in regard to bidding on facility construction projects may negatively affect the Group, depending on the results of the investigations.

11) Risk of Natural Disasters and Accidents
Natural disasters such as earthquakes, typhoons, floods or unexpected accidents may harm our financial performance.

12) Business Alliances, Joint Ventures and Strategic Investment with Other Companies
We will possibly 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 of utilizing the management resources of both parties 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 syndicated loans or commitment line contracts with financial institutions. Should any of the financial conditions of these contracts be breached, 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 the possibility that a hike in interest rates on borrowings may harm our financial performance.

5. Significant Contracts

Not applicable

6. Research and Development Activities

Based on a corporate philosophy that declares our aim to provide "products that satisfy our customers," which has been inherited from our founding members, the Group has conducted research and development activities under the maxim of offering attractively priced products that deliver customer satisfaction, in a timely manner. To meet customer needs, the Group has made efforts not only to reduce costs at the early stages of product development, based on thorough research, but also to take ambitious steps to achieve energy savings and low-cost agriculture, while considering environmental conservation and the safety of farming activities.

In Japan, the Group focuses on rice farming machinery, which is our core business, as well as mechanization in the areas of arable farming and vegetable farming, where there is strong demand for labor savings. With a trend toward larger-scale farming, the Company proactively promotes the use of IT in farming, the utilization of robots in the development of agricultural machinery, and the development of advanced technologies for plant factories. In overseas, the Group introduced new gardening products in North America and Europe, and combine harvesters and rice transplanters in the rapidly growing Chinese market. Both in Japan and overseas, the Group has aggressively developed products for new markets.

In addition, the Group is proceeding with joint research on new technologies and new fields through tie-ups with universities and research institutions. In order to handle such technological innovations, the Advanced Technology Promotion Department was established in April 2015 with the aim of further bolstering the development of advanced technology.

Research and development expenses for the entire Group in the consolidated fiscal year under review totaled ¥2,666 million, and major research results are as follows:

<u>Agriculture-related Business</u>

[Tractors]

- We released the "Z15" tractor which offers basic specifications and safety features for an affordable price. The specifications make it easy for anyone to operate, regardless of their age, gender or experience in agriculture. The Company participated in the "*Nougyou-Jyoshi* Support Project," which is run by the Ministry of Agriculture, Forestry and Fisheries of Japan, and released the "*Shiropuchi* Z15," a tractor that was developed based on the Z15 and through inputs from *Nougyou-Jyoshi* (women involved in agriculture), incorporating functions that cater to their needs and preferences while also dedicating strong efforts to its design.
- Furthermore, in regards to medium-sized tractors, which are volume-zone products in the domestic market, the Company has revamped its "GEAS" NT and NTA series, incorporating environmentally-friendly features that comply with the third phase of the exhaust emission regulation in Japan, while offering ease of use and a pleasant appearance. The NTA series is equipped with ISEKI AGRISUPPORT, an agricultural business support system for computerization, sharing and efficiency that leverages information and communications technology.
- In overseas markets, the NT series, which consists of easy-to-use and operator-friendly new tractors that are durable, fuel-efficient and equipped with basic features suited to work environments, was released to the Southeast Asian market where mechanization is accelerating in the agricultural sector resulting from the shortage of farmers due to economic development and policies on increased food production

[Combine Harvesters]

- We remodeled the HFG447, a full-fledged four-stroke reaping harvester that is highly rated for its high adaptability, and as a new addition to the FRONTIER FIGHTER HFR series lineup, released the 50-horsepower HFR450, a four-stroke reaping harvester that provides enhanced features, a lighter body that offers the same operational efficiency as its previous model, and adaptability (wet paddy, lodging).

[Rice Transplanters]

- Amid the rapidly expanding agricultural structure in Japan, demand for small-sized rice transplanters is on a moderate decline. However, they still account for the majority of demand and the Company receives various requests from small- and mid-sized farmers on a daily basis. The additional new products will aid in recommending the ideal rice transplanter for each customer that meets their needs and preferences. In addition, we released a small-sized rice transplanter (for the PQZ5 series) that features advanced functions and significantly reduces the amount of labor and costs, while also focusing on safety.

[Other Products]

- As part of a series that features ISEKI AGRISUPPORT, the labor-saving and low-cost agriculture support system that leverages information and communications technology (ICT), we released the industry's first soil diagnosis sensor-mounted rice transplanter with variable fertilizer applications which automatically controls the amount of fertilizer applied according to the depth of plowed soil and soil fertility value.

  In recent years, there have been trends of surging fertilizer prices, an aging farming population and increasing areas of arable land. Due to these trends, there is greater demand for further improvements in labor-saving and low-cost agricultural methods. Amid these circumstances, the rice transplanting process of applying a uniform amount of fertilizer for one unit of farmland in some cases results in the application of excessive fertilizer if there are areas of high soil fertility and deeply plowed soil. Rice plants lodge where fertilizer is excessive, giving rise to operational losses, increased risk of malfunctioning with combine harvesters and lower quality of rice at the time of harvesting. As a result, we conducted research on a machine that is capable of changing the amount of fertilizer applied, which would prevent plant lodging and increase operational efficiency at the time of harvesting by automatically reducing the amount of fertilizer in areas that already have an adequate amount, to level the growth of rice plants per farmland unit. The machine has now been commercialized as a rice transplanter that achieves labor-saving and low-cost agriculture.

- Furthermore, with the advancement of ICT, farming management that incorporates this technology is being promoted. In response to such development in the market, we developed our combine harvester with yield sensor, a product that comes equipped with sensors to detect yield information (amount of weight and moisture) of rice grain harvested. As this enables farmers to know the yield information before starting the drying process, working plans such as drying and preparations can be made efficiently. Also, this will be greatly useful for farmers when they prepare soil and design fertilizer application schemes in the following year.

Since fiscal 2004, we have disclosed the conceptual approach and activities of the Group's research and development and its use of intellectual property in the "Intellectual Property Report." According to the Japan Patent Office Annual Report 2015, we have had the highest patent approval rate of all industries for seven consecutive years from 2004 through 2010 and the second highest rate in 2011, and we ranked No. 1 from 2012 to 2014.

We also ranked first in terms of the number of published patents in the "other specialty machinery sector" for seven consecutive years from 2007 through 2013. As a result of changes made to the classification of industry sectors from 2009 in the Japan Patent Office Annual Report, the "agriculture and fishery sector" is now grouped under "other specialty machinery sector." We ranked No. 1 for seven consecutive years, from 2000 through 2006, in the "agriculture and fishery sector" before the changes to the classification were made. Accordingly, we ranked No. 1 for 14 consecutive years in aggregate.

7. Analysis of Financial Position, Management Performance and Cash Flows

The forecasts herein are those of the Company as of the end of the consolidated fiscal year under review.

(1) Significant Accounting Policies and Forecasts

The Company's consolidated financial statements are prepared on the basis of generally accepted accounting principles in Japan. When preparing these consolidated financial statements, the Company continued to make forecasts and judgments based on significant accounting policies regarding the valuation of assets and liabilities and recognition of revenues and expenses. Actual results may differ from forecasts due to forecast-specific uncertainty. In particular, the Company recognizes that allowance for doubtful accounts, net defined benefit liability, and income taxes could have a material impact on forecasts and judgments used when preparing its consolidated financial statements.

(2) Analysis of Management Performance of the Consolidated Fiscal Year under Review

1) Financial results

Financial results are shown on page 4.

2) Financial position

Total assets at the end of the consolidated fiscal year under review decreased ¥2,989 million year on year, to ¥201,149 million. Of assets, current assets decreased ¥5,079 million year on year, and non-current assets rose ¥2,090 million year on year. The main changes were 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 year on year, to ¥133,050 million. Net assets decreased ¥2,966 million from the previous consolidated fiscal year, to ¥68,099 million, due primarily to ¥1,465 million in loss attributable to owners of parent and ¥677 million in dividends of surplus.

The equity ratio was 33.0%.

3) Analysis of cash flows

An analysis of cash flows is shown on page 5.

III. Equipment and Facilities

1. Summary of Capital Investments, etc.

The Group (the Company and its consolidated subsidiaries) has made investments mainly for the purpose of strengthening its production/development capabilities and enhancing its production facilities to improve quality and business service networks. The total amount invested during the consolidated fiscal year under review was ¥10,481 million (the figure is based on property, plant and equipment data, and the amount excludes consumption tax, etc.).

Major investments were as follows:

<u>Agriculture-related Business</u>

[Development and production divisions of agricultural machinery]

The Group made capital investments of ¥3,986 million, including those by its consolidated subsidiaries (Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd. and six others), in new product development and production start-up facilities, for the renewal of production facilities, for rationalization and power-savings, and for saving resources and energy at facilities.

Meanwhile, the Company posted a loss on sales and retirement of ¥68 million with regard to the ongoing renewal of production facilities and obsolete production facilities.

[Sales division for agricultural machinery]

The Group made total capital investments of ¥5,822 million, including investments by the Company, in addition to those made mainly by sales companies (Iseki-Hokkaido Co., Ltd. and 12 others in Japan), for establishing and renovating sales offices, service maintenance factories and product warehouses, as well as for the acquisition of sales promotion machinery related to the release of new products.

The Group posted a loss on sales and retirement of ¥105 million with regard to the ongoing renewal of facilities and the renovation of sales offices and service maintenance factories.

IV. Corporate Information

1. Status of Shares, etc.

(1) Total Number of Shares, etc.

(i) Total number of shares

Class of shares	Total number of authorized shares
Common shares	696,037,000
Total	696,037,000

(ii) Outstanding shares

Class of shares	Number of shares outstanding as of the fiscal year-end (Dec. 31, 2015) (shares)	Number of shares outstanding as of the date of submission (Mar. 28, 2016) (shares)	Name of listed financial instruments exchange or registered admitted Financial Instruments Firms Association	Content
Common shares	229,849,936	229,849,936	Tokyo Stock Exchange (First Section)	The number of share trading unit is 1,000 shares.
Total	229,849,936	229,849,936	—	—

(2) Status of Subscription Rights to Shares, etc.

In accordance with the Companies Act, the Board of Directors' meeting held on July 30, 2014 resolved to issue the subscription rights to shares as follows.

Iseki & Co., Ltd. Subscription Rights to Shares 2014

	As of the end of the fiscal year under review (Dec. 31, 2015)	As of the end of the month before the submission date (Feb. 29, 2016)
Number of subscription rights to shares	401 units (Note 1)	Same on the left
Number of treasury share subscription rights included in the above subscription rights to shares	—	—
Class of shares to be issued as subscription rights to shares	Common stock	Same as on the left
Number of shares to be issued as subscription rights to shares	401,000 shares (Note 1)	Same as on the left
Amount paid on the exercise of the subscription rights to shares	¥1 per share	Same as on the left
Exercise period of the subscription rights to shares	From August 26, 2014 to August 25, 2039	Same as on the left
Issuing price and amount to be incorporated into capital upon the exercise of the subscription rights to shares	Issuing price: ¥230 per share Amount to be incorporated into capital: ¥115 per share	Same as on the left
Conditions for exercising the subscription rights to shares	(Note 2)	Same as on the left
Matters pertaining to the transfer of the subscription rights to shares	Acquiring the subscription rights to shares by means of transfer shall require	Same as on the left

	As of the end of the fiscal year under review (Dec. 31, 2015)	As of the end of the month before the submission date (Feb. 29, 2016)
	resolution of the Board of Directors	
Matters regarding money paid in the redemption of corporate bonds	—	—
Matters regarding the granting of subscription rights to shares upon reorganization	(Note 3)	Same as on the left

Notes:

1. The number of shares as subscription rights to shares (hereinafter referred to the "number of shares to be granted") shall be 1,000 shares per unit. In case the Company declares a stock split (including free allocation of shares of the Company's common stock; hereinafter this term is applied to the description of the stock split) or stock consolidation of the Company's common stock on and after the date of allocating the subscription rights to shares (hereinafter, referred to the "allotment date"), the number of shares to be granted shall be adjusted based on the following formula and fractional shares below one share that result from the calculation shall be rounded down.

   The number of shares to be granted after the adjustment = the number of shares to be granted before the adjustment × the ratio of a stock split or stock consolidation

   On and after the allotment date, if the Company declares a merger or demerger, or experiences any other events equivalent to necessitating an adjustment of the number of shares to be granted, the Company shall adjust the number of shares to be granted within a scope deemed reasonable.

2. Conditions for exercising subscription rights to shares

   1) Grantees of subscription rights to shares shall not be allowed to exercise the rights for three years from the allotment date. However, those who were in a position of either a director, corporate auditor, executive officer or *riji* (administration officer) and withdrew from those positions because of the completion of the term of office or because they reached the age of retirement, shall be eligible for exercising subscription rights to shares from the date of withdrawing from their positions.

   2) Notwithstanding the above (1), if the General Meeting of Shareholders of the Company (or if the approval of the General Meeting of Shareholders is not required, the Board of Directors) approves a merger agreement in which the Company will become a non-surviving company, or a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary, grantees shall be allowed to exercise subscription rights to shares for 15 days from the date following the approval date (or the date approved by resolution of the Board of Directors, if the approval of the General Meeting of Shareholders is not required), except for when granting subscription rights to shares is subject to the aforementioned "matters regarding the granting of subscription rights to shares upon reorganization," and the grant is specified in a merger agreement, a share exchange agreement or a share transfer plan.

   3) The aforementioned 1) and 2) items shall not apply to grantees who acquired the subscription rights to shares as inheritance.

   4) If a holder of share subscription rights waives the share subscription rights, such subscription rights cannot be exercised.

3. Granting of subscription rights to shares in connection with reorganization

   If the Company declares a merger (only if the Company is eliminated as a result of the merger), an absorption-type demerger or incorporation-type demerger (only if the Company becomes a split corporation), or an exchange or transfer of shares (only if the Company becomes a wholly owned subsidiary), (the above events are hereafter collectively referred to by the general term "Structural Reorganization"), then, immediately before the Structural Reorganization takes effect (referring to following dates; the date when an absorption-type merger becomes effective upon the conclusion of the absorption-type merger; the date when a newly merged company is incorporated upon the conclusion of the incorporation-type merger; the date when an absorption-type demerger becomes effective upon the conclusion of the absorption-type demerger; the date when a newly split company is established upon the conclusion of the incorporation-type demerger; the date when an exchange of shares takes effect upon the conclusion of the exchange of shares; or the date when a wholly owning parent company is incorporated upon the conclusion of the transfer of shares), the holders of the remaining share subscription rights shall be provided with share subscription rights of a company indicated in Article 236, Item 1, Number 8 (a)-(e) of the Companies Act (hereinafter referred to as the "Reorganized Company"). Provided, however, that with the following items, the granting of share subscription rights of the Reorganized Company should be stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type demerger agreement, an incorporation-type demerger plan, an agreement of share exchange, or a plan of share transfer.

   1) Number of share subscription rights of the Reorganized Company for granting

A number equivalent to the remaining share subscription rights held by holders shall be granted.

2) Class of shares that the Reorganized Company would issue for share subscription rights

It shall be the common stock of the Reorganized Company.

3) Number of shares that the Reorganized Company would issue for share subscription rights

The Company shall make a decision in the same manner as the aforementioned “number of shares to be issued as subscription rights to shares,” by considering the conditions at the implementation of the Structural Reorganization.

4) Amount of property to be contributed upon the exercise of share subscription rights

The amount of property to be contributed upon the exercise of share subscription rights granted shall be obtained by multiplying the exercise price after the Structural Reorganization determined below by the number of shares that the Reorganized Company would issue for share subscription rights as mentioned in 3 above). The exercise price after the Structural Reorganization shall be ¥1 per share of the Reorganized Company’s shares which shall be granted upon the exercise of the share subscription rights granted.

5) Period when share subscription rights can be exercised

The period shall be from the later date of either the first day of the exercise period of share subscription rights or the effective date of the Structural Reorganization to the last day of the exercise period stipulated in the aforementioned “exercise period of subscription rights to shares.”

6) Matters concerning increases in capital stock and legal capital surplus for the case of issuing shares due to the exercise of share subscription rights

The Company shall make a decision in the same manner as the aforementioned “issuing price and amount to be incorporated into capital upon the exercise of subscription rights to shares.”

7) Restriction on the acquisition of share subscription rights by means of transfer

Acquiring share subscription rights by means of transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.

8) Conditions to acquire share subscription rights

If the Company’s General Meeting of Shareholders (or the Company’s Board of Directors, if the circumstances do not necessitate resolution by the General Meeting of Shareholders) approves the following proposals, the Company shall be able to acquire share subscription rights on a date separately determined by the Company’s Board of Directors, and without monetary consideration.

a. Proposal for approval on a merger agreement in which the Company will be eliminated as a result of a merger

b. Proposal for approval on a demerger agreement or a plan for demerger in which the Company will be a split company

c. Proposal for approval on a share exchange agreement or a plan for the transfer of shares in which the Company will become a wholly owned subsidiary

d. Proposal for approval for amending the Company’s Articles of Incorporation with respect to the content of all shares issued by the Company, due to the establishment of a rule requiring the Company’s approval on the matter of the acquisition of said shares by means of transfer

e. Proposal for approval for setting a new requirement, with respect to the content of class of shares as share subscription rights, that the acquisition of share subscription rights by means of transfer shall require the Company’s approval, or proposal for approval for amending the Company’s Articles of Incorporation due to the rule that the Company’s acquisition of all shares with respect to shares of the said class shall require approval by the General Meeting of Shareholders.

9) Other conditions on the exercise of share subscription rights

The Company shall make a decision in the same manner as the aforementioned “conditions for exercising subscription rights to shares.”

(3) Exercise Status of Moving Strike Bonds with Subscription Rights to Shares, etc.

Not applicable

(4) Details of Rights Plan

Not applicable

(5) Changes in Total Number of Shares Outstanding, Capital Stock, etc.

Fiscal year	Increase (decrease) in total number of shares outstanding (shares)	Balance of total number of shares outstanding (shares)	Increase (decrease) in capital stock (millions of yen)	Balance of capital stock (millions of yen)	Increase (decrease) in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
April 1, 2009–March 31, 2010 (Note)	3,313,607	229,849,936	559	23,344	559	11,554

Notes:
1. The increases are caused by exercising subscription rights to shares in convertible bond-type bonds with subscription rights to shares.
2. The total number of shares outstanding and the amount of capital stock and legal capital surplus have remained unchanged for the past five years. The above figures represent the movement (increase/decrease) in the latest year.

(6) Shareholding Status by Shareholder

As of December 31, 2015

Category	Status of shares (The share trading unit is 1,000 shares.)								Status of shares below stock trading unit (shares)
	Central and local governments	Financial institutions	Financial instrument business operators	Other legal entities	Foreign corporations, etc.		Individuals and other	Total	
					Other than individual	Individuals			
Number of shareholders	0	49	59	339	106	24	20,935	21,512	—
Number of shares held (unit of shares)	0	72,680	3,770	41,624	7,877	135	103,170	229,256	593,936
Shareholding ratio (%)	0.0	31.7	1.6	18.2	3.4	0.1	45.0	100.0	—

Notes:
1. 3,965,166 treasury shares are included in “Individuals and other” (3,965 units) and in “Status of shares below stock trading unit” (166 shares). The actual number of treasury shares held as of the fiscal year-end was 3,964,166 shares.
2. In “other legal entities,” 23 units in the name of the Japan Securities Depository Center, Inc. (JASDEC) were included.

(7) Status of Major Shareholders

As of December 31, 2015

Name or corporate name	Address	Number of shares held (thousands of shares)	Shareholding ratio to total number of shares outstanding (%)
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku, Tokyo	10,708	4.65
The Norinchukin Bank	1-13-2 Yurakucho, Chiyoda-ku, Tokyo	8,687	3.77
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	8,000	3.48
Iseki kabushiki hoyukai (Company's Stockholding Co-op.)	5-3-14, Nishi-nippori, Arakawa-ku, Tokyo	5,941	2.58
The Iyo Bank, Ltd.	1, Minami-horibata-cho, Matsuyama, Ehime	5,800	2.52
Sompo Japan Nipponkoa Insurance Inc.	1-26-1, Nishi-shinjuku, Shinjuku-ku, Tokyo	4,345	1.89
Mitsui Sumitomo Insurance Co., Ltd.	3-9, Kandasurugadai, Chiyoda-ku, Tokyo	4,193	1.82
Iseki eigyo-hansya group syain mochikabukai (Business-selling Group Holdings)	5-3-14, Nishi-nippori, Arakawa-ku, Tokyo	4,062	1.76
The Kyoei Fire & Marine Insurance Co., Ltd.	1-18-6, Shinbashi, Minato-ku, Tokyo	3,527	1.53
NIKKON Holdings Co., Ltd.	6-17 Akashi-Cho, Chuo-ku, Tokyo	3,417	1.48
Total	—	58,681	25.53

Notes:

1. In addition to the above, the Company actually owns treasury shares of 3,964,000 shares (accounting for 1.72% of the aggregate number of shares issued).
2. Based on the report on large shareholdings (change report) submitted by Mizuho Bank on May 22, 2014, we received a report to the effect that the said Bank jointly held the following shares as of May 15, 2014. However, we were not in a position to confirm the actual number of shares held by them as of the year-end of the fiscal year under review; therefore, we did not take it into consideration in the "Status of major shareholders." The details of said report on large shareholdings (change report) are as follows:

Name or corporate name	Address	Number of shares held (thousands of shares)	Shareholding ratio to total number of shares outstanding (%)
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku, Tokyo	10,708	4.66
Mizuho Trust & Banking Co., Ltd.	1-2-1, Yaesu, Chuo-ku, Tokyo	3,650	1.59

3. The report on large shareholdings (change report) provided for public inspection by Sumitomo Mitsui Trust Bank, Limited on June 19, 2015 states that the said Bank jointly held the following shares as of June 15, 2015. However, we were not in a position to confirm the actual number of shares held by them as of the year-end of the fiscal year under review; therefore, we did not take it into consideration in the "Status of major shareholders." The details of said report on large shareholdings (change report) are as follows:

Name or corporate name	Address	Number of shares held (thousands of shares)	Shareholding ratio to total number of shares outstanding (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	12,495	5.44
Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	671	0.29

(8) Status of Voting Rights

(i) Shares outstanding

As of Decmber 31, 2015

Class	Number of shares (shares)	Number of voting rights (units)	Content
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(shares of the Company held by the Company) Common shares 3,964,000	—	Class of shares as the Company's standard shares that have no limitations on the content of rights.
Shares with full voting rights (others)	Common shares 225,292,000	225,292	Ditto
Shares less than one unit	Common shares 593,936	—	Ditto
Total number of shares outstanding	229,849,936	—	—
Voting rights of all shareholders	—	225,292	—

Note: Common shares in the column of "Shares with full voting rights (others)" include 23,000 shares (23 voting rights) in the name of the Japan Securities Depository Center Inc.

(ii) Treasury shares, etc.

As of December 31, 2015

Name of owner or company name	Address of owner	Number of shares held in the name of the owner (shares)	Number of shares held in the name of another person (shares)	Total number of shares held (shares)	Shareholding ratio to total number of shares outstanding (%)
(shares of the Company held by the Company) Iseki & Co., Ltd.	5-3-14, Nishi-Nippori, Arakawa-ku, Tokyo	3,964,000	—	3,964,000	1.72
Total	—	3,964,000	—	3,964,000	1.72

Note: There are 1,000 shares (1 voting right) that the Company does not substantially hold although those shares are in the name of the Company in the shareholder registry. Such shares are included in common shares in the column of "Shares with full voting rights (others)" under "(i) Shares outstanding."

(9) Content of the Stock Option System

The Company adopted a stock option system based on subscription rights to shares.

The said system is, in accordance with Article 236, Article 238, and Article 240 of the Companies Act, to grant share subscription rights as share-compensation type stock options to the Company's directors (excluding outside directors) and the Company's corporate auditors (excluding part-time auditors). The details are as follows:

Date of resolution	July 30, 2014
Title and number of people who will be granted the subscription rights to shares	Nine board directors (excluding outside directors) and four corporate auditors (excluding part-time auditors) of the Company
Class of shares to be issued as the subscription rights to shares	Stated in "(2) Status of Subscription Rights to Shares, etc."
Number of shares	Ditto
Amount to be paid in for the subscription rights to shares	Ditto
Period during which the subscription rights to shares may be exercised	Ditto
Conditions for the exercise of the subscription rights to shares	Ditto
Matters concerning the transfer of the subscription rights to shares	Ditto
Matters regarding money paid in through the redemption of corporate bonds	—
Matters regarding the granting of the subscription rights to shares upon the acts of reorganization	Stated in "(2) Status of Subscription Rights to Shares, etc."

2. Status of Acquisition, etc., of Treasury Shares

[Class of shares, etc.] Acquisition of common shares pursuant to Article 155, Paragraph 7 of the Companies Act.

(1) Status of Acquisition through Resolution at a General Shareholders' Meeting

Not applicable

(2) Status of Acquisition through Resolution at the Board of Directors' Meeting

Not applicable

(3) Contents Not Based on Resolution at a General Shareholders' Meeting or the Board of Directors' Meeting

Classification	Number of shares (shares)	Total amount of shares (yen)
Number of treasury shares acquired during the fiscal year under review	5,019	1,142,400
Number of treasury shares acquired during the current period	239	42,077

Note: The number of treasury shares acquired during the current period does not include the number of shares added from purchasing shares less than one unit between March 1, 2016 and the date for submitting the securities report.

(4) Status of Disposal and Holding of Treasury Shares Acquired

Classification	Fiscal year under review		Current period	
	Number of shares (shares)	Total amount of shares disposed of (yen)	Number of shares (shares)	Total amount of shares disposed of (yen)
Treasury shares acquired through inviting subscribers	—	—	—	—
Acquired treasury shares disposed of	—	—	—	—
Acquired treasury shares transferred, accompanying a merger, share swap, and company split	—	—	—	—
Others	—	—	—	—
Number of treasury shares held	3,964,166	—	3,964,405	—

Note: The number of treasury shares held during the current period does not include the number of shares added from purchasing shares less than one unit between March 1, 2016 and the date for submitting the securities report.

3. Dividend Policy

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 maintain stable and growing dividend payouts, taking into consideration not just our consolidated financial results, but also our Group's financial position and future business activities, change in the business environment and other factors. We have made it a basic policy to pay end-of-year dividends once a year. The decision-making body on dividends is the general meeting of shareholders.

With respect to dividends for the fiscal year ended December 31, 2015, we resolved to pay 1.50 yen per share.

Dividends of surplus with a record date within the fiscal year ended December 31, 2015 are as follows:

Resolution date	Total amount of dividends paid (millions of yen)	Dividend per share (yen)
Ordinary General Meeting of Shareholders on March 25, 2016	338	1.50

4. Corporate Governance

(1) Overview of Internal Control System

1) Basic thoughts for internal control system

The main purpose of our management system is to respond quickly and accurately to changes in the business climate and to maintain fair business operations. Stable growth of shareholder value is another top priority of management. We are enhancing corporate governance to maintain positive relations with our stakeholders, including shareholders, customers, business partners, members of regional communities, and employees.

The Board of Directors is composed of 11 directors, including outside directors, and makes decisions on basic managerial matters, as well as matters specified in laws and regulations and the Articles of Incorporation. Meetings of the Board of Directors are held once a month and extraordinary meetings are convened as necessary to make prompt decisions. With regard to the execution of business, all corporate officers fulfill responsibilities inherent to the duties for which they are responsible, as decided by the Board of Directors, and implement sound management by discussing and reporting the appropriate development of business, existence of risks, and measures to prevent and avoid such risks. They do so while sharing the latest information with one another through twice-monthly meetings of the Directors' Operation Committee, which comprises all directors concurrently serving as corporate officers, corporate officers designated by the president, and the deputy general manager of each division, etc.

Also, to ensure transparent disclosure of information, we have established an internal control system that provides stakeholders with important information in a timely manner, and have also established administrative rules, a reporting structure, etc., for all Group companies to maintain fair business practices and share information.

The Board of Auditors is composed of five corporate auditors, of whom four are outside corporate auditors (including one certified public accountant and tax accountant). Corporate auditors attend all meetings of the Board of Directors and the Management Supervisory Committee, independently decide audit policies, audit the business and assets of the Company and its subsidiaries in cooperation with the internal audit division and an independent public accounting firm, and strictly examine important proposals of the Directors' Operation Committee, etc., and the status of business execution by directors.

As can be seen from the above, we deem this structure, which functions to sufficiently supervise management and ensure effective corporate governance, to be the most rational at present.

2) Details of corporate structure and progress with internal control system

(a) Compliance-oriented management

Positioning the Group's internal control system as one of the priority issues of management policy, we have determined a fundamental policy for our internal control system, based on which we have established an internal control system and revised it as necessary. To ensure the efficient execution of directors' duties, we have not merely prepared various regulations and systems such as job assignment and internal control regulations, but also important issues are discussed multilaterally and are reviewed at meetings attended by management. Furthermore, we have a system in place that properly oversees any information related to job execution, such as minutes of Board of Directors' meetings and approval documents in accordance with the Board of Directors Regulations and the Document Control Regulations.

In terms of a compliance system, a companywide "compliance team" under the supervision of the director in charge of compliance endeavors to prevent any infractions or misconduct by ensuring a full understanding of compliance on the part of all directors and employees by continuously holding compliance seminars under the direction of a compliance team.

The Company also created the Management Supervisory Committee in 2007, with the chairman as head, all directors as members and all corporate auditors as observers, so that it could follow the discussions on different measures and their level of progress, while checking the degree of thoroughness of compliance.

As part of internal control, the more independent Internal Control & Audit Department is in place and in charge of auditing and monitoring the Company, manufacturing subsidiaries and sales subsidiaries. With the aim of segregating its operations from business execution divisions and giving it a more neutral function, the Internal Control & Audit Department was moved from a position where it reported directly to the president to a position under the Management Supervisory Committee, effective May 1, 2015.

In addition, we separated the Management Control Section of the Agri-Plant Business, which directly submitted reports to the head of the Agri-Plant Department in the Business Division and monitored the facility business. On April 1, 2014, we reformed the unit as the Management Control Section for Agri-Plant Business to monitor operations outside the facility business under a system where it submits a direct report to the head of the Business Division. In spite of efforts to bolster the monitoring function through the above reorganization, the Company was involved in an incident in March 2015, receiving a cease and desist order and a surcharge payment order from the Fair Trade Commission due to a violation of the Antimonopoly Act regarding the bidding on facility construction projects. Given this experience, and to further strengthen and improve its supervisory and monitoring functions, the Management Control Division for the Agri-Plant Business was absorbed into the Internal Control & Audit Department on May 1, 2015.

(b) Rejection of antisocial forces

We actively work to avoid any possible relations with antisocial forces or groups, as stated in the policy of the "ISEKI Group Code of Ethical Behavior." To establish corporate ethics at Iseki and Group companies, we provide action guidelines regarding antisocial forces in the "ISEKI Group Code of Ethical Behavior," and systems to reject antisocial forces and related activities.

3) Status of internal audits and audits by corporate auditors

Internal audits of the Company are organized by the Internal Control & Audit Department with a staff of fifteen, which is independent of business execution divisions and sections. Based on internal audit rules, the department carries out accounting, business, and internal control audits of associated companies and each business division and section to ascertain whether businesses of the Group as a whole are executed appropriately and efficiently.

The Board of Auditors is composed of five corporate auditors, including four outside corporate auditors. In accordance with auditing policies, the audit plan, etc., established by the Board of Auditors, corporate auditors attend meetings of the Board of Directors and the Management Supervisory Committee, and other meetings deemed important, listen to Directors review the execution of their duties, peruse documents based on which important decisions are made, and audit the status of the businesses and assets of associated companies and each business division and section. They also cooperate with the Internal Control & Audit Department and the independent public audit firm by having periodic exchanges of opinions and information, meetings held as necessary, and other activities.

Masaharu Kamekawa, who is a full-time corporate auditor, has long been in charge of accounting affairs and internal control affairs of the Company and has extensive knowledge of finance and accounting and internal control.

4) Outside directors and outside corporate auditors

The Company has elected two outside directors and four outside corporate auditors.

The Company has elected two outside directors who provide an external perspective in management, further enhancing the supervisory function over the execution of business and further improving transparency of management. Also, we are strengthening the monitoring of management functions by enhancing and reinforcing the corporate auditing structure with five corporate auditors, including four outside corporate auditors.

Atsushi Iwasaki, an outside director, has a wealth of experience and knowledge as a certified public accountant and has supervised management from an objective standpoint in an effort to enhance the supervisory functions of the Board of Directors and to ensure transparency. He was elected an outside director as the Company expects further contributions from him in that effort. Shoji Tanaka, an outside director, has a wealth of experience and knowledge as a lawyer. He was elected an outside director as the Company expects him to supervise management from an objective standpoint in an effort to enhance the supervisory functions of the Board of Directors and to ensure transparency.

Seigo Kimoto, an outside corporate auditor, previously worked for Chuo Mitsui Asset Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited). We elected him as outside corporate auditor because we expect that his extensive knowledge and experience, obtained while holding various posts, including as general manager of a division at said bank, will be leveraged in the auditing structure of the Company. Atsushi Oka, an outside corporate auditor, previously worked for The Iyo Bank, Ltd. We elected him as outside corporate auditor because we expect his extensive knowledge and experience, obtained while holding various posts including at an overseas branch and as general manager of a division at said bank, will be leveraged in the auditing structure of the Company. Yoshiki Kawano, an outside corporate auditor, previously worked for The Norinchukin Bank. He was elected an outside corporate auditor as the Company expects him to utilize his extensive experience and knowledge in the agricultural industry as well as in the areas of receivables management and internal control, to conduct an appropriate audit of the execution of duties by directors. Mami Taira was elected an outside corporate auditor as the Company expects her to utilize her extensive knowledge in tax and accounting as well as her wealth of experience as a certified public accountant and tax accountant, to conduct an appropriate audit of the execution of duties by directors. Each corporate auditor discusses and decides audit policies, audit plans and division of duties at meetings of the Board of Auditors. In accordance with these decisions, each corporate auditor attends meetings of the Board of Directors, the Management Supervisory Committee, and other meetings deemed important, peruses documents based on which important decisions are made, and audits the status of the businesses and assets of associated companies and each business division and section. Corporate auditors also share information with an independent public audit firm at meetings held periodically.

We have also designated and authorized Atsushi Iwasaki and Shoji Tanaka, who are outside directors, and Mami Taira, who is an outside corporate auditor, as independent officers pursuant to the Securities Listing Regulations of the Tokyo Stock Exchange. As a result, we believe objectivity and neutrality of governance are achieved. Atsushi Iwasaki and Shoji Tanaka, outside directors, and Mami Taira, an outside corporate auditor, do not receive large sums of money or assets from the Company other than the remuneration designated for officers as they are a certified public accountant, lawyer and certified public accountant/tax lawyer, respectively. Therefore, we deem these three officers to have no conflict of interest with general shareholders. As we have not established our own standards or policies on the independence of outside directors/corporate auditors, we refer to the standards of the stock exchange for evaluating the independence of independent officers when electing them.

5) Independent public auditing

The Company has appointed Ernst & Young ShinNihon LLC as its independent public audit firm. There are no special relationships between the Company and Ernst & Young ShinNihon LLC that would present a conflict of interest. The Company and Ernst & Young ShinNihon LLC have signed an audit agreement, based on which Ernst & Young ShinNihon LLC receives compensation. The Company's corporate auditors and the audit firm regularly hold liaison meetings, at which they exchange information related to the audit plan, scope, and other relevant matters. Other than their regular liaison meetings, the corporate auditors and Ernst & Young ShinNihon LLC meet as necessary to share information on audit examination items and processes.

Certified Public Accountants Assigned to the Company

Yoshio Ogawa (Ernst & Young ShinNihon LLC)

Shizu Nakao (Ernst & Young ShinNihon LLC)

Since all of the CPAs have been assigned to the Iseki & Co., Ltd. account for seven years or less, the number of consecutive years they have been working on the account is not noted here. Ernst & Young ShinNihon has voluntarily agreed not to assign any of its employees to work on the account for more than a fixed number of years.

Composition of Ernst & Young ShinNihon LLC Auditing Team

14 CPAs

10 Others

6) Establishing a risk management system

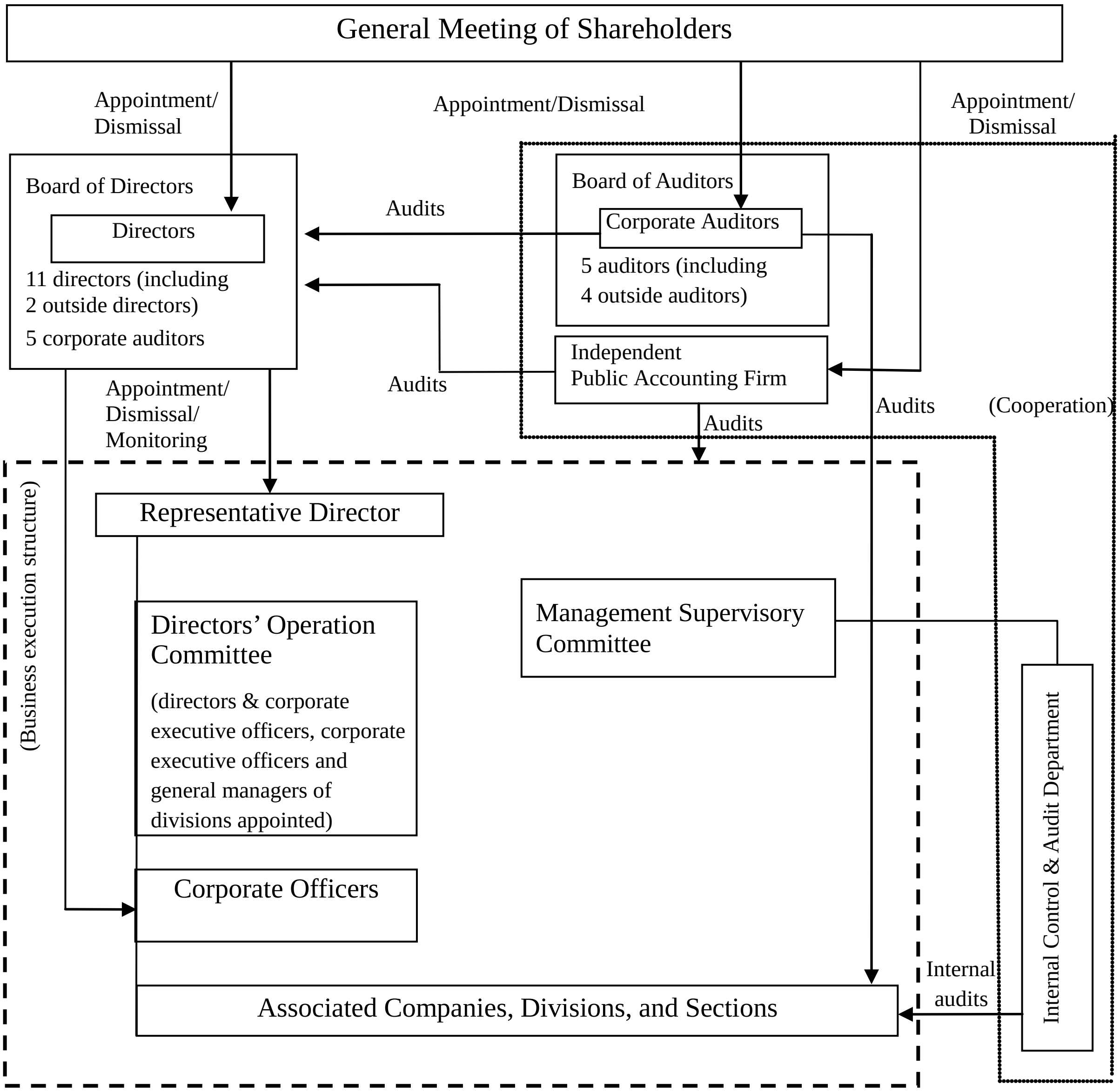
Addressing the overall risk exposure of the Group, the Company has set up risk management standards and rules as well as monitoring and response systems to prevent avoidable risk and to minimize losses.

7) Actions for improving corporate governance during the previous year

Iseki believes that the timely disclosure of information is essential to building good relations with stakeholders. To that end, we endeavor to proactively disclose information, actively holding information meetings on quarterly performance.

The Company also addresses environmental issues. It regularly publishes an environmental report (last published August 2015). The entire Group takes an active part in environmental programs and has been assessed by an independent institution as an organization that "is recognized as being particularly advanced in its environmental activities." We also publish an intellectual property report (last published August 2015) disclosing our research and development activities and strategies for strengthening our intellectual assets. Regarding the status of complying with the Corporate Governance Code, we added one outside director to increase the number of outside directors to two, with the aim of further enhancing and improving the supervisory functions of the Board of Directors.

8) Diagram illustrating the Company's corporate governance structure



9) Stipulated number of members of the Board of Directors

The Company's articles of incorporation stipulate that the Board of Directors shall comprise no more than 11 directors.

10) Requirement for election of directors

The articles of incorporation stipulate that the directors of the Company shall be elected by a majority of votes by shareholders at the general meeting of shareholders, where the shareholders represent one-third or more of the total voting rights of shareholders. The articles of incorporation also stipulate that directors may not be elected by cumulative voting.

11) Items that may be decided by the Board of Directors instead of resolution of the general meeting of shareholders, and their purpose

(a) Acquisition of treasury shares

As prescribed in the provisions of Article 165, Paragraph 2, of the Companies Act, the articles of incorporation stipulate that the Company may acquire treasury shares based on a decision made by the Board of Directors. This provision allows the systematic pursuit of funding strategies.

(b) Absolution of directors from liability

As provided for in Article 426, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may absolve directors (including past directors) from liability, as defined in Article 423, Paragraph 1, of the same Act under the limitations of the Act based on a decision by the Board of Directors provided that the directors have acted in good faith and have not been excessively negligent in their duties. This provision enables directors to pursue their duties to the full extent of expectations.

(c) Absolution of corporate auditors from liability

As provided for in Article 426, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may absolve corporate auditors (including past corporate auditors) from liability, as defined in Article 423, Paragraph 1, of the same Act under the limitations of the Act based on a decision by the Board of Directors, provided that the corporate auditors have acted in good faith and have not been excessively negligent in their duties. This provision enables corporate auditors to pursue their duties to the full extent of expectations.

(d) Absolution of outside directors and outside corporate auditors from liability

As provided for in Article 427, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may conclude an agreement to limit the liabilities of outside directors and outside corporate auditors defined in Article 423, Paragraph 1, of the same Act. The Company has concluded an agreement with one part-time corporate auditor among outside directors and outside corporate auditors, to limit the liabilities defined in Article 423, Paragraph 1, of the Companies Act. The limit of liability pursuant to said agreement is the amount specified by the law. The said limit of liabilities shall be approved provided the said outside directors and outside corporate auditors act in good faith and are not unreasonably negligent in the execution of their duties, which is the source of liability. This provision enables the Company to appoint appropriate persons as outside directors and outside corporate auditors in future and enables outside directors and outside corporate auditors to pursue their duties to the full extent of expectations.

(e) Absolution of independent public audit firm from liability

As provided for in Article 426, Paragraph 1, of the Companies Act, the articles of incorporation stipulate that the Company may absolve the independent public audit firm (including past independent public audit firms) from liability, as defined in Article 423, Paragraph 1, of the same Act under the limitations of the Act based on a decision by the Board of Directors, provided that the independent public audit firm has acted in good faith and has not been excessively negligent in its duties. This provision enables the independent public audit firm to pursue its duties to the full extent of expectations.

12) Requirements for approving a special resolution of the general meeting of shareholders

The articles of incorporation stipulate that special resolutions as provided for in Article 309, Paragraph 2, of the Companies Act may be decided by a majority of two-thirds or more of votes by shareholders at the general meeting of shareholders, where the shareholders represent one-third or more of the total voting rights of shareholders. This provision enables the smooth proceedings of general meetings of shareholders by lowering the quorum requirement.

(2) Remuneration for Independent Public Audit Firm

1) Remuneration for certified public accountants and others of independent public audit firm

(Millions of yen)

	FY ended Mar. 31, 2015		FY ended Dec. 31, 2015	
	Remuneration for audit certification services	Remuneration for non-audit services	Remuneration for audit certification services	Remuneration for non-audit services
Audited company	65	7	65	—
Consolidated subsidiaries	7	—	7	—
Total	72	7	72	—

2) Other remuneration

(Fiscal year ended March 31, 2015)

The Company and some of its consolidated subsidiaries pay ¥14 million as remuneration for audit certification services and non-audit services to Ernst & Young, which is in the same group as Ernst & Young ShinNihon LLC, the independent public audit firm of the Company.

(Fiscal year ended December 31, 2015)

The Company and some of its consolidated subsidiaries pay ¥15 million as remuneration for audit certification services and non-audit services to Ernst & Young, which is in the same group as Ernst & Young ShinNihon LLC, the independent public audit firm of the Company.

3) Details of non-audit services performed by certified public accountants of independent public audit firm for audited company

(Fiscal year ended March 31, 2015)

The Company requested advisory services in respect of procedures for items to be newly incorporated into the scope of consolidated accounting, which is designated as services (non-audit services) other than those provided for in Article 2, Paragraph 1, of the Certified Public Accountants Act, and paid remuneration.

(Fiscal year ended December 31, 2015)

Not applicable

4) Policy for determining remuneration for public audit firm

Remuneration is determined with the approval of the Board of Auditors by taking the number of auditing days, services performed, and other factors into overall consideration.

V. Accounting Status

1. Method of Preparing Consolidated Financial Statements and Financial Statements

(1) The Company's consolidated financial statements are prepared on the basis of "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Finance Ministry Order No. 28 of 1976.

(2) The Company's financial statements are prepared on the basis of the "Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc." (Finance Ministry Order No. 59 of 1963 (hereinafter referred to as "Ordinance on Financial Statements").

The Company falls under the category of companies submitting special purpose financial statements, and prepares financial statements on the basis of Article 127, of Ordinance on Financial Statements.

2. Audit Certification

Based on the provision of Article 193-2, Paragraph 1, of the "Financial Instruments and Exchange Act," the Company received an audit by Ernst & Young ShinNihon LLC of its consolidated financial statements for the consolidated fiscal year (from April 1, 2015 through December 31, 2015) and its financial statements for the fiscal year (from April 1, 2015 through December 31, 2015).

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

To ensure the appropriateness of its consolidated financial statements, etc., the Company joined the Financial Accounting Standards Foundation (FASF) and has taken part in its seminars, etc., with the aim of properly understanding the content of accounting standards and putting in place a system that can respond to changes, etc., in accounting standards, etc., in an appropriate manner.

4. Change of Fiscal Year-End

Pursuant to the amendment to the Articles of Incorporation resolved at the 91st Ordinary General Meeting of Shareholders on June 24, 2015, the fiscal year-end was changed from March 31 to December 31. Accordingly, the consolidated fiscal year and the fiscal year under review are nine-month periods from April 1, 2015 to December 31, 2015.

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	*7 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
Others	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	*1 20,224	*1 22,957
Machinery, equipment and vehicles, net	9,363	10,092
Tools, furniture and fixtures, net	2,754	3,283
Land	*1,8 50,395	*1,8 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	*2 92,992	*2 96,911
Intangible assets	1,105	1,134
Investments and other assets		
Investment securities	*3 9,495	*3 8,569
Long-term loans receivable	1,003	52
Deferred tax assets	846	731
Net defined benefit asset	513	714
Other	*3 6,766	*3 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	*7 29,400
Electronically recorded obligations—operating	1,778	*7 10,604
Short-term loans payable	*1 25,134	*1 24,389
Current portion of long-term loans payable	*1 13,941	*1 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	*1 4,453	*1,7 5,868
Total Current Liabilities	92,689	87,518
Non-current Liabilities:		
Long-term loans payable	*1 18,520	*1 23,703
Lease obligations	6,559	6,414
Deferred tax liabilities	1,018	1,624
Deferred tax liabilities for land revaluation	*8 6,074	*8 6,074
Provision for directors’ retirement benefits	125	107
Net defined benefit liability	5,298	4,806
Asset retirement obligations	266	304
Other	*1 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	*8 12,401	*8 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	*1,2 111,777	*1,2 104,498
Gross profit	45,640	40,711
Selling, general and administrative expenses		
Advertising expenses	1,285	1,137
Packing and transportation expenses	3,672	2,848
Directors' compensations, salaries and allowances	18,382	17,082
Bonuses	3,271	2,430
Retirement benefit expenses	1,651	693
Provision for bonuses	311	312
Provision for directors' retirement benefits	26	23
Depreciation	1,507	1,713
Other	16,066	14,010
Total selling, general and administrative expenses	*2 46,175	*2 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

(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)
Extraordinary income		
Gain on sales of non-current assets	*3 47	*3 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	*4 395	*4 187
Impairment loss	*5 165	*5 99
Surcharges	305	270
Other	8	—
Total extraordinary losses	874	556
Profit before income taxes and minority interests	1,304	741
Income taxes—current	1,662	756
Income taxes—deferred	(29)	1,446
Total income taxes	1,633	2,202
Profit (loss)	(328)	(1,460)
Profit (loss) attributable to non-controlling interests	(9)	5
Profit (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	*1 4,838	*1 (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 current 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)
Profit (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 current period	23,344	13,454	15,658	(986)	51,470

(Millions of yen)

	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 current 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)
Profit (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 current period	2,979	—	12,401	1,771	750	17,902	68	1,624	71,065

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

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' Equity
Balance at beginning of current 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)
Profit (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 current period	23,344	13,454	13,514	(988)	49,325

(Millions of yen)

	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 current 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)
Profit (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 current period	2,509	1	12,401	1,425	717	17,055	91	1,626	68,099

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY ended Mar. 31, 2015 (April 1, 2014– March 31, 2015)	**FY ended Dec. 31, 2015** (April 1, 2015– December 31, 2015)
Cash Flows from Operating Activities:		
Profit before income taxes and minority interests	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 dividend 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 Investment 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	[*2] 522	—
Other	(128)	(82)
Net cash provided by (used in) investment 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	*3(469)	—
Cash and Cash Equivalents at End of Period	6,570	8,761

[Notes]
(Notes Regarding the Going Concern Assumption)
Not applicable

(Important Basic Items for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) 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) Names of major non-consolidated subsidiaries

N.V. ISEKI EUROPE S.A.

Because the non-consolidated subsidiary is small in scale and none of its total assets, net sales, profit (loss), or retained earnings (the amount corresponding to the equity interest), etc., has a material impact on the consolidated financial statements, it is removed from the scope of consolidation.

2. Scope of the equity-method companies

(1) Number of affiliates to which the equity method is applied: 2 companies

Dongfeng Iseki Agricultural Machinery Co., Ltd., ISEKI SALES (THAILAND) CO., LTD.

(2) Names of major non-consolidated subsidiaries and affiliates to which the equity method is not applied.

N.V. ISEKI EUROPE S.A.

Because the company to which the equity method is not applied has little effect on profit (loss), retained earnings, etc., and is insignificant on the whole, it is removed from the scope of the equity-method companies.

3. Change of fiscal year-end

The Company's consolidated fiscal year-end date, which was previously March 31 of each year, has been changed to December 31 from the consolidated fiscal year under review to improve the efficiency of management and business operations such as budgeting and managing the operating results of the Group, and to further enhance management transparency by disclosing management information in a timely and accurate manner. Accordingly, the consolidated fiscal year under review is a nine-month period from April 1, 2015 to December 31, 2015.

4. Consolidated accounting period

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

In preparing the consolidated financial statements, the financial closing date of Iseki-Matsuyama Mfg. Co., Ltd. and seven other companies has been changed from March 31 to December 31, with the nine-month period from April 1, 2015 to December 31, 2015 as the time period for consolidation. For Iseki-Hokkaido Co., Ltd. and 13 other companies whose financial closing date was December 31, the 12-month period from January 1, 2015 to December 31, 2015 was used as the time period for consolidation. For ISEKI France S.A.S and one other company whose financial closing date is September 30, their financial statements as of the financial closing date were used, with the necessary adjustments for consolidation made for any important transactions that occurred between the consolidated balance sheet date and the financial closing date for consolidation purposes.

5. Accounting policies

(1) Valuation basis and methods of important assets

(i) Inventories

Mainly recorded at cost using the gross average method (balance sheet amounts for items with reduced profitability have been adjusted downward accordingly)

(ii) Securities

(a) Held-to-maturity debt securities

Recorded at amortized cost (straight-line method)

(b) 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, and cost of sales is calculated using the moving-average method.)

- Securities without fair market value

Mainly recorded at cost, based on the moving-average method

(iii) Derivatives

Recorded using the market value method

(2) Depreciation methods for material depreciable assets

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

The straight-line method is applied.

(Principal useful lives)

Buildings and structures	3 through 50 years
Machinery, equipment and vehicles	2 through 17 years
Tools, furniture and fixtures	2 through 20 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

However, software for internal use is depreciated using the straight-line method over an expected useful life within the company of five years.

(iii) 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 the lessee, leases that began before March 31, 2008 are accounted for as normal operating leases.

(3) Allowances and reserves

(i) 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.

(ii) Provision for bonuses

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

(iii) Provision for directors' retirement benefits

Some of the Company's consolidated subsidiaries record directors' retirement benefits as a provision for directors' retirement benefits in an amount required by the companies' internal regulations.

(iv) 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 consolidated fiscal year under review 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

(i) 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 consolidated fiscal year under review is based on the straight-line method attribution.

(ii) 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.

(iii) 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

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 reliably estimated (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 overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet dates. Differences arising from 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.

Those receivables and payables which are denominated in foreign currencies and for which forward exchange contracts have been entered, are recorded using the forward exchange rates.

(b) Hedging instruments and hedged items

- Hedging instruments......Forward exchange contracts and interest rate swap agreements

- Hedged items......Receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currencies, and loans payable

(c) Hedging policy

The Company hedges the risks associated with fluctuations in foreign currency exchange rates and interest rates.

As for the risks associated with fluctuations in foreign currency exchange rates for transactions in foreign currencies that occur when carrying out export and import business, the Company makes it its policy to balance export exchange with import exchange, and for interest-rate fluctuation risk on borrowings, the Company makes it its policy to hedge against variable interest rate borrowings with the aim mainly of spreading interest payments.

(d) Method of assessing effectiveness of hedging

The Company assesses the effectiveness of hedging by comparing the respective changes in total amount of cash flows regarding hedging instruments and hedged items.

(e) Other risk management methods regarding hedge accounting

Transactions are conducted under the internal policies which include procedures and authorization processes. To assess the effectiveness of risk hedging, etc., the Company makes it a rule that the finance divisions verify results on a regular basis.

(8) Amortization method and amortization period of goodwill

Goodwill is amortized equally over a period of no longer than 20 years after the fiscal year in which the goodwill arises.

(9) Cash and cash equivalents

When preparing the consolidated statement of cash flows, cash-on-hand, demand deposits, and short-term, high-liquidity investments with maturities not exceeding three months, which can be easily converted into cash and involve little risk of fluctuation of value, are considered to be cash and cash equivalents.

(10) Other notes pertaining to the preparation of the Consolidated Financial Statements

Accounting treatment of consumption tax

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

Changes in accounting policy

(Application of the Accounting Standard for Business Combinations, etc.)

Effective from the consolidated fiscal year under review, the Company has adopted the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; the "Accounting Standard for Business Combinations"), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013; the "Accounting Standard for Consolidated Financial Statements"), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; the "Accounting Standard for Business Divestitures") and other standards. As a result, the accounting method was changed to record the difference associated with changes in equity in subsidiaries remaining under the control of the Company as capital surplus, and to record acquisition-related costs as expenses for the fiscal year in which such costs are incurred. For business combinations implemented on or after the beginning of the consolidated fiscal year under review, the method of allocating acquisition costs has been changed. The allocation of acquisition costs 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 Company has changed its presentation method for net income and other related items, and changed the presentation of minority interests to non-controlling interests. In order to reflect these changes, the consolidated financial statements for the previous consolidated fiscal year have been restated.

Also, in the consolidated statement of cash flows for the consolidated fiscal year under review, disbursements for acquisitions or proceeds from sales of shares of subsidiaries not resulting in a change in scope of consolidation have been presented in cash flows from financing activities, and cash outflows from acquisition-related costs for acquisitions of shares of subsidiaries resulting in change in scope of consolidation and cash outflows from acquisition- or sale-related costs for shares of subsidiaries not resulting in a change in scope of consolidation have been presented in cash flows from operating activities.

The application of the Accounting Standard for Business Combinations and other related standards is in accordance with the transitional measures provided for in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for the Consolidated Financial Statements and Article 57-4 (4) of the Accounting Standard for Business Divestitures, and is effective from the beginning of the consolidated fiscal year under review.

There is no impact on the consolidated financial statements for the consolidated fiscal year under review.

(Accounting standards that have not yet come into effect)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, December 28, 2015)

1 Outline

The Implementation Guidance on Recoverability of Deferred Tax Assets basically continues to apply the framework used in the JICPA Audit Committee Report No. 66 "Audit Treatment for Judgment of Recoverability of Deferred Assets" in which companies are grouped into five categories and the amounts of deferred tax assets are estimated according to such categories. However, the necessary revisions were made with respect to the treatment of the following.

(1) Accounting treatments of entities not meeting any of the category criteria from Category 1 through Category 5

(2) Category criteria of Category 2 and Category 3

(3) Accounting treatments of unscheduled deductible temporary differences for entities in Category 2

(4) Accounting treatments for a reasonably estimated period for taxable income before temporary differences for entities in Category 3

(5) Accounting treatments where entities satisfying the category criteria of Category 4 also fall in Category 2 or Category 3

2 Date of application

The accounting standards will be applied at the beginning of the fiscal year ending December 31, 2017.

3 Impact of application of the accounting standards

The extent of its impact is being evaluated at the time of preparing these consolidated financial statements.

Changes in the Method of Presentation

(Consolidated statements of income)

"Loss on abandonment of inventories," which was presented as an independent line item under "non-operating expenses" in the previous consolidated fiscal year became 10 percent or less of total non-operating expenses. As a result, it has been included in "other" from the consolidated fiscal year under review. To reflect the change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been restated.

As a result, "loss on abandonment of inventories" of ¥15 million and "other" of ¥352 million under "non-operating expenses" in the consolidated financial statements of the previous consolidated fiscal year were restated as "other" of ¥368 million.

(Consolidated Balance Sheet Information)

*1 Assets provided as collateral

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
I Property, plant and equipment		
Buildings and structures	¥1,982 million	¥2,554 million
Land	¥5,341 million	¥5,648 million
Total	¥7,323 million	¥8,202 million
II Liabilities pertaining to the above items		
Short-term loans payable	¥7,190 million	¥7,840 million
Current portion of long-term loans payable	¥1,247 million	¥1,665 million
Other (accounts payable)	¥9 million	¥9 million
Long-term loans payable	¥2,591 million	¥3,739 million
Other (long-term accounts payable)	¥9 million	¥— million
Total	¥11,048 million	¥13,254 million

*2 Accumulated depreciation of property, plant and equipment

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Accumulated depreciation	¥100,630 million	¥103,229 million

*3 Investment and other assets invested in non-consolidated subsidiaries and affiliates

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Investment securities (shares)	¥196 million	¥168 million
Other (investments in capital)	¥4,385 million	¥4,198 million
(of which, amount of investment in jointly controlled entity)	¥4,371 million	¥4,184 million

4 Guaranteed liabilities

The Company guarantees liabilities on loans from financial institutions made by the following companies which are not its consolidated subsidiaries.

FY ended Mar. 31, 2015 (as of Mar. 31, 2015)		FY ended Dec. 31, 2015 (as of Dec. 31, 2015)	
Iseki-Changzhou Mfg. Co., Ltd. (China)	¥3,230 million	Iseki-Changzhou Mfg. Co., Ltd. (China)	¥2,870 million
Higashi Nihon Agricultural Equipment Cooperative Union	¥2,271 million	Higashi Nihon Agricultural Equipment Cooperative Union	¥2,271 million
Nishi Nihon Agricultural Equipment Cooperative Union	¥1,333 million	Nishi Nihon Agricultural Equipment Cooperative Union	¥1,333 million
Kinki Agricultural Equipment Cooperative Union	¥831 million	Kinki Agricultural Equipment Cooperative Union	¥821 million
Other	¥1,165 million	Other	¥804 million
Total	¥8,830 million	Total	¥8,099 million

5 Contingent liabilities

Fiscal year ended March 31, 2015 (as of March 31, 2015)

On November 19, 2013, the Company underwent an on-site investigation by the Fair Trade Commission (FTC), in accordance with the Antimonopoly Act, regarding bidding on facility construction projects in areas excluding Hokkaido, and then received an order for a surcharge payment on March 26, 2015. The amount paid was ¥305 million and was posted as an extraordinary loss.

In addition, on July 29, 2014, Iseki-Hokkaido Co., Ltd., the Company's consolidated subsidiary, underwent an on-site investigation by the FTC on suspicion of violating the Antimonopoly Act regarding construction of facilities which are to be used for drying, preparing and keeping grain, and machinery to be installed at the facilities, based on orders from Hokkaido's Agricultural Cooperative Associations and local government offices, etc. The investigation is still in progress. The case may result in a loss due to surcharge payments, etc., in the future, and at the present time, it is difficult to make a reasonable estimate of the surcharge, and it is also uncertain whether the said matter will affect the consolidated financial results.

Fiscal year ended December 31, 2015 (as of December 31, 2015)

The Company underwent an on-site investigation by the JFTC on October 6, 2015 on suspicion of a 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 still in progress. The case may result in a loss due to surcharge payments, etc., in the future, and at the present time, it is difficult to make a reasonable estimate of the surcharge, and it is also uncertain whether the said matter will affect the consolidated financial results.

6 Notes receivable less discount—trade and endorsed notes receivable—trade

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Notes receivable less discount—trade	¥2 million	¥4 million
Endorsed notes receivable—trade	¥106 million	¥112 million

*7 Notes maturing on the consolidated fiscal year-end date

Notes maturing on the consolidated fiscal year-end date are treated for accounting purposes as maturing on their settlement dates. As the last day of the consolidated fiscal year under review was a bank holiday, the following notes maturing on the fiscal year-end date were included in the balances at the end of the fiscal year.

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Notes receivable—trade	¥— million	¥280 million
Notes payable—trade	¥— million	¥1,916 million
Electronically recorded obligations—operating	¥— million	¥858 million
Other (notes payable—trade: facilities)	¥— million	¥372 million
Other (electronically recorded obligations —non-operating)	¥— million	¥50 million

*8 Revaluation of land for business use

The Company, which submitted its consolidated financial statements, 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 said revaluation has been recorded in liabilities as "Deferred tax liabilities for land revaluation" and the deducted amount has been recorded in 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 as stipulated in Paragraph 3, Article 2, of the enforcement order (government ordinance number 119, announced on March 31, 1998).

- Revaluation date

March 31, 2001

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Variance between the market value of the revalued land at the end of the period and the revalued book value	¥ (12,294) million	¥ (12,294) million

9 Commitment line contract

The Company has concluded a commitment line contract with certain banks to reduce its interest-bearing liabilities and improve efficient financing and financial account balance.

The unused portion of commitments on the lending commitment as of the end of the consolidated fiscal year under review is as follows:

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Aggregate amount of lending commitment	¥20,030 million	¥35,030 million
Used portion of commitments	¥2,400 million	¥4,000 million
Balance unused	¥17,630 million	¥31,030 million

(Consolidated Statements of Income Information)

*1 Inventory at the end of the fiscal year represents the amount adjusted downward for items with reduced profitability and the following loss on valuation of inventories is included in cost of sales.

FY ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)
¥ 425 million	¥ (11) million

*2 Research and development expenses included in selling, general and administrative expenses and current manufacturing expenses

FY ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)
¥4,580 million	¥2,666 million

*3 Gain on sales of non-current assets

	FY ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)
Buildings and structures	¥11 million	¥0 million
Machinery, equipment and vehicles	¥15 million	¥32 million
Tools, furniture and fixtures	¥3 million	¥1 million
Land	¥16 million	¥7 million
Total	¥47 million	¥41 million

*4 Loss on sales and retirement of non-current assets

	FY ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)
Buildings and structures	¥193 million	¥85 million
Machinery, equipment and vehicles	¥135 million	¥86 million
Tools, furniture and fixtures	¥8 million	¥5 million
Land	¥55 million	¥4 million
Other	¥2 million	¥5 million
Total	¥395 million	¥187 million

*5 Impairment loss

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

The Company recorded an impairment loss of ¥165 million (¥21 million for buildings and structures and ¥143 million for land) on the following assets.

Usage	Type	Location	Amount (millions of yen)
Idle property	Buildings, structures and land	Inashiki, Ibaraki Prefecture	20
		Ohtawara, Tochigi Prefecture	82
		Matsuzaka, Mie Prefecture	4
		Mihara, Hiroshima Prefecture	5
	Buildings and land	Kita-akita, Akita Prefecture	11
	Land	Annaka, Gunma Prefecture	13
		Anjo, Aichi Prefecture	24
		Kunisaki, Oita Prefecture	3
Total			165

(Background)

The Company recorded an impairment loss on the above assets. This is because the above said properties are idle and have no prospect for use in the future. In addition, the market price of land is declining.

(Grouping method)

We group our assets under designated units, which manage receipts and payments independently. We also group idle properties and properties leased out individually.

(Measurement of recoverable amount)

The recoverable amount is measured using the 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 an impairment loss of ¥99 million (¥14 million for buildings and structures and ¥84 million for land) on the following assets.

Usage	Type	Location	Amount (millions of yen)
Idle property	Buildings, structures and land	Uonuma, Niigata Prefecture	19
	Buildings and land	Akita, Akita Prefecture	38
		Matsuyama, Ehime Prefecture	19
	Land	Hitachinaka, Ibaraki Prefecture	3
		Niigata, Niigata Prefecture	1
		Shinanomachi, Kamiminochigun, Nagano Prefecture	2
		Matsuzaka, Mie Prefecture	2
		Mitoyo, Kagawa Prefecture	3
		Kirishima, Kagoshima Prefecture	7
Total			99

(Background)

The Company recorded an impairment loss on the above assets. This is because the above said properties are idle and have no prospect for use in the future. In addition, the market price of land is declining.

(Grouping method)

We group our assets under designated units, which manage receipts and payments independently. We also group idle properties and properties leased out individually.

(Measurement of recoverable amount)

The recoverable amount is measured using the 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 Comprehensive Income Information)

*1 Reclassification and tax effect relating to other comprehensive income

	FY ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)
Valuation difference on available-for-sale securities		
Amount arising during fiscal year under review	¥2,339 million	¥(480) million
Reclassification	¥(24) million	¥(213) million
Before tax effect adjustment	¥2,315 million	¥(694) million
Tax effect	¥(679) million	¥222 million
Valuation difference on available-for-sale securities	¥1,636 million	¥(472) million
Deferred gains or losses on hedges		
Amount arising during fiscal year under review	¥– million	¥1 million
Tax effect	¥– million	¥(0) million
Deferred gains or losses on hedges	¥– million	¥1 million
Revaluation reserve for land		
Tax effect	¥569 million	¥– million
Foreign currency translation adjustment		
Amount arising during fiscal year under review	¥210 million	¥(105) million
Reclassification	¥(241) million	¥– million
Foreign currency translation adjustment	¥(31) million	¥(105) million
Remeasurements of defined benefit plans, net of tax		
Amount arising during fiscal year under review	¥1,435 million	¥(18) million
Reclassification	¥1,615 million	¥(33) million
Before tax effect adjustment	¥3,051 million	¥(52) million
Tax effect	¥(1,032) million	¥19 million
Remeasurements of defined benefit plans, net of tax	¥2,018 million	¥(33) million
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during fiscal year under review	¥645 million	¥(239) million
Total other comprehensive income	¥4,838 million	¥(849) million

(Consolidated Statements of Changes in Equity Information)

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

1. Matters concerning outstanding stocks

Class of shares	Number of shares (as of Apr. 1, 2014)	Increase in number of shares	Decrease in number of shares	Number of shares (as of Mar. 31, 2015)
Common shares	229,849,936	—	—	229,849,936
Total	229,849,936	—	—	229,849,936

2. Matters concerning treasury shares

Class of shares	Number of shares (as of Apr. 1, 2014)	Increase in number of shares	Decrease in number of shares	Number of shares (as of Mar. 31, 2015)
Common shares	117,254	3,841,893	—	3,959,147
Total	117,254	3,841,893	—	3,959,147

Note: The increase in the number of shares of common stock (3,841,893 shares) was due to the purchase of 11,893 shares which were below the stock trading unit, and the acquisition of 3,830,000 shares through a resolution at the Board of Directors' meeting on May 29, 2014.

3. Matters concerning subscription rights to shares, etc.

Name of the company	Details	Class of shares to be issued as the subscription rights to shares	Class of shares to be issued as the subscription rights to shares				Balance as of Mar. 31, 2015 (millions of yen)
			As of Apr. 1, 2014	Increase	Decrease	As of Mar. 31, 2015	
Submitting company	Iseki & Co., Ltd. Subscription rights to shares 2014	—	—	—	—	—	68
Total			—	—	—	—	68

4. Matters concerning dividends

(1) The amount of dividends paid

Resolution	Type of share	Total amount of dividends paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2014	Common shares	918	4.00	March 31, 2014	June 26, 2014

(2) Of the dividends with a record date within the fiscal year ended March 31, 2015, the effective date of the dividends will be in the fiscal year ended December 31, 2015.

Resolution	Type of share	Source of funds for dividends	Total amount of dividends paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2015	Common shares	Retained earnings	677	3.00	March 31, 2015	June 25, 2015

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

1. Matters concerning outstanding stocks

Class of shares	Number of shares (as of Apr. 1, 2015)	Increase in number of shares	Decrease in number of shares	Number of shares (as of Dec. 31, 2015)
Common shares	229,849,936	—	—	229,849,936
Total	229,849,936	—	—	229,849,936

2. Matters concerning treasury shares

Class of shares	Number of shares (as of Apr. 1, 2015)	Increase in number of shares	Decrease in number of shares	Number of shares (as of Dec. 31, 2015)
Common shares	3,959,147	5,019	—	3,964,166
Total	3,959,147	5,019	—	3,964,166

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

3. Matters concerning subscription rights to shares, etc.

Name of the company	Details	Class of shares to be issued as the subscription rights to shares	Class of shares to be issued as the subscription rights to shares				Balance as of Dec. 31, 2015 (millions of yen)
			As of Apr. 1, 2015	Increase	Decrease	As of Dec. 31, 2015	
Submitting company	Iseki & Co., Ltd. Subscription rights to shares 2014	—	—	—	—	—	91
Total			—	—	—	—	91

4. Matters concerning dividends

(1) Dividends paid

Resolution	Type of share	Total amount of dividends paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2015	Common shares	677	3.00	March 31, 2015	June 25, 2015

(2) Of the dividends with a record date within the fiscal year ended December 31, 2015, the effective date of the dividends will be in the fiscal year ending December 31, 2016.

Resolution	Type of share	Source of funds for dividends	Total dividends paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 25, 2016	Common shares	Retained earnings	338	1.50	December 31, 2015	March 28, 2016

(Consolidated Statement of Cash Flows Information)

1. Reconciliation between cash and cash equivalents at end of period and the amount reported in the consolidated balance sheet

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Cash and deposits	¥6,603 million	¥8,788 million
Time deposits with terms of 3 months or more	¥(32) million	¥(27) million
Total cash and cash equivalents	¥6,570 million	¥8,761 million

*2 Major assets and liabilities of newly consolidated subsidiaries incorporated through acquisition of shares

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

The following represent 1) major assets and liabilities with amounts at the start of consolidation of ISEKI France Holding S.A.S. and ISEKI France S.A.S., which were incorporated through the acquisition of shares, and 2) the acquisition price of shares of ISEKI France Holding S.A.S. and income earned from the acquisition

Current assets	¥5,743 million
Non-current assets	¥65 million
Current liabilities	¥(3,933) million
Non-current liabilities	¥(974) million
Gain on bargain purchase	¥(900) million
Acquisition price of shares	¥0 million
Cash and cash equivalents	¥(522) million
Balance: Proceeds from purchase	¥522 million

Fiscal year ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

Not applicable

*3 Major assets and liabilities of subsidiary removed from scope of consolidation due to investment in kind

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

Iseki-Changzhou Mfg. Co., Ltd. was eliminated from the scope of consolidation because of the capital contribution in the form of investment in kind. The company's major assets and liabilities with amounts at the time of investment in kind are as follows.

Current assets (Note)	¥8,142 million
Non-current assets	¥291 million
Current liabilities	¥(6,153) million

(Note): The current assets include cash and cash equivalents of ¥469 million, and the amount is shown as "a decrease in cash and cash equivalents resulting from the exclusion of subsidiaries from consolidation" in the consolidated statement of cash flows.

Fiscal year ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

Not applicable

4. Major noncash transactions

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Amount of assets and liabilities derived from finance leases	¥3,526 million	¥2,285 million

(Lease Transaction Information)

1. Finance lease transactions

Finance leases other than those leases that transfer ownership of assets to the lessee

(1) Details of leased assets

(i) Property, plant and equipment
These represent mainly machinery, equipment, and transport equipment (machinery, equipment and vehicles), as well as tools and business equipment such as personal computers (tools, furniture, and fixtures).

(ii) Intangible assets
These are software.

(2) Depreciation methods of leased assets

These are as stated in “5. Accounting policies (2) Depreciation methods for material depreciable assets (iii) Leased assets” of Important Basic Items for Preparing Consolidated Financial Statements.

Among finance leases that do not involve transfer of ownership to the lessee, leases that took effect before March 31, 2008 are accounted for as normal operating leases. Details of such leases are as follows:

(i) Acquisition cost, accumulated depreciation and net book value of leased properties as of the fiscal year-end

Fiscal year ended March 31, 2015 (as of March 31, 2015)

	Machinery, equipment and vehicles	Total
Acquisition cost	¥339 million	¥339 million
Accumulated depreciation	¥299 million	¥299 million
Net book value as of the fiscal year-end	¥40 million	¥40 million

Fiscal year ended December 31, 2015 (as of December 31, 2015)

	Machinery, equipment and vehicles	Total
Acquisition cost	¥168 million	¥168 million
Accumulated depreciation	¥151 million	¥151 million
Net book value as of the fiscal year-end	¥16 million	¥16 million

(ii) Future minimum lease payments as of the fiscal year-end

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Within one year	¥32 million	¥16 million
More than one year	¥15 million	¥3 million
Total	¥47 million	¥19 million

(iii) Lease payments, depreciation and interest expenses

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Lease payments	¥130 million	¥29 million
Depreciation	¥101 million	¥23 million
Interest expenses	¥18 million	¥1 million

(iv) Calculation methods for depreciation and interest

- Calculation method for depreciation
  Leased assets are amortized using the straight-line method with no residual value over the lease period, which is deemed the useful life.
- Calculation method for interest
  Interest equivalents are calculated by deeming the amount after deducting acquisition cost of the leased property from the total amount of lease payment as interest, and amortizing it over the lease period based on the interest method.

2. Operating lease transactions

Future minimum lease payments for non-cancelable operating leases

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Within one year	¥236 million	¥245 million
More than one year	¥625 million	¥504 million
Total	¥861 million	¥750 million

(Financial Instrument Information)

1. Matters concerning the status of financial instruments

(1) Policies for financial instruments

The Group acquires funds mainly through bank loans and issuance of bonds based on its financing plans. Temporary surplus funds have been invested in safe and secure financial assets. Derivatives have been used to avoid risks, as mentioned below, but the Company makes it its policy not to engage in speculative transactions.

(2) Content of financial instruments, risks associated therewith, and risk management system

Notes and accounts receivable, which are trade receivables, are exposed to the credit risk of customers. The said risk is managed in accordance with the Group’s rules. In addition, trade receivables in foreign currencies arising from business operations in overseas markets are exposed to the risk of foreign currency exchange rate fluctuations; therefore, the Company has hedged foreign exchange risk using forward exchange contracts to the extent that occurrence can be anticipated with certainty. Securities and investment securities are chiefly held-to-maturity debt securities and shares of companies with which the Company has a business relationship. While these are exposed to risks of market price fluctuations, market prices obtained on a regular basis have been reported to the Board of Directors.

Notes and accounts payable, which are operating liabilities, and electronically recorded obligations—operating are almost entirely due payment within one year. Of these, some are in foreign currencies in connection with imports of raw materials and are exposed to the risk of foreign exchange rate fluctuations, but they are within the scope of the balance of trade receivables in the same currency.

Loans are fund procurements mainly related to operating transactions and lease obligations for finance leases are fund procurements mainly related to the holding of non-current assets. While variable interest rate loans are exposed to the risk of interest rate fluctuations, for some long-term loans, derivative transactions (interest rate swap agreements) have been used as hedging instruments for individual loans to avoid the risk of fluctuating interest rates payable and to stabilize interest expenses. Regarding the method of evaluating the effectiveness of hedging, because the requirements for exceptional accounting have been met, evaluation of effectiveness has been omitted.

Implementation and management of derivative transactions have been done in accordance with internal policies that provide for authorizing transactions, and the Company has engaged in transactions with financial institutions with high credit ratings to reduce credit risk.

(3) Supplementary explanation of matters concerning market values, etc., of financial instruments

Market values of financial instruments include values based on market prices, as well as values reasonably calculated if there are no market prices.

For transaction amounts, etc., concerning derivative transactions referred to in "Derivative Transaction Information," the amounts per se do not represent market risk associated with derivative transactions.

2. Matters concerning market value, etc., of financial instruments

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

Carrying value, market value and unrealized gain (loss) as of March 31, 2015 are as follows. Items whose market values are deemed to be extremely difficult to estimate are not included in the following table (please refer to (Note 2)):

	Carrying value (millions of yen)	Market value (millions of yen)	Unrealized gain (millions of yen)
(1) Cash and deposits	6,603	6,603	—
(2) Notes and accounts receivable—trade	30,404	30,404	—
(3) Investment securities			
Available-for-sale securities	8,800	8,800	—
(4) Notes and accounts payable—trade	36,935	36,935	—
(5) Electronically recorded obligations—operating	1,778	1,778	—
(6) Short-term loans payable	25,134	25,134	—
(7) Long-term loans payable	32,462	32,503	41
(8) Derivative transactions	—	—	—

(Note 1) Matters concerning the calculation method of market values of financial instruments as well as securities and derivative transactions

(1) Cash and deposits and (2) Notes and accounts receivable—trade

Because these are settled in the short term and market values are almost the same as book values, amounts are based on book values.

(3) Investment securities

Market values of shares were based on the prices traded on stock exchanges.

(4) Notes and accounts payable—trade, (5) Electronically recorded obligations—operating, and (6) Short-term loans payable

Because these are settled in the short term and market values are almost the same as book values, amounts are based on book values.

(7) Long-term loans payable

These were calculated based on the present value discounted by the interest rate assumed in case the combined amount of principal and interest is newly borrowed. Long-term loans payable with variable interest rates subject to exceptional accounting of interest rate swaps were calculated by discounting the combined amount of principal and interest processed integrally with said interest rate swap at a reasonably estimated interest rate applied in case a similar loan is made.

(8) Derivative transactions

See notes in “Derivative Transaction Information.”

(Note 2) Financial instruments for which market values are deemed to be extremely difficult to estimate
Because unlisted equity securities (carrying value: ¥695 million) have neither market prices nor estimated future cash flows, and it is deemed that their market values are extremely difficult to estimate, they are not included in “(3) Investment securities Available-for-sale securities.”

(Note 3) Projected future redemption of monetary claims after the consolidated closing date

	Within one year (millions of yen)	More than 1 year and 5 years or less (millions of yen)	More than 5 years and 10 years or less (millions of yen)	More than 10 years (millions of yen)
Cash and deposits	6,603	—	—	—
Notes and accounts receivable—trade	30,338	65	—	—
Long-term loans receivable	813	941	13	48
Total	37,755	1,007	13	48

(Note 4) Projected future repayments of long-term loans payable, lease obligations, and other interest-bearing liabilities after the consolidated closing date

	Within one year (millions of yen)	More than 1 year and 2 years or less (millions of yen)	More than 2 years and 3 years or less (millions of yen)	More than 3 years and 4 years or less (millions of yen)	More than 4 years and 5 years or less (millions of yen)	More than 5 years (millions of yen)
Short-term loans payable	25,134	—	—	—	—	—
Long-term loans payable	13,941	5,952	4,278	2,367	5,859	61
Lease obligations	2,662	2,049	1,458	1,181	801	1,067
Other interest-bearing debt	9	9	—	—	—	—
Total	41,748	8,012	5,737	3,548	6,661	1,129

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

Carrying value, market value and unrealized gain (loss) as of December 31, 2015 are as follows. Items whose market values are deemed to be extremely difficult to estimate are not included in the following table (please refer to (Note 2)):

	Carrying value (millions of yen)	Market value (millions of yen)	Unrealized gain (millions of yen)
(1) Cash and deposits	8,788	8,788	—
(2) Notes and accounts receivable—trade	24,895	24,895	—
(3) Investment securities			
Available-for-sale securities	7,908	7,908	—
(4) Notes and accounts payable—trade	29,400	29,400	—
(5) Electronically recorded obligations—operating	10,604	10,604	—
(6) Short-term loans payable	24,389	24,389	—
(7) Long-term loans payable	32,345	32,370	25
(8) Derivative transactions (*)	1	1	—

(*) Net receivables and payables from derivative transactions are presented as net values, and net payables in total are stated within parentheses.

(Note 1) Matters concerning calculation method for market values of financial instruments as well as securities and derivative transactions

(1) Cash and deposits and (2) Notes and accounts receivable—trade

Because these are settled in the short term and market values are almost the same as book values, the amounts are based on book values.

(3) Investment securities

Market values of shares are based on the prices traded on stock exchanges.

(4) Notes and accounts payable—trade, (5) Electronically recorded obligations—operating, and (6) Short-term loans payable

Because these are settled in the short term and market values are almost the same as book values, the amounts are based on book values.

(7) Long-term loans payable

These are calculated based on the present value discounted by the interest rate assumed in case the combined amount of principal and interest is newly borrowed. Long-term loans payable with variable interest rates subject to exceptional accounting of interest rate swaps are calculated by discounting the combined amount of principal and interest processed integrally with said interest rate swap at a reasonably estimated interest rate applied in case a similar loan is made.

(8) Derivative transactions

See notes in “Derivative Transaction Information.”

(Note 2) Financial instruments whose market values are deemed to be extremely difficult to estimate
Because unlisted equity securities (carrying value: ¥660 million) have neither market prices nor estimated future cash flows, and it is deemed that their market values are extremely difficult to estimate, they are not included in “(3) Investment securities Available-for-sale securities.”

(Note 3) Projected future redemption of monetary claims after the consolidated closing date

	Within one year (millions of yen)	More than 1 year and 5 years or less (millions of yen)	More than 5 years and 10 years or less (millions of yen)	More than 10 years (millions of yen)
Cash and deposits	8,788	—	—	—
Notes and accounts receivable—trade	24,835	59	—	—
Long-term loans receivable	11	23	12	16
Total	33,635	83	12	16

(Note 4) Projected future repayments of long-term loans payable, lease obligations, and other interest-bearing liabilities after the consolidated closing date

	Within one year (millions of yen)	More than 1 year and 2 years or less (millions of yen)	More than 2 years and 3 years or less (millions of yen)	More than 3 years and 4 years or less (millions of yen)	More than 4 years and 5 years or less (millions of yen)	More than 5 years (millions of yen)
Short-term loans payable	24,389	—	—	—	—	—
Long-term loans payable	8,641	6,169	4,150	6,930	5,877	576
Lease obligations	2,646	2,062	1,604	1,133	603	1,008
Other interest-bearing debt	9	—	—	—	—	—
Total	35,687	8,231	5,755	8,063	6,481	1,585

(Securities Information)

1. Available-for-sale securities

Fiscal year ended March 31, 2015 (as of March 31, 2015)

Category		Carrying value (millions of yen)	Acquisition cost (millions of yen)	Unrealized gain (loss) (millions of yen)
Securities whose carrying values exceed their acquisition cost	Shares	8,553	4,088	4,465
	Subtotal	8,553	4,088	4,465
Securities whose carrying values do not exceed their acquisition cost	Shares	246	309	(62)
	Subtotal	246	309	(62)
Total		8,800	4,397	4,402

Fiscal year ended December 31, 2015 (as of December 31, 2015)

Category		Carrying value (millions of yen)	Acquisition cost (millions of yen)	Unrealized gain (loss) (millions of yen)
Securities whose carrying values exceed their acquisition cost	Shares	7,625	3,788	3,837
	Subtotal	7,625	3,788	3,837
Securities whose carrying values do not exceed their acquisition cost	Shares	282	412	(130)
	Subtotal	282	412	(130)
Total		7,908	4,201	3,707

2. Available-for-sale securities sold during consolidated fiscal years.

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

Category	Proceeds from sales (millions of yen)	Total of gain on sales (millions of yen)	Total of loss on sales (millions of yen)
Bonds Others	110	25	0
Total	110	25	0

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

Category	Proceeds from sales (millions of yen)	Total of gain on sales (millions of yen)	Total of loss on sales (millions of yen)
Shares	605	303	—
Total	605	303	—

(Derivative Transaction Information)

1. Derivative transactions to which hedge accounting is not applied

   Not applicable

2. Derivative transactions to which hedge accounting is applied

(1) Currencies

Fiscal Year ended March 31, 2015 (as of March 31, 2015)

Not applicable

Fiscal year ended December 31, 2015 (as of December 31, 2015)

Method of hedge accounting	Type of transaction	Main hedged items	Notional amount, etc. (millions of yen)	Portion due after one year included herein (millions of yen)	Market value (millions of yen)
Deferred hedge accounting	Foreign currency forward contracts Buying Yen	Forecasted transactions denominated in foreign currencies	894	—	(Note) 1

Note: Market values are calculated on the basis of prices, etc., presented by correspondent financial institutions.

(2) Interest rates

Fiscal year ended March 31, 2015 (as of March 31, 2015)

Method of hedge accounting	Type of transaction	Main hedged items	Notional amount, etc. (millions of yen)	Portion due after one year included herein (millions of yen)	Market value (millions of yen)
Exceptional accounting of interest rate swap agreements	Interest rate swap agreements Pay–fixed, receive–floating	Long-term loans payable	653	191	(Note)

Note: Market values are calculated on the basis of prices, etc., presented by correspondent financial institutions, and said market values are included among those of the relevant long-term loans payable.

Fiscal year ended December 31, 2015 (as of December 31, 2015)

Method of hedge accounting	Type of transaction	Main hedged items	Notional amount, etc. (millions of yen)	Portion due after one year included herein (millions of yen)	Market value (millions of yen)
Exceptional accounting of interest rate swap agreements	Interest rate swap agreements Pay-fixed, receive-floating	Long-term loans payable	299	—	(Note)

Note: Market values are calculated on the basis of prices, etc., presented by correspondent financial institutions, and said market values are included among those of the relevant long-term loans payable.

(Retirement Benefit Information)

1. Outline of pension plans adopted

The Company and its consolidated subsidiaries mainly have contract-type defined benefit corporate pension plans and lump-sum retirement payment plans in place, as defined benefit plans. Some of its consolidated subsidiaries adopt defined contribution plans. Extra retirement payments may be paid to retiring employees under certain conditions.

Some of the consolidated subsidiaries have adopted a simplified method for calculating net defined benefit liability and retirement benefit expenses in their defined benefit corporate pension plans and lump-sum retirement payment plans.

2. Defined benefit corporate pension plans

(1) Adjustments of retirement benefit obligations: Balance at the beginning of the period and at the end of the period (excluding plans using the simplified method).

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Balance at the beginning of the period: Retirement benefit obligations:	¥17,339 million	¥17,275 million
Cumulative effects of changes in accounting policy	¥554 million	¥— million
Balance at the beginning of the period reflecting the change in accounting policy:	¥17,894 million	¥17,275 million
Service cost	¥812 million	¥674 million
Interest cost	¥192 million	¥153 million
Actuarial differences	¥(121) million	¥0 million
Retirement benefits paid	¥(1,503) million	¥(1,813) million
Balance at the end of the period	¥17,275 million	¥16,289 million

(2) Adjustments of pension assets: Balance at the beginning of the period and at the end of the period (excluding plans using the simplified method).

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Balance at the beginning of the period	¥12,565 million	¥13,812 million
Expected return on plan assets	¥251 million	¥225 million
Actuarial differences	¥1,314 million	¥(17) million
Contributions from the employer	¥729 million	¥649 million
Retirement benefits paid	¥(1,049) million	¥(1,242) million
Balance at the end of the period	¥13,812 million	¥13,427 million

(3) Adjustments of net defined benefit liability in plans using the simplified method: Balance at the beginning of the period and at the end of the period.

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Balance at the beginning of the period	¥1,598 million	¥1,322 million
Retirement benefit expenses	¥195 million	¥295 million
Retirement benefits paid	¥(197) million	¥(134) million
Contributions to plans	¥(322) million	¥(248) million
Changes in the scope of consolidation	¥48 million	¥— million
Others	— million	¥(5) million
Balance at the end of the period	¥1,322 million	¥1,229 million

(4) Balances of retirement benefit obligations and pension assets at the end of the period, and adjustments between net defined benefit liability and net defined benefit asset, reported in the consolidated balance sheet.

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Retirement benefit obligations under saving-type plans	¥15,067 million	¥14,216 million
Pension assets	¥(16,636) million	¥(16,306) million
	¥(1,569) million	¥(2,090) million
Retirement benefit obligations under non-saving-type plans	¥6,354 million	¥6,182 million
Net amount of liabilities and assets, reported in the consolidated balance sheet	¥4,785 million	¥4,092 million
Net defined benefit liability	¥5,298 million	¥4,806 million
Net defined benefit asset	¥(513) million	¥(714) million
Net amount of liabilities and asset, reported in the consolidated balance sheet	¥4,785 million	¥4,092 million

(Note: Including plans using the simplified method.)

(5) Matters concerning retirement benefit expenses

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Service cost	¥812 million	¥674 million
Interest cost	¥192 million	¥153 million
Expected return on plan assets	¥(251) million	¥(225) million
Amortization of actuarial differences	¥195 million	¥(7) million
Amortization of past service expenses	¥(35) million	¥(26) million
Amortization of net retirement benefit obligation at transition	¥1,455 million	¥— million
Retirement benefit expenses calculated by the simplified method	¥195 million	¥295 million
Others	¥67 million	¥46 million
Retirement benefit expenses in defined benefit plans	¥2,632 million	¥909 million

(6) Remeasurements of defined benefit plans, net of tax

The following is a breakdown of items that are reported in remeasurements of defined benefit plans (before deduction of tax effects).

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Past service costs	¥(35) million	¥(26) million
Actuarial differences	¥1,631 million	¥(25) million
Amount at the time of change in accounting standards	¥1,455 million	¥— million
Total	¥3,051 million	¥(52) million

(7) Remeasurements of defined benefit plans

The following is a breakdown of items that are reported in remeasurements of defined benefit plans (before deduction of tax effects).

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Unrecognized past service costs	¥(142) million	¥(115) million
Unrecognized actuarial differences	¥(964) million	¥(939) million
Total	¥(1,107) million	¥(1,055) million

(8) Matters concerning pension assets

(i) Rough breakdown of pension assets

The following are the percentages of main categories, relative to pension asset total.

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Shares	43.3 %	30.3 %
General accounts	26.6 %	26.8 %
Bonds	27.1 %	36.5 %
Others	3.0 %	6.4 %
Total	100 %	100 %

(ii) Method of calculating long-term expected return on plan assets

To determine the profitability of long-term return on plan assets, related to pension assets, present and expected allocations of pension assets and present and expected long-term profitability of various assets comprising pension assets are taken into consideration.

(9) Matters concerning the basis for actuarial calculation

Main items for actuarial calculation

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Discount rate	Mainly 1.1 %	Mainly 1.1 %
Profitability of long-term expected return on plan assets	2.0 %	2.0 %

3. Defined contribution plans

Required contributions to defined contribution plans of consolidated subsidiaries were ¥29 million in the fiscal year ended March 31, 2015 and ¥23 million in the fiscal year ended December 31, 2015.

(Stock-Option-Related Matter)

1. Stock option expenses posted and the account item

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Share-based compensation expenses in selling, general and administrative expenses	¥ 68 million	¥ 22 million

2. Content, amount and fluctuations of the stock option

(1) Details of the stock option

	ISEKI & Co., Ltd. Subscription rights to shares 2014
Title and number of people who will be granted the subscription rights to shares	Nine individuals serving as the Company's board directors (excluding outside directors), and four individuals serving as the Company's corporate auditors (excluding part-time corporate auditors)
The number of stock options by class of shares (Note)	Common stock, 401,000 shares
Granting date	August 25, 2014
Vesting conditions	There are no specific requirements as vesting conditions.
Requisite service period	There is no specifically determined service period.
Exercise period of stock option rights	From August 26, 2014 to August 25, 2039

(Note): The number of stock options is arrived at by converting the number of stock option units into the number of shares.

(2) Amount and fluctuation of stock options

Below is the status of stock options in the consolidated fiscal year under review (the fiscal year ended December 31, 2015) and the number of stock options is arrived at by converting the number of stock option units into the number of shares.

1) Size of the stock option

	ISEKI & Co., Ltd. Subscription rights to shares 2014
Before vesting (shares)	
At the end of the previous consolidated fiscal year	401,000
Granting	—
Lapsed option rights	—
Vested option rights	29,000
Remaining option rights unvested	372,000
After vesting (shares)	
At the end of the previous consolidated fiscal year	—
Vested option rights	29,000
Exercised option rights	—
Lapsed option rights	—
Remaining option rights unvested	29,000

2) Unit price information

	ISEKI & Co., Ltd. Subscription rights to shares 2014
Exercise price	¥1
Average stock price at the time of exercise	—
Fair valuation unit price at the grant date	¥ 229

3 Method of estimating vested stock option rights

Basically only the actual lapsed number of vested stock options is used for calculating the vested stock option rights as it is not possible to make a reasonable estimate of those that will lapse in the future.

(Tax Effect Accounting Information)

1. Breakdown by main cause of occurrence of deferred tax assets and liabilities

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
(Deferred tax assets)		
Loss on valuation of inventories	¥292 million	¥245 million
Impairment loss	¥544 million	¥534 million
Provision for bonuses	¥357 million	¥148 million
Net defined benefit liability	¥1,777 million	¥1,546 million
Unrealized income	¥3,217 million	¥2,874 million
Net operating loss carried forward	¥753 million	¥1,226 million
Other	¥1,527 million	¥1,387 million
Subtotal deferred tax assets	¥8,470 million	¥7,963 million
Valuation allowance	¥(4,701) million	¥(6,234) million
Total deferred tax assets	¥3,769 million	¥1,728 million
(Deferred tax liabilities)		
Reserve for reduction entry	¥(102) million	¥(90) million
Net defined benefit asset	¥(177) million	¥(229) million
Valuation difference on available-for-sale securities	¥(1,406) million	¥(1,184) million
Other	¥(885) million	¥(227) million
Total deferred tax liabilities	¥(2,572) million	¥(1,730) million
Net deferred tax liabilities	¥1,197 million	¥(2) million

Note: Net amounts of deferred tax assets for the previous consolidated fiscal years and the consolidated fiscal year under review are based on the following items reported in the consolidated balance sheets.

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Current assets – Deferred tax assets	¥1,444 million	¥890 million
Non-current assets – Deferred tax assets	¥846 million	¥731 million
Current liabilities – Deferred tax liabilities	¥(75) million	¥(0) million
Non-current liabilities – Deferred tax liabilities	¥(1,018) million	¥(1,624) million

2. Breakdown by major items causing a variance between statutory tax rate and rate of income taxes, etc., after application of tax effect accounting

	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Statutory tax rate	35.0%	33.0%
(Reconciliation items)		
Permanently non-deductible expenses such as entertainment expenses	7.4%	8.0%
Per capita portion of inhabitants' taxes	10.9%	17.2%
Valuation allowance	114.3%	220.6%
Tax exemption	(12.8%)	(3.8%)
Surcharges	8.2%	12.0%
Revised reduction in the year-end deferred tax assets due to change in tax rate	8.7%	—%
Gain on bargain purchase	(24.1%)	—%
Gain on change in equity	(15.8%)	—%
Revised consolidation in gain on sales of shares of subsidiaries and associates	(2.3%)	—%
Tax rate difference of consolidated subsidiaries	7.2%	10.9%
Loss on valuation of shares of subsidiaries and associates	(12.2%)	—%
Other	0.7%	(1.1%)
Income tax rate, etc., after application of tax effect accounting	125.2%	296.8%

(Asset Retirement Obligations)

Of asset retirement obligations, those recorded in the Consolidated Balance Sheets are as follows:

1. Overview of relevant asset retirement obligations
   Cost of removal of asbestos pursuant to the Ordinance on Prevention of Asbestos Hazards, and restoration obligations attendant upon fixed-term land leasehold agreements, etc.

2. Method of calculating relevant asset retirement obligations
   Asset retirement obligations are calculated by estimating expected period of use as one to 50 years and using a discount rate of 0.2% to 2.3%.

3. Increase (decrease) in total asset retirement obligations

	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Balance at the beginning of the period	¥264 million	¥266 million
Increase due to purchase of property, plant and equipment	¥13 million	¥34 million
Adjustment due to depreciation	¥2 million	¥3 million
Decrease due to discharge of asset retirement obligations	¥(14) million	¥— million
Balance at the end of the period	¥266 million	¥304 million

(Real Estate for Rent Information)

The Company and some of its subsidiaries have offices and land, etc., for rent in Ehime, Kumamoto, and other prefectures.

Gain or loss on rent regarding said real estate for rent for the fiscal year ended March 31, 2015 was ¥84 million (income from rent was booked as net sales or non-operating income, and main rent expenses were booked as operating expenses or non-operating expenses). Also, there was a gain on sale of non-current assets of ¥18 million, loss on sale and retirement of non-current assets of ¥41 million, and impairment loss of ¥165 million.

Gain or loss on rent regarding said real estate for rent for the fiscal year ended December 31, 2015 was ¥84 million (income from rent was booked as net sales or non-operating income, and main rent expenses were booked as operating expenses or non-operating expenses). Also, there was a gain on sale of non-current assets of ¥1 million, loss on sale and retirement of non-current assets of ¥5 million, and impairment loss of ¥99 million.

Carrying value, increase (or decrease) during the period and market value of said real estate for rent are as follows.

			FY ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)
Carrying value	Balance at the beginning of the period	(Millions of yen)	3,308	2,815
	Increase (or decrease) during the period	(Millions of yen)	(492)	(61)
	Balance at the end of the period	(Millions of yen)	2,815	2,754
Market value at the end of the period		(Millions of yen)	2,568	2,544

Notes:

1. The carrying value is the amount after deducting accumulated depreciation and accumulated impairment loss from acquisition costs.
2. Of the increase (or decrease) during the period, the main components of the increase (or decrease) for the fiscal year ended March 31, 2015 are transfer of assets for business use to real estate for rent (increase of ¥226 million), sales and disposal (decrease of ¥533 million), and impairment loss (decrease of ¥165 million).

   The main components of the increase (or decrease) for the fiscal year ended December 31, 2015 are transfer of assets for business use to real estate for rent (increase of ¥148 million), sales and disposal (decrease of ¥91 million), and impairment loss (decrease of ¥99 million).
3. The market value as of the end of the period comprised amounts (including amounts adjusted using indicators, etc.) calculated by the Company, based mainly on the “Valuation standard for appraisal of real estate.”

(Segment Information)

[Segment Information]

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

Description is omitted as the Company comprises a single business segment, the “agriculture-related business.”

[Relevant Information]

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

1. Information by product and by service

   Description is omitted as net sales to external customers in the category of single products and services exceeded 90% of net sales reported in the Consolidated Statements of Income.

2. Net sales by region

(1) Net sales

	Japan	The United States	Europe	China	Others	Total
Net sales (millions of yen)	131,956	11,447	9,526	2,230	2,256	157,417

Notes: 1. Countries and regions are defined based on geographical proximity.

2. Classification by area
Europe: France, Germany, the United Kingdom, Belgium, Switzerland, the Netherlands, etc.
Others: South Korea, Taiwan, Thailand, Australia, New Zealand, etc.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the Consolidated Balance Sheets. Accordingly, property, plant and equipment are not presented.

3. Net sales by major customer

Name of customer	Net sales (millions of yen)	Name of relevant segment
ZEN-NOH (National Federation of Agricultural Co-operative Associations)	17,955	Agriculture-related business

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

1. Information by product and by service

Description is omitted as net sales to external customers in the category of single products and services exceeded 90% of net sales reported in the Consolidated Statements of Income.

2. Net sales by region

(1) Net sales

	Japan	The United States	Europe	China	Others	Total
Net sales (millions of yen)	122,508	9,348	9,789	482	3,081	145,210

Notes: 1. Countries and regions are defined based on geographical proximity.

2. Classification by area
Europe: France, Germany, the United Kingdom, Belgium, Switzerland, the Netherlands, etc.
Others: South Korea, Taiwan, Thailand, Indonesia, Australia, New Zealand, etc.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the Consolidated Balance Sheets. Accordingly, property, plant and equipment are not presented.

3. Net sales by major customer

Name of customer	Net sales (millions of yen)	Name of relevant segment
ZEN-NOH (National Federation of Agricultural Co-operative Associations)	17,131	Agriculture-related business

[Impairment Loss on Non-current Assets by Reportable Segment]

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

Description is omitted as the Company comprises a single business segment, the “agriculture-related business.”

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

Description is omitted as the Company comprises a single business segment, the “agriculture-related business.”

[Amortization and Unamortized Balance of Goodwill by Reportable Segment]

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

Not applicable

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

Not applicable

[Gain on Bargain Purchase]

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

Description is omitted as the Company comprises a single business segment, the “agriculture-related business.”

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

Not applicable

[Related Party Information]

1. Related party transactions

(1) Non-consolidated companies and affiliates of the Company that submitted consolidated financial statements

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

Type	Name of affiliate	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Affiliate	Higashi Nihon Agricul-tural Equip-ment Coopera-tive Union	Arakawa-ku, Tokyo	6	Joint purchase and sales of agricultural machineries	(Owner-ship) Indirect 33.3	Sales of the Company’s products Interlocking directorships	Debt guarantee (Note 3)	2,271	Notes and accounts payable (Note 2,3)	2,242
Affiliated company’s subsidiary	Iseki-Changzhou Mfg. Co., Ltd	Changzhou, Jiangsu, China	94,595,000 yuan	Manufacture and sale of agricultural machinery	(Owner-ship) Indirect 50.0	Manufacture and sale of the Group’s products Interlocking directorships	Debt guarantee (Note 4)	3,230	—	—

Notes: 1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. These are cooperative unions established for the purpose of joint purchases of the Company's products, and trade conditions are decided by presenting the Company's asking prices in consideration of market prices and total costs and through price negotiations.

3. The Company, which submitted consolidated financial statements, provided guarantees against bank borrowings by the unions. With regard to products purchased from said unions, only the balance of liabilities of consolidated subsidiaries, which resulted from the transactions, is stated since such transactions are eliminated at consolidation.

4. The company which submitted the Consolidated Financial Statements assumes the loan guarantee on loans financed by banks to Iseki-Changzhou Mfg. Co., Ltd.

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

Type	Name of affiliate	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Affiliate	Higashi Nihon Agricultural Equipment Cooperative Union	Arakawa-ku, Tokyo	5	Joint purchase and sales of agricultural machineries	(Ownership) Indirect 35.7	Sales of the Company's products Interlocking directorships	Debt guarantee (Note 3)	2,271	Notes and accounts payable (Note 2,3)	2,242
Affiliated company's subsidiary	Iseki-Changzhou Mfg. Co., Ltd	Changzhou, Jiangsu, China	94,595,000 yuan	Manufacture and sale of agricultural machinery	(Ownership) Indirect 50.0	Manufacture and sale of the Group's products Interlocking directorships	Debt guarantee (Note 4)	2,870	—	—

Notes:
1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. These are cooperative unions established for the purpose of joint purchases of the Company's products, and trade conditions are decided by presenting the Company's asking prices in consideration of market prices and total costs and through price negotiations.

3. The Company, which submitted consolidated financial statements, provided guarantees against bank borrowings by the unions. With regard to products purchased from said unions, only the balance of liabilities of consolidated subsidiaries, which resulted from the transactions, is stated since such transactions are eliminated at consolidation.

4. The company which submitted the Consolidated Financial Statements assumes the loan guarantee on loans financed by banks to Iseki-Changzhou Mfg. Co., Ltd.

(2) Directors and major shareholders (who are limited to individuals) of the Company, which submitted the consolidated financial statements, etc.

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

Type	Name of director/ company	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Director of a subsidiary	Hideo Kimura	—	—	Representative Director of Gunma Iseki Sales Co., Ltd.	Nil	Debt guarantee	Debt guarantee (Note 2)	182	—	—
Director of a subsidiary	Joji Kurihara	—	—	Representative Director of Iseki-Ueki Mfg. Co., Ltd.	Nil	Sales of available for sale of securities,	Sales of available for sale of securities, proceeds from the sale (Note 3)	11	—	—
Company in which directors and their close relative(s) have a majority of voting rights (including subsidiaries of said company)	Meiwa Industry Co., Ltd. (Note 4)	Matsuyama, Ehime	3	Steel business Pallet Manufacturing	Nil	Nil	Purchase of raw materials and supplies (Note 5)	137	Notes and accounts payable	66
							Purchase of equipment for production (Note 5)	67	Other current liabilities	27

Notes: 1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. Hideo Kimura, representative director of Gunma Iseki Sales Co., Ltd., provided a guarantee for bank borrowings by the company.

3. Iseki-Ueki Mfg. Co., Ltd. was the consolidated subsidiary of the Company, and all of its shares held by the company submitting the Consolidated Financial Statements were sold to Mr. Joji Kurihara, the representative director of Iseki-Ueki Mfg. Co., Ltd. in the consolidated fiscal year under review. The sale price was determined through a negotiation with consideration given to the said company’s financial condition.

4. This is a company whose majority shareholder is a close relative of Kiyokazu Sakamoto, a representative director of Iseki-Kanto Co., Ltd., which is a consolidated subsidiary of the Company.

5. Prices are negotiated in a way similar to other general transactions.

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

Type	Name of director/ company	Location	Capital stock or investments in capital (millions of yen)	Business content or occupation	Ownership (owned) of voting rights, etc. (%)	Relation to the related party	Type of transaction	Transaction amount (millions of yen)	Account name	Balance as of the fiscal year-end (millions of yen)
Director of a subsidiary	Hideo Kimura	—	—	Representative Director of Gunma Iseki Sales Co., Ltd.	Nil	Debt guarantee	Debt guarantee (Note 2)	94	—	—

Notes: 1. Transaction amount does not include consumption tax, etc., and the balance as of the fiscal year-end includes consumption tax, etc.

2. Hideo Kimura, representative director of Gunma Iseki Sales Co., Ltd., provided a guarantee for bank borrowings by the company.

(Per Share Information)

Item	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Net asset per share	¥307.11	¥293.87
Profit (loss) per share	¥(1.40)	¥(6.49)

Notes: 1. As the Company reported a loss per share, profit (loss) per share after adjustment for dilutive shares is not presented despite the existence of dilutive shares.

2. Basis of calculation of loss per share

Item	FY ended Mar. 31, 2015 (Apr. 1, 2014– Mar. 31, 2015)	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)
Profit (loss) per share		
Profit (loss) attributable to owners of parent reported in the consolidated statements of income (millions of yen)	(319)	(1,465)
Profit (loss) attributable to owners of parent attributed to common shares (millions of yen)	(319)	(1,465)
Profit (loss) not attributable to common shares (millions of yen)	—	—
Average number of common shares during the period (shares)	228,018,246	225,887,727
Descriptions of potentially dilutive common shares that were not included in the computation of diluted profit per share because of their anti-dilutive effect	—	—

3. Basis of calculation of net asset per share

Item	FY ended Mar. 31, 2015 (as of Mar. 31, 2015)	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)
Total net assets (millions of yen)	71,065	68,099
Amount to be deducted from total net assets (millions of yen)	1,693	1,718
(Subscription rights to shares) (millions of yen)	(68)	(91)
(Non-controlling interests) (millions of yen)	(1,624)	(1,626)
Net assets as of the fiscal year-end related to common shares (millions of yen)	69,372	66,380
Number of common shares as of the fiscal year-end used for calculating net asset per share (shares)	225,890,789	225,885,770

(Subsequent Events)

Not applicable

(5) Consolidated Supplementary Schedules

[Schedule of Bonds Payable]

Not applicable

[Details of Borrowings, etc.]

Category	Balance as of the current fiscal year-beginning (millions of yen)	Balance as of the current fiscal year-end (millions of yen)	Average interest rate (%)	Repayment due
Short-term loans payable	25,134	24,389	0.85	—
Current portion of long-term loans payable	13,941	8,641	0.98	—
Current portion of lease obligations	2,662	2,646	—	—
Long-term loans payable (excluding current portion of long-term loans payable)	18,520	23,703	0.80	2017 – 2025
Lease obligations (excluding current portion of lease obligations)	6,559	6,414	—	2017 – 2025
Other interest-bearing liabilities				
Other (Accounts payable)	9	9	1.79	—
Other (Long-term accounts payable)	9	—	—	—
Total	66,838	65,805	—	—

Notes:
1. "Average interest rate" represents weighted-average interest rates for the balance as of the fiscal year-end of borrowings, etc.
2. For the average interest rate in the column for lease obligations, because lease obligations were posted on the consolidated balance sheets using the amount before deducting interest equivalents included in the total amount of lease payment, no presentation is made.
3. The amounts for projected repayments per year within 5 years after the consolidated closing date with regard to long-term loans payable and lease obligations are as follows:

	More than 1 year and 2 years or less (millions of yen)	More than 2 years and 3 years or less (millions of yen)	More than 3 years and 4 years or less (millions of yen)	More than 4 years and 5 years or less (millions of yen)
Long-term loans payable	6,169	4,150	6,930	5,877
Lease obligations	2,062	1,604	1,133	603

[Schedule of Asset Retirement Liabilities]

Asset retirement liabilities are not presented because the amount of asset retirement liabilities as of the beginning and the end of the consolidated fiscal year under review is one-hundredth or less of the total of liabilities and net assets as of the beginning and the end of the relevant fiscal year.

6. Other

Quarterly operating results, etc., in the fiscal year ended December 31, 2015

(Accumulated period)	First quarter	Second quarter	Full Year
Net sales (millions of yen)	34,214	77,576	145,210
Profit before income taxes and minority interests (millions of yen)	591	1,375	741
Profit (loss) attributable to owners of parent (millions of yen)	134	(717)	(1,465)
Profit (loss) per share (millions of yen)	0.60	(3.18)	(6.49)

(Accounting period)	First quarter	Second quarter	Third quarter
Quarterly profit (loss) per share (yen)	0.60	(3.77)	(3.31)

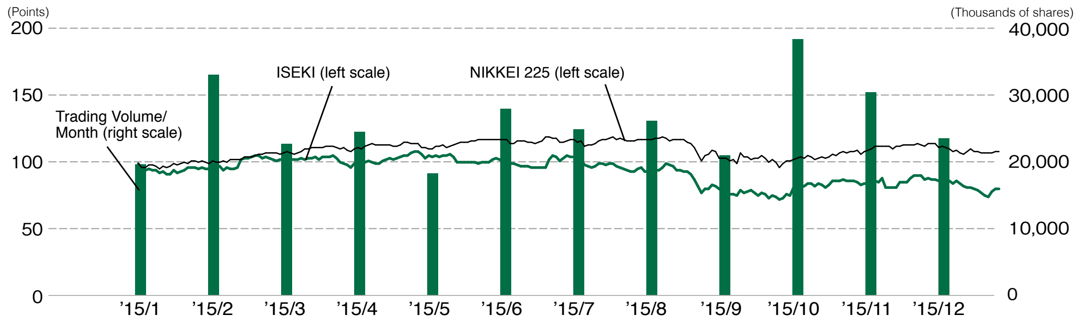
Note: Due to the change in the fiscal year of the Company, the fiscal year ended December 31, 2015 is a nine-month period from April 1, 2015 to December 31, 2015.

Corporate Data

As of December 31, 2015

Head Office	700 Umaki-cho, Matsuyama, Ehime 799-2692, Japan Tel: 81-89-979-6111 Fax: 81-89-978-6440
Tokyo Headquarters	3-14, Nishi-Nippori 5-chome, Arakawa-ku, Tokyo 116-8541, Japan Tel: 81-3-5604-7602 Fax: 81-3-5604-7701
Website	http://www.iseki.co.jp/
Founded	August 1926
Paid-in Capital	¥23,344 million
Number of Employees (Consolidated)	6,021
Stock Listings	Tokyo Stock Exchange (1st Section)
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063, Japan
Shares Issued and Outstanding	225,885,770
Number of Shareholders	27,474
Independent Auditor	Ernst & Young ShinNihon LLC

Stock Performance and Trading Volume per Month



	'15/1	'15/2	'15/3	'15/4	'15/5	'15/6	'15/7	'15/8	'15/9	'15/10	'15/11	'15/12
Opening Price	232	224	241	230	247	235	243	221	192	173	197	203
High	235	251	250	256	251	250	251	236	195	205	214	208
Low	212	220	229	226	233	222	218	180	169	173	185	172
Closing Price	226	242	230	249	235	242	227	194	172	200	204	189
Trading Volume/Month (Unit: thousands)	19,624	33,044	22,654	24,443	18,198	27,947	24,849	26,129	20,941	38,358	30,450	23,504

Share Price on January 1, 2015: ¥233 = 100

ISEKI
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