

Annual Report 2016

Year ended December 31, 2016



Improving Agricultural Environments
around the World

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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.

Section 1. Company Information

I. Overview of the Company

1. Developments Regarding Major Management Indicators, etc.

Consolidated management indicators, etc.

Ordinary business term	89th business term	90th business term	91st business term	92nd business term	93rd business term
For the year ended	March 2013	March 2014	March 2015	December 2015	December 2016
Net sales (millions of yen)	155,697	169,129	157,417	145,210	153,097
Ordinary income (millions of yen)	5,414	8,285	499	947	1,635
Profit (loss) attributable to owners of parent (millions of yen)	3,979	6,447	(319)	(1,465)	858
Comprehensive income (millions of yen)	5,012	7,772	4,509	(2,310)	(602)
Net assets (millions of yen)	62,927	68,734	71,065	68,099	67,151
Total assets (millions of yen)	179,028	197,628	204,138	201,149	203,356
Net assets per share (yen)	266.94	292.11	307.11	293.87	289.68
Profit (loss) per share (yen)	17.32	28.06	(1.40)	(6.49)	3.80
Profit per share after adjustment for dilutive securities (yen)	—	—	—	—	3.79
Equity ratio (%)	34.3	34.0	34.0	33.0	32.2
Return on equity (%)	6.7	10.0	—	—	1.3
Price earnings ratio (times)	18.65	9.73	—	—	59.21
Net cash provided by (used in) operating activities (millions of yen)	8,531	7,007	(4,247)	10,830	8,283
Net cash provided by (used in) investing activities (millions of yen)	(6,342)	(10,038)	(11,305)	(5,757)	(5,736)
Net cash provided by (used in) financing activities (millions of yen)	(647)	1,521	14,031	(2,943)	2,621
Cash and cash equivalents at end of period (millions of yen)	9,040	8,169	6,570	8,761	13,909
Number of employees (persons)	6,325 [1,103]	6,295 [1,185]	6,039 [1,234]	6,021 [1,207]	5,853 [1,190]

- 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 89th 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. 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.

2. Company History

- Aug. 1926 Founded as “Iseki Farm Implement Trading Co.” in Aratama-cho, Matsuyama, Ehime Prefecture and started manufacturing of automatic rice huller-graders
- Apr. 1936 Incorporated as ISEKI & CO., LTD. (capital stock: ¥500,000) and Kunisaburo Iseki became President. Commenced manufacturing of ISEKI rice hullers and automatic rice graders
- Jul. 1945 Head Office and plants are destroyed by fire during the war
- May 1946 Established new plant in Yashiromachi, Matsuyama, Ehime Prefecture
- Jan. 1948 Established Tokyo Branch Office in Nishi-kanda, Chiyoda-ku, Tokyo
- Aug. 1948 Established sub-branch in Osaka, Osaka
- Oct. 1949 Constructed Kumamoto Plant in Kengunmachi, Kumamoto, Kumamoto Prefecture
- Nov. 1953 Constructed Tokyo Plant in Oyata-cho, Adachi-ku, Tokyo
- May 1959 Shares became over-the-counter securities on the Osaka Securities Exchange
- Jun. 1960 Established Tokyo Branch in Yaesu, Chuo-ku, Tokyo
- Jul. 1960 Shares listed on the Osaka Securities Exchange
- Oct. 1960 Established Hoei Kogyo Co., Ltd.
- May 1961 Established Ehime Iseki Sales Co., Ltd.
- Jun. 1961 Shares listed on the Tokyo Stock Exchange
- Jun. 1961 Established Gunma Iseki Sales Co., Ltd. (currently a consolidated subsidiary)
- Aug. 1961 Established Nanshin Iseki Sales Co., Ltd.
- Aug. 1961 Established Ibaraki Iseki Sales Co., Ltd.
- Nov. 1961 Established Tochigi Iseki Sales Co., Ltd.
- Dec. 1961 Established Niigata Iseki Mfg. Co., Ltd. (currently Iseki-Niigata Mfg. Co., Ltd., a consolidated subsidiary)
- Dec. 1961 Established Sapporo Iseki Sales Co., Ltd.
- Mar. 1962 Established Kagawa Iseki Sales Co., Ltd.
- Aug. 1962 Completed construction of Head Office Building in Otemachi, Matsuyama, Ehime Prefecture
- Mar. 1967 Started production of rice-transplanters, combine harvesters and binders and realized a mechanized integrated system for rice cultivation of those machines including tractors
- Dec. 1967 Established Chiba Iseki Sales Co., Ltd.
- Apr. 1968 Established Niigata Iseki Sales Co., Ltd.
- Aug. 1968 Equity investment in Kochi Iseki Sales Co., Ltd.
- Feb. 1969 Established Matsuyama Plant in Umaki-cho, Matsuyama, Ehime Prefecture
- May 1969 Renamed Tokyo Branch, “Tokyo Headquarters”
- Dec. 1969 Established Keiji Iseki Sales Co., Ltd.
- Oct. 1970 Established Saitama Iseki Sales Co., Ltd.
- Sep. 1972 Expanded Matsuyama Plant (Wake) and relocated Head Office to Wake
- Apr. 1973 Established Iseki Housing Ehime Co., Ltd.
- Nov. 1973 Established Ibaraki Plant in Inamura, Tsukubagun, Ibaraki Prefecture
- Sep. 1975 Established Kumamoto (Mashiki) Plant in Mashikimachi, Kamimashikigun, Kumamoto Prefecture
- Jun. 1977 Relocated Ibaraki Plant to Amimachi, Inashikigun, Ibaraki Prefecture
- Jun. 1977 Established Central Research Institute on the former site of Ibaraki Plant
- Dec. 1977 Relocated Tokyo Headquarters to Kioi-cho, Chiyoda-ku, Tokyo

- Jan. 1978 Established Mie Iseki Sales Co., Ltd. (currently a consolidated subsidiary)
- Apr. 1978 Established Gifu Iseki Sales Co., Ltd.
- Jul. 1978 Established Aichi Iseki Sales Co., Ltd. (currently Iseki-Tokai Co., Ltd., a consolidated subsidiary)
- Nov. 1979 Integrated Matsuyama (Minatomachi) Plant into Matsuyama (Wake) Plant
- Apr. 1980 Integrated Kumamoto (Kengun) Plant into Kumamoto (Mashiki) Plant
- Oct. 1982 Relocated Engineering Department to Tobe-cho, Iyogun, Ehime Prefecture
- Aug. 1984 Established Iseki Credit Co., Ltd.
- Nov. 1984 Acquired Ehime BUTSURYU Co., Ltd. (currently Iseki BUTSURYU Co., Ltd., a consolidated subsidiary)
- Dec. 1992 Merged two sales companies of Eastern Chugoku region and established Iseki Higashi-Chugoku Co., Ltd.
- May 1993 Relocated Tokyo Headquarters to Nishi-nippori, Arakawa-ku, Tokyo (current location)
- Jul. 1993 Merged six sales companies of Tohoku region and established Iseki-Tohoku Co., Ltd. (currently a consolidated subsidiary)
- Nov. 1993 Integrated Ibaraki Plant into Matsuyama Plant
- Dec. 1993 Merged three sales companies of Kyushu region and established Iseki-Kyushu Co., Ltd. (currently a consolidated subsidiary)
- Jun. 1994 Tomitomo Co., Ltd. merged two associates and changed its trade name to Isek Co., Ltd. in July 1994
- Dec. 1994 Merged three sales companies of Hokkaido region and established Iseki-Hokkaido Co., Ltd. (currently a consolidated subsidiary)
- Dec. 1994 Merged three sales companies of Western Chugoku region and established Iseki Nishi-Chugoku Co., Ltd.
- Dec. 1994 Iseki-Kyushu Co., Ltd. merged Nishi-Kyushu Iseki Co., Ltd.
- Jan. 1995 Established Minowa Iseki Co., Ltd.
- Dec. 1995 Iseki-Kyushu Co., Ltd. merged Mimami-Kyushu Iseki Co., Ltd.
- Oct. 1996 Established Kanto Center in Amimachi, Inashikigun, Ibaraki Prefecture (currently Ibaraki Center)
- Feb. 1997 Established a small-sized agricultural machinery sales company, AGRIP CO., LTD.
- Aug. 1997 Merged two sales companies of Hokuriku region and established Iseki-Hokuriku Co., Ltd. (currently a consolidated subsidiary)
- Jan. 2000 Merged two sales companies of Kinki region and established Iseki-Kinki Co., Ltd.
- Jan. 2001 Merged two sales companies of Chugoku region and established Iseki-Chugoku Co., Ltd. (currently a consolidated subsidiary)
- Mar. 2001 Iseki Credit Co., Ltd. merged two consolidated subsidiaries and changed its trade name to Isek Co., Ltd.
- Mar. 2001 Established Ibaraki Iseki Sales Co., Ltd.
- Apr. 2001 Through a company split of the production division, established Iseki-Matsuyama Mfg. Co., Ltd. and Iseki-Kumamoto Mfg. Co., Ltd. (currently consolidated subsidiaries)
- Oct. 2002 Established Hoei Kogyo Co., Ltd. (currently Iseki-Hoei Mfg. Co., Ltd., a consolidated subsidiary)
- Jan. 2003 Merged three sales companies of Shikoku region and established Iseki-Shikoku Co., Ltd. (currently a consolidated subsidiary)
- Jun. 2003 Established Iseki-Changzhou Mfg. Co., Ltd. in Changzhou, Jiangsu, China
- Jan. 2007 Iseki-Tokai Co., Ltd. merged Gifu Iseki Sales Co., Ltd.
- Jan. 2008 Ibaraki Iseki Sales Co., Ltd. merged three sales companies of Kanto region and changed its trade name to Iseki-Kanto Co., Ltd. (currently a consolidated subsidiary)

- Jan. 2008 Niigata Iseki Sales Co., Ltd. merged Nagano Iseki Co., Ltd. and changed its trade name to Iseki-Shinetsu Co., Ltd. (currently a consolidated subsidiary)
- Jan. 2008 Iseki-Kinki Co., Ltd. merged Keiji Iseki Sales Co., Ltd. and changed its trade name to Iseki-Kansai Co., Ltd. (currently a consolidated subsidiary)
- Apr. 2009 Isek Co., Ltd. merged Iseki Construction Co., Ltd.
- Oct. 2012 Established PT. ISEKI INDONESIA in Jawa Timur, Indonesia (currently a consolidated subsidiary)
- Apr. 2013 AGRIP CO., LTD. and Isek Co., Ltd. changed their trade names to ISEKI AGRI CO., LTD. and ISEKI TLS CO., LTD., respectively (currently consolidated subsidiaries)
- May 2014 Integrated Iseki-Changzhou Mfg. Co., Ltd. (China) into an associate, Dongfeng Iseki Agricultural Machinery Co., Ltd. (China)
- Jul. 2014 Acquired a European distributor, YVAN BEAL S.A.S (currently ISEKI France S.A.S, a consolidated subsidiary)
- Nov. 2016 Established ISEKI (THAILAND) CO., LTD. in Bangkok, Thailand (currently a consolidated subsidiary)

3. 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]

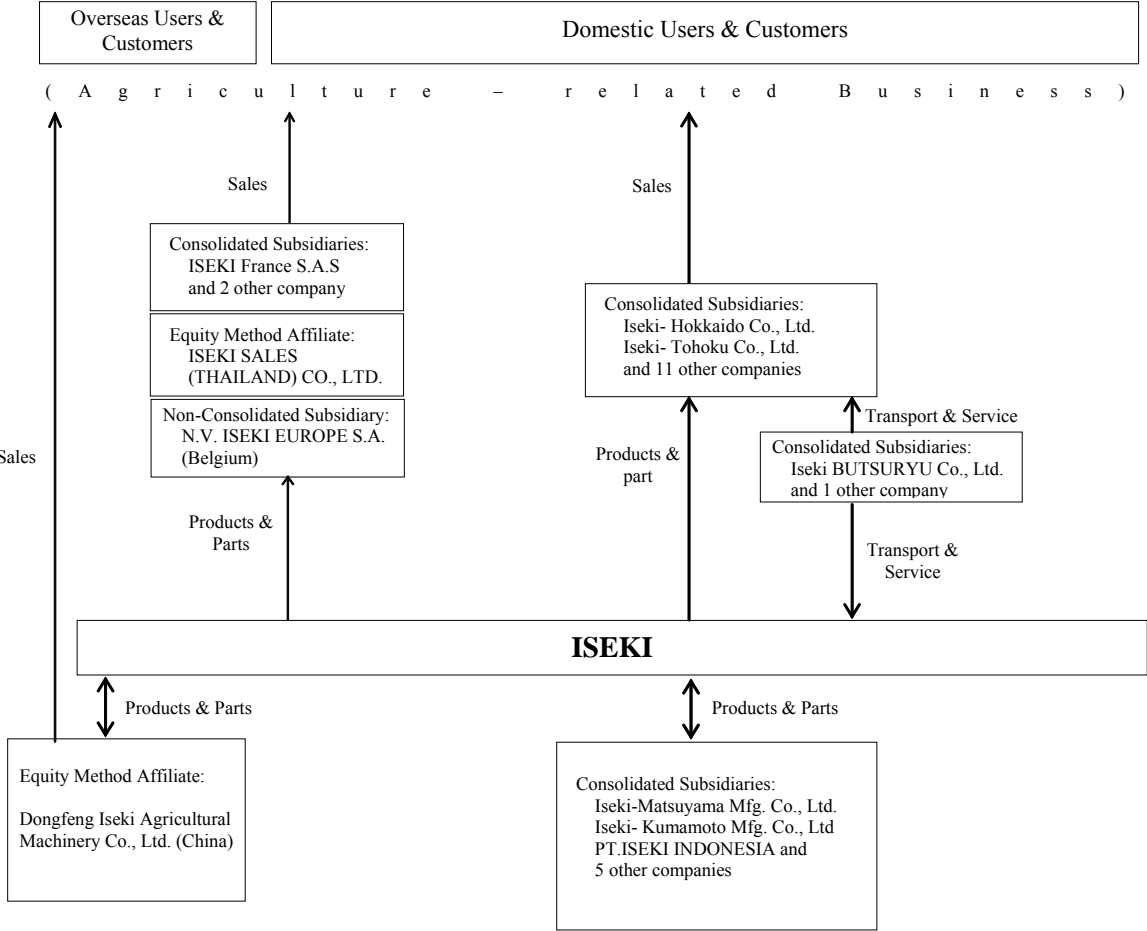
In Japan, sales are conducted through 13 sales companies nationwide. In overseas markets, sales are conducted through associated companies as well as local distributors, etc.

[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.



4. Status of Associated Companies

Name	Location	Capital stock or investments in capital (millions of yen)	Main business content	Ownership of voting rights (%)	Details of relationship
(Consolidated subsidiaries)					
Iseki-Hokkaido Co., Ltd. (Note 5)	Teine-ku, Sapporo, Hokkaido	90	Agriculture-related business (Sale of agricultural machinery)	100	Sales of the Company's products Interlocking directorship: 3
Iseki-Tohoku Co., Ltd. (Note 5)	Iwanuma, Miyagi Prefecture	90	Ditto	100	Sales of the Company's products Renting building owned by the Company Interlocking directorship: 3
Iseki-Kanto Co., Ltd.	Amimachi, Inashikigun, Ibaraki Prefecture	90	Ditto	100	Sales of the Company's products Renting land and building owned by the Company Interlocking directorship: 3
Gunma Iseki Sales Co., Ltd. (Note 4)	Maebashi, Gunma Prefecture	45	Ditto	46.7	Sales of the Company's products Interlocking directorship: 3
Iseki-Shinetsu Co., Ltd.	Minami-ku, Niigata, Niigata Prefecture	97	Ditto	100	Sales of the Company's products Interlocking directorship: 3
Iseki-Hokuriku Co., Ltd.	Kanazawa, Ishikawa Prefecture	90	Ditto	100	Sales of the Company's products Interlocking directorship: 3
Iseki-Tokai Co., Ltd.	Anjo, Aichi Prefecture	81	Ditto	100	Sales of the Company's products Interlocking directorship: 4
Mie Iseki Sales Co., Ltd. (Note 4)	Tsu, Mie Prefecture	40	Ditto	49.0	Sales of the Company's products Interlocking directorship: 3
Iseki-Kansai Co., Ltd.	Mihara-ku, Sakai, Osaka	90	Ditto	100	Sales of the Company's products Renting land and building owned by the Company Interlocking directorship: 3
Iseki-Chugoku Co., Ltd.	Higashi-hiroshima, Hiroshima Prefecture	90	Ditto	100	Sales of the Company's products Interlocking directorship: 3
Iseki-Shikoku Co., Ltd.	Iyo, Ehime Prefecture	72	Ditto	100	Sales of the Company's products Interlocking directorship: 3
Iseki-Kyushu Co., Ltd.	Mashikimachi, Kamimashikigun, Kumamoto Prefecture	90	Ditto	100	Sales of the Company's products Renting land and building owned by the Company Interlocking directorship: 4
ISEKI AGRI CO., LTD.	Arakawa-ku, Tokyo	80	Ditto	100	Sales of the Company's products Interlocking directorship: 4
ISEKI France S.A.S (Note 2)	Aubière, Puy-de-Dôme, France	(Thousands of euro) 612	Ditto	100 [100]	Sales of the Company's products Interlocking directorship: 2
Iseki-Matsuyama Mfg. Co., Ltd. (Note 3)	Matsuyama, Ehime Prefecture	90	Agriculture-related business (Manufacture of agricultural machinery)	100	Manufacturing of the Company's products and parts Renting land, building and facilities owned by the Company Interlocking directorship: 4
Iseki-Kumamoto Mfg. Co., Ltd. (Note 3)	Mashikimachi, Kamimashikigun, Kumamoto Prefecture	80	Ditto	100	Manufacturing of the Company's products and parts Renting land, building and facilities owned by the Company Interlocking directorship: 3
Iseki-Niigata Mfg. Co., Ltd.	Sanjo, Niigata Prefecture	90	Ditto	100	Manufacturing of the Company's products and parts Interlocking directorship: 3

Name	Location	Capital stock or investments in capital (millions of yen)	Main business content	Ownership of voting rights (%)	Details of relationship
Iseki-Hoei Mfg. Co., Ltd.	Matsuyama, Ehime Prefecture	90	Ditto	100	Manufacturing of the Company's products and parts Renting land and building owned by the Company Interlocking directorship: 3
PT. ISEKI INDONESIA	Jawa Timur, Indonesia	(Thousands of U.S. dollar) 18,750	Ditto	95.0	Manufacturing of the Company's products and parts Interlocking directorship: 1
Iseki BUTSURYU Co., Ltd.	Matsuyama, Ehime Prefecture	20	Agriculture-related business (Other)	100	Transport of the Group's products and parts Renting land and building owned by the Company Interlocking directorship: 4
Six other companies	—	—	—	—	—
(Equity method associates)					
Dongfeng Iseki Agricultural Machinery Co., Ltd.	Xiangyang, Hubei, China	(Thousands of yuan) 510,000	Agriculture-related business (Manufacturing and sale of agricultural machinery)	50.0	Manufacturing and sales of the Company's products Interlocking directorship: 4
ISEKI SALES (THAILAND) CO., LTD.	Kamphaeng Phet, Thailand	(Thousands of Thai baht) 290,000	Agriculture-related business (Sale of agricultural machinery)	20.0	Sales of the Company's products Interlocking directorship: 1

- Notes:
1. There are no companies submitting securities registration statements or securities reports.
 2. Figures in brackets in the column of "Ownership of voting rights" represent the indirect ownership ratio, which is included in the total ownership ratio.
 3. The companies qualify as specified subsidiaries.
 4. While the Company's equity interest is not more than 50%, it has been included as a subsidiary, as it is substantially controlled by the Company.
 5. For Iseki-Hokkaido Co., Ltd. and Iseki-Tohoku Co., Ltd., their ratios of net sales (excluding inter-company sales between consolidated subsidiaries) to consolidated net sales exceed 10%, respectively.
- Major profit and loss information, etc.:

	Iseki-Hokkaido Co., Ltd.	Iseki-Tohoku Co., Ltd.
Net sales	¥17,845 million	¥17,444 million
Ordinary income	¥250 million	¥442 million
Profit	¥161 million	¥245 million
Net assets	¥3,318 million	¥1,588 million
Total assets	¥15,479 million	¥11,643 million

5. Status of Employees

(1) Status of Consolidated Companies

As of December 31, 2016

Name of business divisions, etc.	Number of employees
Development and production	1,831 [590]
Sales	3,619 [540]
Others	403 [60]
Total	5,853 [1,190]

- Notes:
1. The number of employees is the number of people gainfully occupied.
 2. Figures in brackets in the column of number of employees represent the average number of temporary employees hired for the year, which is not included in the number of people gainfully

occupied.

3. As the Group comprises a single segment of the “agriculture-related business,” it reports the number of employees of business divisions, etc.

(2) Status of the Submitting Company

As of December 31, 2016

Number of employees	Average age (years old)	Average years of service (years)	Average annual salary (yen)
740 [90]	43.0	15.4	5,520,422

- Notes:
1. The number of employees is the number of people gainfully occupied and the figure in brackets in the column of number of employees represents the average number of temporary employees hired for the year, which is not included in the number of people gainfully occupied.
 2. The average annual salary includes bonuses and extra wages.

(3) Status of Labor Unions

The Company and certain consolidated subsidiaries have labor unions.

In addition, the Company’s labor union with 1,143 union members (including 687 seconded employees) is a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM).

Currently, there are no special matters to report regarding labor unions at the Company or its consolidated subsidiaries.

II. Management Performance

1. Analysis of Management Performance

The Company changed the fiscal year-end from March 31 to December 31 from the fiscal year ended December 31, 2015. Accordingly, the previous fiscal year, which is the transitional period of the fiscal year-end change, is a nine-month period from April 1, 2015 to December 31, 2015. Therefore, the operating results for the fiscal year under review are compared below with the operating results for January 1, 2015 to December 31, 2015, the same period of the previous year.

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Profit attributable to owners of parent (millions of yen)
FY ended Dec. 31, 2016	153,097	2,469	1,635	858
(Reference) Same period of the previous year	156,794	178	373	
Adjusted year-on-year change	(2.4)%	—	338.2%	

Note: Adjusted year-on-year change in operating income is represented by “—” since it is not less than 1,000%.

(1) The Fiscal Period in Review

During the fiscal year under review, the Japanese economy remained sluggish due to large swings in the currency exchange rate, ranging from a rising trend of the yen at the beginning of the fiscal year to a depreciation of the yen toward the end of the fiscal year, in addition to continued weakness in consumer spending. Meanwhile, although the U.S. economy remained robust backed by an improvement in the employment situation and the expansion of consumer spending, the global economy overall remained unstable due to the continued deceleration of growth in the Chinese economy and uncertainties over the European economy triggered by the decision of the U.K. to leave the EU.

With regard to the environment surrounding agriculture in Japan, the rise in the price of rice did not lead to a demand recovery in the agricultural machinery market, due to uncertainties over the outlook of the industry caused by structural changes in agriculture in Japan.

Under such circumstances, the ISEKI Group strove to increase sales volume in Japan by launching new products and enhancing customer service, while it worked to expand sales overseas in its core markets of North America, Europe, China and the ASEAN region by strengthening its marketing. 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 decreased ¥3,696 million from the same period of the previous year to ¥153,097 million (down 2.4%). Domestic sales amounted to ¥121,041 million, down ¥4,358 million (3.5%) from the same period of the previous year. This was due to a drop in sales of agricultural machinery products due to the continued weak demand for agricultural machinery, despite an increase in sales of farming implements, spare parts, and repair fees. Overseas sales increased ¥661 million (2.1%) from the same period of the previous year to ¥32,055 million, due to shipments of semi-finished tractors to China, the full-scale sale of which started from the fiscal year under review, as well as strong shipments of tractors in the ASEAN region to Indonesia and Thailand, despite an impact from changes in currency exchange rates owing to yen appreciation. Operating income totaled ¥2,469 million, up ¥2,291 million from the same period of the previous year, due to a significant reduction in expenses through a cut in personnel expenses and a full enforcement of low-cost operations, despite a lower gross profit resulting from decreased sales and the impact of currency exchange rates. Ordinary income amounted to ¥1,635 million, up ¥1,262 million (338.2%) from the same period of the previous year, due to a smaller increase in operating income resulting from the recording of foreign exchange losses and share of loss of entities accounted for using the equity method. Profit attributable to owners of parent was ¥858 million, due to the recording of a gain on sales of investment securities, despite posting a loss on disaster following the Kumamoto Earthquake.

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

In the fiscal year under review, net sales totaled ¥95,873 million, operating income was ¥921 million, and ordinary income amounted to ¥2,746 million. The Company recorded a profit of ¥2,651 million.

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥27,580 million (down 8.4% from the same period of the previous year), and sales of planting machinery (rice transplanters and vegetable transplanters) were ¥9,124 million (down 7.5%). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥20,891 million (down 4.7%). Sales of spare parts and farming implements, and repair fees were ¥38,558 million (up 4.3%). Sales of other agriculture-related business (including construction of facilities, among others) were ¥24,887 million (down 6.3%).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥24,512 million (down 7.0% from the same period of the previous year), and sales of planting machinery (rice transplanters, etc.) were ¥3,281 million (up 73.4%). Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥390 million (up 22.6%). Sales of spare parts and farming implements were ¥2,087 million (down 9.1%). Sales of other agriculture-related business were ¥1,783 million (up 245.4%).

(2) Cash Flows

The balance of cash and cash equivalents at end of period increased ¥5,147 million year on year, to ¥13,909 million.

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

Net cash provided by (used in) operating activities came to a net cash inflow of ¥8,283 million, comprised principally of depreciation of ¥7,189 million, an increase in inventories of ¥1,810 million, and an increase in notes and accounts payable—trade of ¥2,625 million.

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

Net cash provided by (used in) investing activities resulted in a net cash outflow of ¥5,736 million, comprised principally of capital investment expenditures of ¥8,561 million and proceeds from sales of investment securities of ¥1,467 million.

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

Net cash provided by (used in) financing activities amounted to a net cash inflow of ¥2,621 million, due primarily to an increase in interest-bearing liabilities.

2. Production, Orders and Sales

The Company has changed the fiscal year-end from March 31 to December 31 from the fiscal year ended December 31, 2015. Accordingly, the previous fiscal year, which is the transitional period of the fiscal year-end change, 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, 2016 (Jan. 1, 2016–Dec. 31, 2016)	
	Amount (millions of yen)	Change yoy (%)
Cultivating and mowing machinery	59,356	—
Planting machinery	12,034	—
Harvesting and processing machinery	22,164	—
Parts and farming implements	1,992	—
Other agriculture-related business	5,460	—
Total	101,009	—

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 “agriculture-related business,” it reports sales results by product within the “agriculture-related business.”

Product category	FY ended Dec. 31, 2016 (Jan. 1, 2016–Dec. 31, 2016)	
	Amount (millions of yen)	Change yoy (%)
Cultivating and mowing machinery	52,092	—
Planting machinery	12,406	—
Harvesting and processing machinery	21,282	—
Parts and farming implements, and repair fees	40,645	—
Other agriculture-related business	26,670	—
Total	153,097	—

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

Customer	FY ended Dec. 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)		FY ended Dec. 31, 2016 (Jan. 1, 2016–Dec. 31, 2016)	
	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)	17,131	11.8	17,520	11.4

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

3. Issues to Be Addressed

In 2025, ISEKI & CO., LTD., will celebrate its 100th anniversary.

To establish our firm position as a manufacturer specialized in agricultural machinery in the global market by our 100th anniversary, we will make concerted efforts throughout the Group in strengthening our responsiveness to structural changes in agriculture in Japan, expanding our overseas business, reinforcing our organization and governance by exercising our strength as a manufacturer specialized in agricultural machinery, and utilizing our ability to develop and propose products that are competitive in the global market.

1) Enhanced responses to changes in the Japanese market

Agriculture in Japan is undergoing structural changes toward improved productivity based on the government's policy to make agriculture a growth industry. These changes include large-scale farming through the consolidation of farmland, a switching of cropping modes from rice to other crops, the entry of companies into agriculture, and the progress of developing agriculture as a sixth industry.

While the Company has already been making efforts to respond to changes in agriculture in Japan as a priority issue, we will accelerate our efforts and respond to changes in the market both in our products and services.

In terms of products, we will reinforce our efforts in developing products that respond to the "new agricultural administration era" by utilizing our technological capabilities such as simple specifications for reducing production material costs, automation specifications incorporating advanced technology that address labor-saving to respond to the lack of labor, and machines for cropping and vegetable farming, according to the cultivation system of the region.

In terms of services, we will strengthen our proposal-based marketing abilities in local regions by operating Dream Agricultural Research Institute Branches in the regions under the control of the Dream Agricultural Research Institute, an institute established in Tsukubamirai for the research and verification of advanced agricultural technology and support of dissemination to prospective farmers. We will also strive to strengthen our service and support capabilities by reinforcing the training of service personnel through the ISEKI Global Training Center and enhancing maintenance facilities that can respond to maintenance of large machinery.

We will reinforce our domestic business foundation by supporting the "full of dreams farming industry" in Japan with our products and services.

2) Fully develop global strategies

We will position North America, Europe, China, and the ASEAN markets as our four strategic regions, and aim to achieve an overseas sales ratio of more than 40%, including entities accounted for using equity method, by fiscal 2020.

In the North American market, we will further strengthen cooperation with our OEM partners and aim to further expand sales by launching "new strategic products" that meet customer needs.

In the European market, we will position ISEKI France S.A.S as the core of business development to establish the ISEKI brand in Europe, and focus on boosting sales and market share by enhancing our product lineup and strengthening our service and support system.

For the Chinese and ASEAN businesses, which we position as a growth engine, we will further strengthen cooperation with joint venture partners to expand business.

In the Chinese market, Dongfeng Iseki Agricultural Machinery Co., Ltd., completed construction of a new plant in 2016. Going forward, we will enhance its product lineup and expand its business by supplying products not only within China but also to the ASEAN market.

In the Thai market, we have been endeavoring to establish the ISEKI brand through sales by ISEKI SALES (THAILAND) CO., LTD., which was founded in 2013. We also established ISEKI (THAILAND) CO., LTD., in 2016 to further strengthen sales and services for our

products not only in Thailand but also throughout the entire ASEAN region. Going forward, we will aim to establish our business in Thailand and expand sales channels to surrounding countries by further strengthening cooperation with joint venture partners. In addition, at PT. ISEKI INDONESIA, which began full-fledged operations in fiscal 2016 as our central production base in the ASEAN market, we will reinforce our efforts to improve revenues by optimizing suppliers and improving work at production sites.

We will focus on expanding our overseas business by enhancing our product development, production, sales and service structures by leveraging regional characteristics, and reinforcing the development of personnel that support such structures.

3) Promotion of cost and revenue structure reforms

The ISEKI Group has been pushing forward with cost structure reforms mainly in the development and production division to launch products that are competitive in the intensifying sales competition both in Japan and overseas. During the fiscal year under review, we were able to achieve the expected results by promoting further cost structure reforms in the development and production division as well as fully enforcing low-cost operations, including in sales divisions. We intend to continue our Groupwide cost structure reforms to implement revenue structure reforms.

4) Thorough compliance with laws and regulations and enhancement of internal control

The Company underwent on-site investigations by the Japan Fair Trade Commission (JFTC) on suspicion of a possible violation of the Antimonopoly Act in regard to bidding on facility construction projects and received a cease and desist order and an order for surcharge payment under the Antimonopoly Act.

With full recognition of the severity of the case, the Company is making great effort toward preventing similar occurrences by establishing measures to prevent the recurrence of such misconduct and declaring and publicizing the cessation of bid rigging by top management.

Specifically, 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. 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.

Furthermore, we have been utilizing external personnel in audits of the facility business since March 2016. In January 2017, we allocated an officer dedicated to integrated management of internal controls as well as audit and compliance.

Going forward, we will strive to ensure even 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 code of conduct 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 restricted and business performance may deteriorate. Depending on the results of the on-site investigations on the Company by the JFTC in regard to bidding on facility construction projects may negatively affect the Group.

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 Mechatronics Technology Department was transferred to the Advanced Technology Promotion Department in March 2016, and a new Advanced Technology Engineering Department was established to bolster the promotion of advanced technology.

Research and development expenses for the entire Group in the consolidated fiscal year under review totaled ¥2,981 million, and major research results are as follows:

Agriculture-related Business

[Tractors]

- We remodeled the popular small-sized tractors in the TH series, adopting a dynamic, lively new design while also featuring greater convenience, comfort, and safety. The specifications make it easy and fatigue-free for anyone to operate, regardless of their age, gender or experience in agriculture. We named the new series the RESPA RTS series. The lineup includes a wide range of additional new products to meet various farmland conditions and work needs.

[Combine Harvesters]

- We remodeled the high efficiency, compact HFC series of three-stroke and four-stroke combine harvesters, providing it with simple, easy-to-use features and additional safety and security functions. As new additions to the FRONTIER HFC series lineup, we released the three-stroke HFC331 and four-stroke HFC435, reaping harvesters with improved high-precision sorting capabilities.
- In recent years, the Southeast Asian market has experienced rapid mechanization in the agricultural sector. Especially, demand for mechanization is high for harvesting work, which is especially labor-intensive. We released the HC80P general-purpose combine harvester, which matches the crop and farmland characteristics and user needs of the Southeast Asian market.

[Rice Transplanters]

- We released the industry's first rice transplanter with variable fertilizer applications, contributing to the greater penetration of smart rice transplanters adopting advanced technologies. We added straight-travel assist system specifications to the Sanae NP80, our second smart rice transplanter.

The straight-travel assist function, composed of a GPS and a steering motor, assists users with straight-travel operation, reducing operator fatigue and the amount of time required to master operation techniques.

[Vegetable Farming Products]

- In the vegetable farming market, which has seen tremendous growth in recent years, there is demand for fully automated transplanters that can offer greater operational efficiency. As a new addition to the Naueru Ace PVZ1 series of full-automatic vegetable transplanters, we released the PVZ1-120D, a single-ridge, two-stroke transplanter with a lightweight body and one-touch tray switching function for easy, stress-free operation and high-speed planting (0.54m/s).

[Other Products]

- The Company has participated in the “*Nougyou-Jyoshi* Support Project,” which is run by the Ministry of Agriculture, Forestry and Fisheries of Japan, since its formulation in 2013, and released the tractor “*Shiopuchi Z15*,” the first item that was developed as a *Nougyou-Jyoshi* collaborative product, in June 2015. In November 2016, we released the “*Chocopuchi*,” our second *Nougyou-Jyoshi* collaborative product. The “*Chocopuchi*” is a mini-tiller with svelte coloring and improved ease of use, reflecting feedback from *Nougyou-Jyoshi* (female farmers).

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's statistical table of published patents in Japan, we ranked No. 1 for seven consecutive years, from 2000 to 2006, in the “agriculture and fishery sector.” We also ranked first in the “other specialty machinery sector” for eight consecutive years from 2007 through 2014, following changes made to the classification of industry sectors. Accordingly, we ranked No. 1 for 15 consecutive years in aggregate.

In addition, 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 2015.

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 stated in "II. Management Performance 1. Analysis of Management Performance (1) The Fiscal Period in Review."

2) Financial position

Total assets at the end of the consolidated fiscal year under review increased ¥2,207 million year on year, to ¥203,356 million. Of assets, current assets increased ¥6,162 million year on year, and non-current assets declined ¥3,955 million year on year. The main changes were a ¥5,147 million increase in cash and deposits, a ¥1,430 million increase in merchandise and finished goods, a ¥1,043 million decrease in other under current assets, a ¥2,250 million decrease in investment securities, and a ¥1,579 million decrease in other under investments and other assets. Total liabilities increased ¥3,155 million year on year, to ¥136,205 million. The main changes were a ¥4,647 million increase in short-term loans payable and long-term loans payable, a ¥2,416 million increase in notes and accounts payable-trade, and a ¥1,200 million decrease in other under current liabilities. Net assets decreased ¥947 million from the previous consolidated fiscal year, to ¥67,151 million. The main changes were a ¥519 million increase in retained earnings, a ¥1,282 million decrease in valuation difference on available-for-sale securities, and a ¥627 million decrease in foreign currency translation adjustment.

The equity ratio was 32.2%.

3) Analysis of cash flows

An analysis of cash flows is stated in "II. Management Performance 1. Analysis of Management Performance (2) Cash Flows."

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 ¥7,415 million (the figure is based on property, plant and equipment data, and the amount excludes consumption tax, etc.).

Major investments were as follows:

Agriculture-related Business

[Development and production divisions of agricultural machinery]

The Group made capital investments of ¥4,275 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 ¥28 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 ¥2,650 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 ¥171 million with regard to the ongoing renewal of facilities and the renovation of sales offices and service maintenance factories.

2. Status of Major Equipment and Facilities

The major equipment and facilities of the Group (the Company and its consolidated subsidiaries) are as follows. As the Company comprises a single segment of the “agriculture-related business,” “names of segments” have been omitted.

(1) Submitting Company

Name of business office (location)	Description of equipment and facilities	Book value (millions of yen)						Number of employees
		Buildings and structures	Machinery, equipment and vehicles	Land (Area 1,000m ²) [Area 1,000m ²]	Leased assets	Other	Total	
Tokyo Headquarters (Arakawa-ku, Tokyo)	Other general equipment and facilities	160	603	362 <2.1>	159	41	1,327	176
Tobe Office (Tobe-cho, Iyogun, Ehime Prefecture)	Research facilities, other general equipment and facilities	474	366	5,323 <101.0>	75	60	6,300	404
Head Office (Matsuyama, Ehime Prefecture)	Research facilities, other general equipment and facilities	1,743	90	3,101 <55.3> [3.0]	68	66	5,071	82
Tsukubamirai Office, Kansai Office and 2 other regions (Tsukubamirai, Ibaraki and others)	Other general equipment and facilities	1,576	280	3,993 <149.1> [61.8]	23	121	5,995	76

(2) Domestic Subsidiaries

Name of company (location)	Description of equipment and facilities	Book value (millions of yen)						Number of employees
		Buildings and structures	Machinery, equipment and vehicles	Land (Area 1,000m ²) [Area 1,000m ²]	Leased assets	Other	Total	
Iseki-Matsuyama Mfg. Co., Ltd. Head Office, Plant (Matsuyama, Ehime Prefecture)	Manufacturing facilities of agricultural machinery	1,552	3,919	6,309 <117.2> [10.3]	1,338	1,229	14,349	541
Iseki-Kumamoto Mfg. Co., Ltd. Head Office, Plant (Mashikimachi, Kamimashikigun, Kumamoto Prefecture)	Manufacturing facilities of agricultural machinery	1,262	1,423	2,240 <97.5> [20.3]	852	453	6,232	239
Iseki-Niigata Mfg. Co., Ltd. Head Office, Plant (Sanjo, Niigata Prefecture)	Manufacturing facilities of agricultural machinery	637	675	313 <22.3> [7.8]	311	41	1,979	173
Iseki-Hoei Mfg. Co., Ltd. Head Office, Plant (Matsuyama, Ehime Prefecture)	Manufacturing facilities of agricultural machinery	56	85	631 <13.4> [4.1]	256	61	1,091	138
Iseki-Hokkaido Co., Ltd. Head Office, Sales Office (Teine-ku, Sapporo, Hokkaido and others)	Other general equipment and facilities	2,490	214	2,279 <315.2> [7.2]	148	74	5,207	417
Iseki-Tohoku Co., Ltd. Head Office, Sales Office (Iwanuma, Miyagi Prefecture and others)	Other general equipment and facilities	2,032	30	2,324 <115.6> [90.0]	1,680	64	6,133	545
Iseki-Kanto Co., Ltd. Head Office, Sales Office (Amimachi, Inashikigun, Ibaraki Prefecture and others)	Other general equipment and facilities	1,538	379	3,784 <102.1> [39.2]	61	28	5,793	351
Iseki-Shinetsu Co., Ltd. Head Office, Sales Office (Minami-ku, Niigata, Niigata Prefecture and others)	Other general equipment and facilities	901	144	1,878 <98.4> [21.3]	48	4	2,978	218
Iseki-Hokuriku Co., Ltd. Head Office, Sales Office (Kanazawa, Ishikawa Prefecture and others)	Other general equipment and facilities	622	84	2,359 <45.5> [21.0]	731	36	3,835	172
Iseki-Tokai Co., Ltd. Head Office, Sales Office (Anjo, Aichi Prefecture and others)	Other general equipment and facilities	1,345	280	1,836 <24.9> [28.9]	350	20	3,833	251
Iseki-Kansai Co., Ltd. Head Office, Sales Office (Mihara-ku, Sakai, Osaka and others)	Other general equipment and facilities	982	112	2,646 <51.9> [29.4]	84	9	3,835	266
Iseki-Chugoku Co., Ltd. Head Office, Sales Office (Higashi-hiroshima, Hiroshima Prefecture and others)	Other general equipment and facilities	1,217	76	1,396 <84.4> [37.6]	409	19	3,119	354
Iseki-Shikoku Co., Ltd. Head Office, Sales Office (Iyo, Ehime Prefecture and others)	Other general equipment and facilities	714	316	1,092 <53.2> [15.0]	23	10	2,157	224
Iseki-Kyushu Co., Ltd. Head Office, Sales Office (Mashikimachi, Kamimashikigun, Kumamoto Prefecture and others)	Other general equipment and facilities	1,657	502	3,048 <105.9> [26.6]	60	55	5,324	449

(3) Overseas Subsidiaries

Name of company (location)	Description of equipment and facilities	Book value (millions of yen)						Number of employees
		Buildings and structures	Machinery, equipment and vehicles	Land (Area 1,000m ²)	Leased assets	Other	Total	
PT. ISEKI INDONESIA (Jawa Timur, Indonesia)	Manufacturing facilities of agricultural machinery	1,048	82	319 <50.2>	812	570	2,833	150

- Notes:
1. The book value does not include construction in progress.
 2. The figures in angle brackets (“<>”) above represent the total area of land. The figures in square brackets (“[]”) above represent the area of land leased from parties other than consolidated companies, which are not included in the total area of land.
 3. Facilities leased between consolidated companies are presented as facilities on the lessee side.
 4. Currently, there are no major idle facilities.
 5. The above amounts do not include consumption tax, etc.

3. Plans for New Installation or Retirement of Equipment and Facilities

(1) New Installation, etc., of Major Equipment and Facilities

Plans for new installation, etc., of major equipment and facilities by the Group (the Company and its consolidated subsidiaries) are as follows. As the Company comprises a single segment of the “agriculture-related business,” “names of segments” have been omitted.

Name of company	Name of business office (location)	Description of equipment and facilities	Planned investment amount		Financing method	Month, year of start	Month, year to be completed
			Total amount (millions of yen)	Amount paid (millions of yen)			
Submitting company	Tokyo Headquarters (Arakawa-ku, Tokyo) Collectively companywide	Other general equipment and facilities	1,347	866	Internal funds, leasing and loans	Feb. 2016	Dec. 2017
	Tobe Office (Tobe-cho, Iyogun, Ehime Prefecture) Collectively companywide	Research and development facilities	55	—		Jan. 2017	Dec. 2017
		Facilities for new type of products	80	9		Nov. 2016	Dec. 2017
Iseki-Matsuyama Mfg. Co., Ltd.	Head Office, Plant (Matsuyama, Ehime Prefecture)	Facilities for new type of products Facilities for streamlining and labor saving	1,110	134		Sep. 2016	Dec. 2017
Iseki-Kumamoto Mfg. Co., Ltd.	Head Office, Plant (Mashikimachi, Kamimashikigun, Kumamoto Prefecture)	Facilities for new type of products Facilities for streamlining and labor saving	422	6		Nov. 2016	Dec. 2017
Iseki-Hokkaido Co., Ltd. and 12 other sales companies	Head Office, Sales Office (Teine-ku, Sapporo, Hokkaido and others)	New installation and repair of sales stores and maintenance plants Sales promotion machinery Other general equipment and facilities	3,011	11	Dec. 2016	Dec. 2017	

- Notes:
1. Production capacity and sales capabilities after completion of the above facilities are expected to be almost the same as those at the end of the fiscal year under review.
 2. The above amounts do not include consumption tax, etc.

(2) Retirement, etc., of Major Equipment and Facilities

There are no special matters to report regarding plans for retirement, etc., of major equipment and facilities as of the end of the fiscal year under review.

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

Note: The 93rd Ordinary General Meeting of Shareholders held on March 30, 2017 gave approval to change the total number of authorized shares of common shares to be issued to 69 million shares as of the effective date of share consolidation (July 1, 2017).

(ii) Outstanding shares

Class of shares	Number of shares outstanding as of the fiscal year-end (Dec. 31, 2016) (shares)	Number of shares outstanding as of the date of submission (Mar. 31, 2017) (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	—	—

Note: The 93rd Ordinary General Meeting of Shareholders held on March 30, 2017 gave approval to change the number of the share trading unit from 1,000 shares to 100 shares as of the effective date of share consolidation (July 1, 2017).

(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, 2016)	As of the end of the month before the submission date (Feb. 28, 2017)
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

	As of the end of the fiscal year under review (Dec. 31, 2016)	As of the end of the month before the submission date (Feb. 28, 2017)
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 resolution of the Board of Directors	Same as on the left
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:
- The increases are caused by exercising subscription rights to shares in convertible bond-type bonds with subscription rights to shares.
 - 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, 2016

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	46	54	311	124	17	17,314	17,866	—
Number of shares held (unit of shares)	0	80,200	5,089	40,953	17,910	63	85,068	229,283	566,936
Shareholding ratio (%)	0.0	35.0	2.2	17.9	7.8	0.0	37.1	100.0	—

- Notes:
- 3,977,123 treasury shares are included in “Individuals and other” (3,977 units) and in “Status of shares below stock trading unit” (123 shares). The actual number of treasury shares held as of the fiscal year-end was 3,976,123 shares.
 - 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, 2016

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
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	9,893	4.30
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 <i>kabushiki hoyukai</i> (Company's Stockholding Co-op.)	5-3-14, Nishi-nippori, Arakawa-ku, Tokyo	5,822	2.53
The Iyo Bank, Ltd.	1, Minami-horibata-cho, Matsuyama, Ehime Prefecture	5,800	2.52
Sompo Japan Nipponkoa Insurance Inc.	1-26-1, Nishi-shinjuku, Shinjuku-ku, Tokyo	4,345	1.89
Iseki <i>eigyo-hansya group syain mochikabukai</i> (Business-selling Group Holdings)	5-3-14, Nishi-nippori, Arakawa-ku, Tokyo	4,201	1.82
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	4,010	1.74
The Kyoei Fire & Marine Insurance Co., Ltd.	1-18-6, Shinbashi, Minato-ku, Tokyo	3,527	1.53
Total	—	64,994	28.27

- Notes:
- In addition to the above, the Company actually owns treasury shares of 3,976 thousand shares (accounting for 1.72% of the aggregate number of shares issued).
 - Of the above, the number of shares held in connection with the trust business is as follows:
Japan Trustee Services Bank, Ltd. (Trust Account): 9,893 thousand shares
The Master Trust Bank of Japan, Ltd. (Trust Account): 4,010 thousand shares
 - The report on large shareholdings (change report) provided for public inspection by Mizuho Bank, Ltd. on October 21, 2016 states that the said Bank jointly held the following shares as of October 14, 2016. However, we were not able 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
Asset Management One Co., Ltd.	1-8-2, Marunouchi, Chiyoda-ku, Tokyo	6,338	2.76

- 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 able 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

5. The report on large shareholdings (change report) provided for public inspection by Rheos Capital Works Inc. on January 5, 2017 states that the said Bank held the following shares as of December 28, 2016. However, we were not able 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 (%)
Rheos Capital Works Inc.	1-11-1, Marunouchi, Chiyoda-ku, Tokyo	9,147	3.98

(8) Status of Voting Rights

(i) Shares outstanding

As of December 31, 2016

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 3,976,000	—	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 225,307,000	225,307	Ditto
Shares less than one unit	Common shares 566,936	—	Ditto
Total number of shares outstanding	229,849,936	—	—
Voting rights of all shareholders	—	225,307	—

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, 2016

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	3,976,000	—	3,976,000	1.72
Total	—	3,976,000	—	3,976,000	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	11,957	2,825,977
Number of treasury shares acquired during the current period	226	51,872

Note: The number of treasury shares acquired during the current period does not include the number of shares added by purchasing shares less than one unit between March 1, 2017 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	3,976,123	—	3,976,349	—

Note: The number of treasury shares held during the current period does not include the number of shares added by purchasing shares less than one unit between March 1, 2017 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, 2016, we resolved to pay ¥1.50 per share.

Dividends of surplus with a record date within the fiscal year ended December 31, 2016 are as follows:

Resolution date	Total amount of dividends paid (millions of yen)	Dividend per share (yen)
Ordinary General Meeting of Shareholders on March 30, 2017	338	1.50

4. Changes in Share Prices

(1) The Highest and Lowest Share Prices by Fiscal Year for the Past Five Fiscal Years

Ordinary business term	89th business term	90th business term	91st business term	92nd business term	93rd business term
For the year ended	March 2013	March 2014	March 2015	December 2015	December 2016
Highest (yen)	374	454	290	256	276
Lowest (yen)	167	252	212	169	133

- Notes: 1. Share prices are those on the First Section of the Tokyo Stock Exchange.
 2. Due to the change in the fiscal year of the Company, the 92nd business term is a nine-month period from April 1, 2015 to December 31, 2015.

(2) The Highest and Lowest Share Prices by Month for the Past Six Months

Month	July 2016	August	September	October	November	December
Highest (yen)	240	270	267	260	266	235
Lowest (yen)	210	210	242	244	222	221

Note: Share prices are those on the First Section of the Tokyo Stock Exchange.

5. Status of Officers

There are 15 male and 1 female officers (percentage of female officer: 6%)

Title	Position	Name	Date of birth	Brief biography	Term of office	Number of shares held (thousands of shares)
Chairman	—	Kenji Minami	January 3, 1947	<p>May 1998 Executive Managing Director, The Dai-Ichi Kangyo Bank, Ltd.</p> <p>Jun. 2000 Managing Executive Officer, The Dai-Ichi Kangyo Bank, Ltd.</p> <p>Sep. 2000 Managing Executive Officer, Mizuho Holdings, Inc.</p> <p>Jun. 2001 Advisor of the Company</p> <p>Executive Managing Director of the Company</p> <p>Assistant to President of the Company</p> <p>Apr. 2003 In charge of Audit Section of the Company</p> <p>Oct. 2007 Director & Vice President of the Company</p> <p>Apr. 2009 Vice President Executive Officer of the Company</p> <p>Jun. 2012 Director & Chairman of the Company</p> <p>Chairman Executive Officer of the Company</p> <p>May 2015 In charge of Internal Control & Audit Department of the Company</p> <p>Jun. 2015 Appointed as Chairman of the Company to present</p>	Note 4	221
President	—	Eiichiro Kinoshita	July 16, 1952	<p>Apr. 1977 Joined ISEKI & CO., LTD.</p> <p>Jun. 2004 General Manager, Vegetable Transplanter Engineering Department of the Company</p> <p>Oct. 2006 General Manager, Development Planning Department of the Company</p> <p>Mar. 2007 Director & President, Iseki-Kumamoto Mfg. Co., Ltd.</p> <p>Oct. 2008 Corporate Officer of the Company</p> <p>Dec. 2009 Senior Corporate Officer of the Company</p> <p>General Division Manager, Development & Production Division of the Company</p> <p>Jun. 2010 Managing Director of the Company</p> <p>In charge of Development & Production Division of the Company</p> <p>Apr. 2011 In charge of Products Planning Department of the Company</p> <p>Jun. 2012 Executive Managing Director of the Company</p> <p>Senior Corporate Executive Officer of the Company</p> <p>Jun. 2015 Director & Senior Corporate Executive Officer of the Company</p> <p>Mar. 2016 Appointed as President of the Company to present</p>	Note 4	94

Title	Position	Name	Date of birth	Brief biography	Term of office	Number of shares held (thousands of shares)
Director & Vice President Executive Officer	Assistant to President Responsible for Personnel Department In charge of Corporate Planning Department In charge of Investor Relations Section In charge of Financial Department	Shirou Tomiyasu	February 6, 1958	<p>Apr. 2011 Managing Executive Officer, Mizuho Bank, Ltd.</p> <p>Jun. 2015 Advisor, Chuo Fudosan Co., Ltd.</p> <p>Jan. 2016 Advisor of the Company</p> <p>Mar. 2016 Director & Senior Corporate Executive Officer of the Company</p> <p>Appointed as Assistant to President of the Company to present</p> <p>Responsible for Corporate Planning Department of the Company</p> <p>Responsible for Investor Relations Section of the Company</p> <p>Appointed to be responsible for Personnel Department of the Company to present</p> <p>Appointed to be in charge of Financial Department of the Company to present</p> <p>Jan. 2017 Appointed as Director & Vice President Executive Officer of the Company to present</p> <p>Appointed to be in charge of Corporate Planning Department of the Company to present</p> <p>Appointed to be in charge of Investor Relations Section of the Company to present</p>	Note 4	23
Director & Senior Corporate Executive Officer	General Division Manager, Business Division In charge of Business Division	Akio Kikuchi	September 7, 1952	<p>Apr. 1977 Joined ISEKI & CO., LTD.</p> <p>Jul. 1999 General Manager, Product Research Department of the Company</p> <p>Jan. 2002 General Manager, Sales Promotion Department of the Company</p> <p>Aug. 2004 Deputy Division Manager, Business Division of the Company</p> <p>Jun. 2005 Director of the Company</p> <p>Dec. 2007 Corporate Officer of the Company</p> <p>Director & President, Iseki-Tohoku Co., Ltd.</p> <p>Dec. 2009 Senior Corporate Officer of the Company</p> <p>Jan. 2011 Appointed as General Division Manager, Business Division of the Company to present</p> <p>Jun. 2011 Managing Director of the Company</p> <p>Jun. 2012 Executive Managing Director of the Company</p> <p>Senior Corporate Executive Officer of the Company</p> <p>Appointed to be in charge of Business Division of the Company to present</p> <p>Jun. 2015 Appointed as Director & Senior Corporate Executive Officer of the Company to present</p>	Note 4	132

Title	Position	Name	Date of birth	Brief career history		Term of office	Number of shares held (thousands of shares)
Director & Senior Corporate Executive Officer	General Division Manager, Overseas Business Division In charge of Overseas Business Division	Yoshiyuki Toyota	February 27, 1952	Apr. 2002	General Manager, International Corporate Banking Division, Mizuho Corporate Bank, Ltd.	Note 4	61
				Apr. 2009	Managing Executive Officer, Century Tokyo Leasing Corporation		
				Apr. 2010	Corporate Officer of the Company Deputy Division Manager, Overseas Business Division of the Company		
				Apr. 2012	Senior Corporate Officer of the Company Appointed as General Division Manager, Overseas Business Division of the Company to present In charge of China (Changzhou) business of the Company		
				Jun. 2012	Managing Director of the Company Appointed to be in charge of Overseas Business Division of the Company to present		
				Jun. 2015	Appointed as Director & Senior Corporate Executive Officer of the Company to present		
Director & Senior Corporate Officer	In charge of General Affairs Department In charge of Matsuyama General Affairs Department In charge of Kumamoto General Affairs Department In charge of Niigata General Affairs Department In charge of Tsukubamirai General Affairs Department	Shinji Arata	October 9, 1958	Jul. 2008	General Manager, Toyama Branch, The Norinchukin Bank	Note 4	27
				Jul. 2010	General Manager, Corporate Business Div. III, The Norinchukin Bank		
				Jun. 2012	Advisor of the Company Corporate Officer of the Company Appointed to be in charge of General Affairs Department of the Company to present Appointed to be in charge of Matsuyama General Affairs Department of the Company to present Appointed to be in charge of Kumamoto General Affairs Department of the Company to present Appointed to be in charge of Niigata General Affairs Department of the Company to present		
				Jun. 2013	Director of the Company		
				Jun. 2015	Director & Corporate Officer of the Company		
				Nov. 2015	Appointed to be in charge of Tsukubamirai General Affairs Department of the Company to present		
				Jan. 2017	Appointed as Director & Senior Corporate Officer of the Company to present		

Title	Position	Name	Date of birth	Brief career history	Term of office	Number of shares held (thousands of shares)
Director & Senior Corporate Officer	In charge of Internal Control & Audit Department In charge of Compliance	Takafumi Kanayama	August 5, 1957	<p>Feb. 2008 General Manager, Investment Operations Department, The Chuo Mitsui Trust and Banking Company, Limited</p> <p>Feb. 2011 General Manager, Head Office Business Department V, The Chuo Mitsui Trust and Banking Company, Limited</p> <p>Apr. 2012 Audit Section of the Company</p> <p>Jun. 2012 Corporate Officer of the Company</p> <p>General Manager, Audit Section of the Company</p> <p>May 2013 General Manager, Internal Control & Audit Department of the Company</p> <p>Oct. 2014 General Manager, Corporate Planning Department of the Company</p> <p>May 2015 Deputy in charge of Internal Control & Audit Department of the Company</p> <p>Mar. 2016 Director & Corporate Officer of the Company</p> <p>In charge of Corporate Planning Department of the Company</p> <p>In charge of Investor Relations Section of the Company</p> <p>Appointed to be in charge of Internal Control & Audit Department of the Company to present</p> <p>Jan. 2017 Appointed as Director & Senior Corporate Officer of the Company to present</p> <p>Appointed to be in charge of Compliance of the Company to present</p>	Note 4	39
Director & Senior Corporate Officer	General Division Manager, Development & Production Division In charge of Development & Production Division	Osamu Hyodo	April 28, 1954	<p>Apr. 1973 Joined ISEKI & CO., LTD.</p> <p>Apr. 2007 General Manager, Tractor Engineering Department of the Company</p> <p>Dec. 2009 General Manager, Development & Solution Department of the Company</p> <p>Apr. 2012 Corporate Officer of the Company</p> <p>Deputy Division Manager, Development & Production Division of the Company</p> <p>General Manager, Cost Structure Reform Department of the Company</p> <p>Mar. 2016 Senior Corporate Officer of the Company</p> <p>Appointed as General Division Manager, Development & Production Division of the Company to present</p> <p>Appointed to be in charge of Development & Production Division of the Company to present</p> <p>Mar. 2017 Appointed as Director & Senior Corporate Officer of the Company to present</p>	Note 4	59
Director & Corporate Officer	In charge of Personnel Department In charge of Office Automation Department General Manager, Personnel Department	Shuichi Jinno	October 14, 1962	<p>Apr. 1985 Joined ISEKI & CO., LTD.</p> <p>Apr. 2008 General Manager, Office Automation Department of the Company</p> <p>Dec. 2011 General Manager, Investor Relations Section of the Company</p> <p>Oct. 2013 Appointed as General Manager, Personnel Department of the Company to present</p> <p>Jun. 2015 Appointed as Director & Corporate Officer of the Company to present</p> <p>Appointed to be in charge of Personnel Department of the Company to present</p> <p>In charge of Compliance of the Company</p> <p>Mar. 2016 Appointed to be in charge of Office Automation Department of the Company to present</p>	Note 4	30

Title	Position	Name	Date of birth	Brief career history		Term of office	Number of shares held (thousands of shares)
Director	—	Atsushi Iwasaki	January 9, 1959	Nov. 1990 Mar. 1991 Mar. 1997 Aug. 2005 Sep. 2005	Joined Century Audit Corporation Registered as a certified public accountant Registered as a real estate appraiser Resigned from Shin Nihon & Co. President, Iwasaki Certified Public Accountant Office to present	Note 4	—
Director	—	Shoji Tanaka	December 24, 1966	Mar. 2000 Apr. 2000 Jun. 2010 Mar. 2016	Graduated from the Legal Training and Research Institute, Supreme Court of Japan Registered as an attorney (Joined the Tokyo Bar Association) Joined Ginzadori Law Office to present Corporate Auditor of the Company Appointed as Director of the Company to present	Note 4	—
Full-time Corporate Auditor	—	Seigo Kimoto	March 5, 1958	Oct. 2007 Apr. 2012 Jun. 2013	Executive Officer, General Manager, Asset Management Business Planning Department, Chuo Mitsui Asset Trust and Banking Company, Limited Corporate Advisor, Sumitomo Mitsui Trust Asset Management Co., Ltd. Appointed as Full-time Corporate Auditor of the Company to present	Note 5	24
Full-time Corporate Auditor	—	Atsushi Oka	March 28, 1957	Jun. 2010 Jun. 2014	General Manager, Risk Management Division, The Iyo Bank, Ltd. Appointed as Full-time Corporate Auditor of the Company to present	Note 5	30
Full-time Corporate Auditor	—	Yoshiki Kawano	July 30, 1961	Jul. 2009 May 2012 Jun. 2014 Mar. 2016	General Manager, Okayama Branch, The Norinchukin Bank Director & President, Kyodo Seminar Co., Ltd. Director & President, The Cooperative Servicing Co., Ltd. Appointed as Full-time Corporate Auditor of the Company to present	Note 5	11
Full-time Corporate Auditor	—	Masato Machida	March 16, 1959	Apr. 1977 Dec. 2011 Apr. 2014 Oct. 2014 Apr. 2015 Mar. 2016 Nov. 2016 Mar. 2017	Joined ISEKI & CO., LTD. General Manager, Office Automation Department of the Company General Manager, Corporate Planning Department of the Company General Manager, Cost Structure Reform Department of the Company General Manager, Advanced Technology Promotion Department of the Company General Manager, Development Planning & Solution Department of the Company General Manager, Indonesia Project Promotion Department of the Company Appointed as Full-time Corporate Auditor of the Company to present	Note 5	22

Title	Position	Name	Date of birth	Brief career history	Term of office	Number of shares held (thousands of shares)
Corporate Auditor	—	Mami Taira	February 20, 1962	Oct. 1987 Joined Tohmatsu Awoki & Sanwa Oct. 1990 Joined Yoshio Hayakawa Tax Accountant Office Sep. 1991 Registered as a certified public accountant Apr. 1992 Registered as a tax accountant Oct. 2002 Partner, Taira Tax & Accounting Consulting Group to present May 2011 Outside Audit & Supervisory Board Member, AEON Mall Co., Ltd. May 2014 Appointed as Outside Director, AEON Mall Co., Ltd. to present Jun. 2014 Outside Corporate Auditor, SUZUDEN CORPORATION Mar. 2016 Appointed as Corporate Auditor of the Company to present Jun. 2016 Appointed as Outside Director, Audit and Supervisory Committee Member, SUZUDEN CORPORATION to present	Note 5	—
Total						779

- Notes:
1. Directors, Atsushi Iwasaki and Shoji Tanaka are outside directors.
 2. Full-time corporate auditors, Seigo Kimoto, Atsushi Oka, Yoshiki Kawano and Mami Taira are outside corporate auditors.
 3. The Company has adopted a corporate officer system in which all directors (excluding outside directors) are designated as corporate officers, with the aim of ensuring that each officer fulfills his or her duties as the person responsible for operations of each organization in order to respond to the business environment in a timely manner and enhance management efficiency. As of the filing date, the number of corporate officers was 24, including nine directors.
 4. The terms of office of directors will expire at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2017.
 5. For corporate auditors, the term of office of Atsushi Oka will expire at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2017; the terms of office of Yoshiki Kawano and Mami Taira will expire at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2019; and the terms of office of Seigo Kimoto and Masato Machida will expire at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2020.

6. 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 14, 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.

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) Details of officers' compensation

- (a) Total compensation, etc., by classification of officer, total compensation, etc., by type and the number of recipients of officers' compensation for the submitting company

Classification of officer	Total compensation, etc. (millions of yen)	Total compensation, etc., by type (millions of yen)			Number of recipients
		Basic remuneration	Stock options	Retirement benefits	
Directors (excluding outside directors)	211	211	—	—	12
Corporate auditors (excluding outside corporate auditors)	17	17	—	—	1
Outside directors and corporate auditors	76	76	—	—	8

- (b) Total amount of consolidated compensation, etc., by officer of the submitting company
Description is omitted as there were no officers receiving ¥100 million or more in consolidated compensation, etc.

- (c) Important employee salaries of directors who serve concurrently as employees
Not applicable

- (d) Policies for determining the amount of officers' compensation, etc.

The maximum amount of compensation for directors was set at ¥30.0 million per month (including maximum ¥2.5 million per month for outside directors) by a resolution of the 92nd Ordinary General Meeting of Shareholders held on March 25, 2016. In addition, amounts of compensation paid to individual directors are determined by a resolution of the Board of Directors.

The maximum amount of compensation for corporate auditors was set at ¥8.0 million per month by a resolution of the 85th Ordinary General Meeting of Shareholders held on June 26, 2009. In addition, amounts of compensation paid to individual corporate auditors are determined by deliberation of the Board of Auditors.

The 90th Ordinary General Meeting of Shareholders held on June 25, 2014 resolved to grant

compensation, etc., relating to subscription rights to shares as stock options separately from the existing compensation, etc., to directors and corporate auditors. The amount of said compensation was set at ¥100.0 million per year or less for directors (excluding outside directors) and ¥20.0 million per year or less for corporate auditors (excluding part-time corporate auditors; including ¥15.0 million per year or less for outside corporate auditors).

6) Status of shareholding

(a) Investments in equity securities held for purposes other than pure investment

Number of issues	Total amount of carrying value (millions of yen)
41	6,013

(b) Holding category, issue names, number of shares, carrying value and purposes of holding of investments in equity securities held for purposes other than pure investment
(Fiscal year ended December 31, 2015)

Specific equity securities

Issue names	Number of shares (shares)	Carrying value (millions of yen)	Purposes of holding
The Iyo Bank, Ltd.	1,780,000	2,107	Continue holding after purchase to maintain smooth business relationship
NIKKON Holdings Co., Ltd.	517,500	1,253	Continue holding after purchase to maintain smooth business relationship
The Hiroshima Bank, Ltd.	1,438,000	996	Continue holding after purchase to maintain smooth business relationship
Kawasaki Heavy Industries, Ltd.	1,190,000	537	Continue holding after purchase to maintain smooth business relationship
Mizuho Financial Group, Inc.	1,957,000	476	Continue holding after purchase to maintain smooth business relationship
Bridgestone Corporation	110,000	459	Continue holding after purchase to maintain smooth business relationship
NOK CORPORATION	143,400	409	Continue holding after purchase to maintain smooth business relationship
U-Shin Ltd.	351,000	260	Continue holding after purchase to maintain smooth business relationship
KYB Corporation	561,000	206	Continue holding after purchase to maintain smooth business relationship
KURIYAMA HOLDINGS CORPORATION	89,700	157	Continue holding after purchase to maintain smooth business relationship
Takakita Co., Ltd.	300,000	150	Continue holding after purchase to maintain smooth business relationship
Imasen Electric Industrial Co., Ltd.	103,700	129	Continue holding after purchase to maintain smooth business relationship
JTEKT CORPORATION	63,000	126	Continue holding after purchase to maintain smooth business relationship
Bando Chemical Industries, Ltd.	227,000	114	Continue holding after purchase to maintain smooth business relationship
Maruka Machinery Co., Ltd.	57,600	104	Continue holding after purchase to maintain smooth business relationship

Issue names	Number of shares (shares)	Carrying value (millions of yen)	Purposes of holding
Sumitomo Mitsui Trust Holdings, Inc.	204,600	94	Continue holding after purchase to maintain smooth business relationship
NSK Ltd.	60,000	79	Continue holding after purchase to maintain smooth business relationship
NIPPON THOMPSON CO., LTD.	138,000	72	Continue holding after purchase to maintain smooth business relationship
Sumitomo Rubber Industries, Ltd.	18,800	29	Continue holding after purchase to maintain smooth business relationship
MS&AD Insurance Group Holdings, Inc.	7,848	28	Continue holding after purchase to maintain smooth business relationship
NITTAN VALVE CO., LTD.	50,000	18	Continue holding after purchase to maintain smooth business relationship
NIPPON EXPRESS CO., LTD.	30,000	17	Continue holding after purchase to maintain smooth business relationship
The Dai-ichi Life Insurance Company, Limited	2,200	4	Continue holding after purchase to maintain smooth business relationship
T.RAD Co., Ltd.	15,000	3	Continue holding after purchase to maintain smooth business relationship
Ahresty Corporation	1,000	0	Continue holding after purchase to maintain smooth business relationship

Note: Although carrying values of certain issues are not more than 1% of the amount of capital stock, all issues have been stated as there are less than 30 issues.

(Fiscal year ended December 31, 2016)

Specific equity securities

Issue names	Number of shares (shares)	Carrying value (millions of yen)	Purposes of holding
The Iyo Bank, Ltd.	1,780,000	1,434	Continue holding after purchase to maintain smooth business relationship
The Hiroshima Bank, Ltd.	1,438,000	785	Continue holding after purchase to maintain smooth business relationship
NIKKON Holdings Co., Ltd.	258,800	631	Continue holding after purchase to maintain smooth business relationship
Kawasaki Heavy Industries, Ltd.	1,190,000	436	Continue holding after purchase to maintain smooth business relationship
Mizuho Financial Group, Inc.	1,957,000	410	Continue holding after purchase to maintain smooth business relationship
NOK CORPORATION	143,400	339	Continue holding after purchase to maintain smooth business relationship
KYB Corporation	561,000	318	Continue holding after purchase to maintain smooth business relationship
U-Shin Ltd.	351,000	268	Continue holding after purchase to maintain smooth business relationship

Issue names	Number of shares (shares)	Carrying value (millions of yen)	Purposes of holding
Takakita Co., Ltd.	300,000	168	Continue holding after purchase to maintain smooth business relationship
KURIYAMA HOLDINGS CORPORATION	89,700	150	Continue holding after purchase to maintain smooth business relationship
JTEKT CORPORATION	63,000	117	Continue holding after purchase to maintain smooth business relationship
Bando Chemical Industries, Ltd.	113,500	117	Continue holding after purchase to maintain smooth business relationship
Imasen Electric Industrial Co., Ltd.	103,700	103	Continue holding after purchase to maintain smooth business relationship
Maruka Machinery Co., Ltd.	57,600	91	Continue holding after purchase to maintain smooth business relationship
Sumitomo Mitsui Trust Holdings, Inc.	20,460	85	Continue holding after purchase to maintain smooth business relationship
NSK Ltd.	60,000	81	Continue holding after purchase to maintain smooth business relationship
NIPPON THOMPSON CO., LTD.	138,000	68	Continue holding after purchase to maintain smooth business relationship
Sumitomo Rubber Industries, Ltd.	18,800	34	Continue holding after purchase to maintain smooth business relationship
MS&AD Insurance Group Holdings, Inc.	7,848	28	Continue holding after purchase to maintain smooth business relationship
NITTAN VALVE CO., LTD.	50,000	19	Continue holding after purchase to maintain smooth business relationship
NIPPON EXPRESS CO., LTD.	30,000	18	Continue holding after purchase to maintain smooth business relationship
T.RAD Co., Ltd.	15,000	4	Continue holding after purchase to maintain smooth business relationship
The Dai-ichi Life Insurance Company, Limited	2,200	4	Continue holding after purchase to maintain smooth business relationship
Ahresty Corporation	1,000	1	Continue holding after purchase to maintain smooth business relationship

Note: Although carrying values of certain issues are not more than 1% of the amount of capital stock, all issues have been stated as there are less than 30 issues.

7) 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

10 CPAs

10 Others

8) Establishing a risk management system

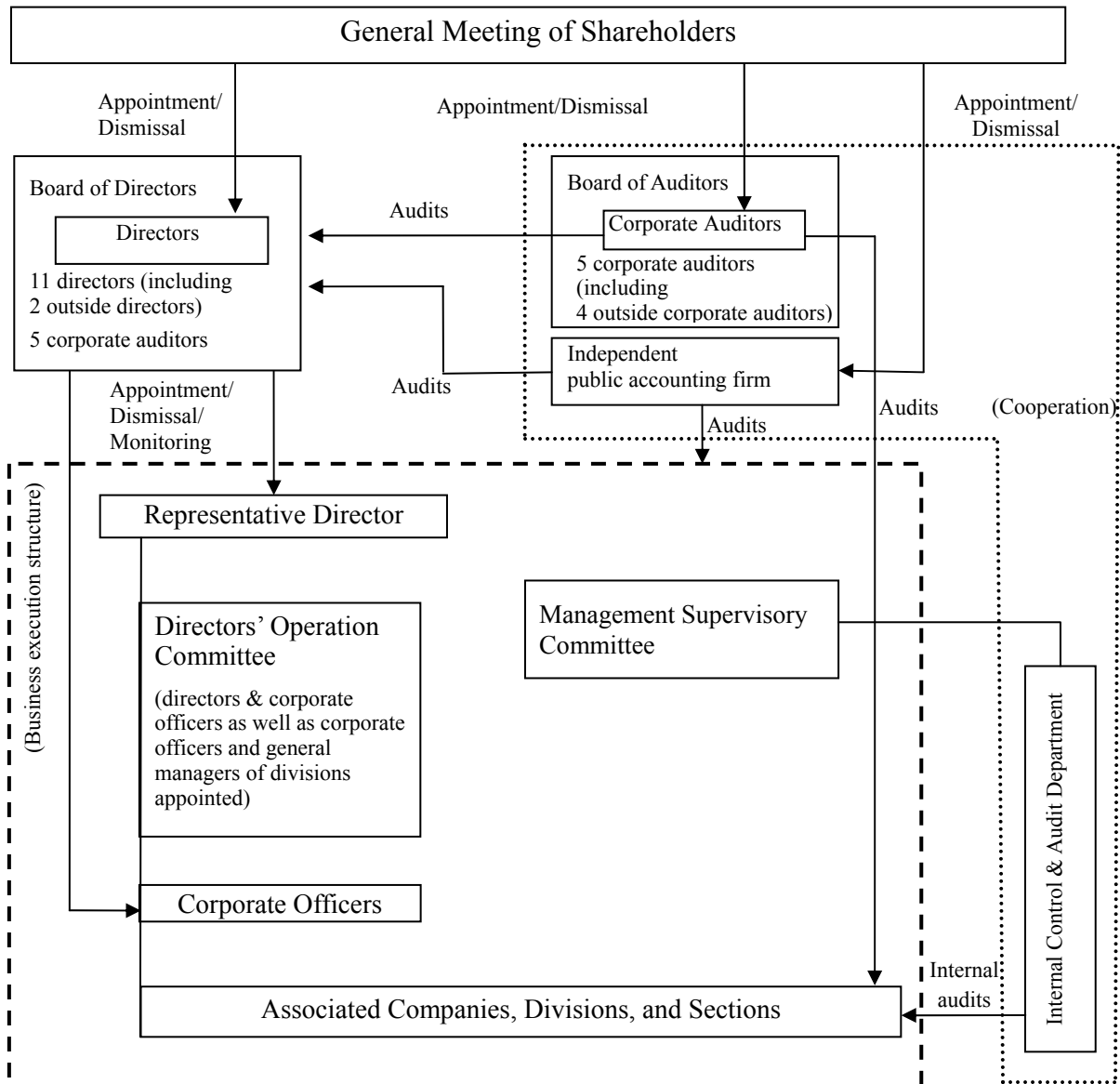
Addressing the overall risk exposure of the Group, the Company has set up risk management standards and rules as well as monitoring and response systems to prevent avoidable risk and to minimize losses.

9) 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 a CSR report. 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 disclosing our research and development activities and strategies for strengthening our intellectual assets.

10) Diagram illustrating the Company's corporate governance structure is as follows.



11) 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.

12) 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.

13) 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.

14) 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 Dec. 31, 2015		FY ended Dec. 31, 2016	
	Remuneration for audit certification services	Remuneration for non-audit services	Remuneration for audit certification services	Remuneration for non-audit services
Audited company	65	—	65	—
Consolidated subsidiaries	7	—	7	—
Total	72	—	72	—

2) Other remuneration

(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.

(Fiscal year ended December 31, 2016)

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 December 31, 2015)

Not applicable

(Fiscal year ended December 31, 2016)

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 January 1, 2016 through December 31, 2016) and its financial statements for the fiscal year (from January 1, 2016 through December 31, 2016).

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 previous consolidated fiscal year and the previous fiscal year are nine-month periods from April 1, 2015 to December 31, 2015.

1. Consolidated Financial Statements, etc.
 - (1) Consolidated Financial Statements
 - (i) Consolidated Balance Sheets

(Millions of yen)

	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)	FY ended Dec. 31, 2016 (as of Dec. 31, 2016)
Assets		
Current assets		
Cash and deposits	8,788	13,936
Notes and accounts receivable-trade	* ⁶ 24,895	* ⁶ 24,911
Merchandise and finished goods	40,600	42,031
Work in process	5,856	6,073
Raw materials and supplies	1,359	1,211
Deferred tax assets	890	1,402
Other	4,437	3,393
Allowance for doubtful accounts	(56)	(26)
Total current assets	86,771	92,934
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	* ¹ 22,957	* ¹ 23,572
Machinery, equipment and vehicles, net	10,092	10,278
Tools, furniture and fixtures, net	3,283	3,122
Land	* ^{1,7} 50,657	* ^{1,7} 50,619
Leased assets, net	8,420	7,554
Construction in progress	1,473	1,293
Other, net	25	25
Total property, plant and equipment	* ² 96,911	* ² 96,466
Intangible assets	1,134	1,062
Investments and other assets		
Investment securities	* ³ 8,569	* ³ 6,319
Long-term loans receivable	52	49
Deferred tax assets	731	1,125
Net defined benefit asset	714	674
Other	* ³ 6,564	* ³ 4,984
Allowance for doubtful accounts	(300)	(259)
Total investments and other assets	16,331	12,893
Total non-current assets	114,377	110,422
Total assets	201,149	203,356

(Millions of yen)

	FY ended Dec. 31, 2015 (as of Dec. 31, 2015)	FY ended Dec. 31, 2016 (as of Dec. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	* ⁶ 29,400	* ⁶ 30,286
Electronically recorded obligations-operating	* ⁶ 10,604	* ⁶ 12,135
Short-term loans payable	* ¹ 24,389	* ¹ 24,695
Current portion of long-term loans payable	* ¹ 8,641	* ¹ 8,897
Lease obligations	2,646	2,552
Accrued consumption taxes	487	550
Income taxes payable	438	703
Deferred tax liabilities	0	7
Accrued expenses	4,571	4,520
Provision for bonuses	467	407
Provision for loss on disaster	—	20
Other	* ^{1,6} 5,868	* ⁶ 4,668
Total current liabilities	87,518	89,447
Non-current liabilities		
Long-term loans payable	* ¹ 23,703	* ¹ 27,788
Lease obligations	6,414	5,529
Deferred tax liabilities	1,624	779
Deferred tax liabilities for land revaluation	* ⁷ 6,074	* ⁷ 5,790
Provision for directors' retirement benefits	107	107
Net defined benefit liability	4,806	4,491
Asset retirement obligations	304	314
Other	2,496	1,956
Total non-current liabilities	45,532	46,757
Total liabilities	133,050	136,205
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	13,514	14,034
Treasury shares	(988)	(990)
Total shareholders' equity	49,325	49,842
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,509	1,227
Deferred gains or losses on hedges	1	6
Revaluation reserve for land	* ⁷ 12,401	* ⁷ 12,686
Foreign currency translation adjustment	1,425	798
Remeasurements of defined benefit plans	717	870
Total accumulated other comprehensive income	17,055	15,588
Subscription rights to shares	91	91
Non-controlling interests	1,626	1,629
Total net assets	68,099	67,151
Total liabilities and net assets	201,149	203,356

(ii) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
[Consolidated Statements of Income]

(Millions of yen)

	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)	FY ended Dec. 31, 2016 (Jan. 1, 2016– Dec. 31, 2016)
Net sales	145,210	153,097
Cost of sales	*1,2 104,498	*1,2 108,244
Gross profit	40,711	44,852
Selling, general and administrative expenses	*2 40,251	*2 42,383
Operating income	460	2,469
Non-operating income		
Interest income	109	134
Dividend income	202	204
Foreign exchange gains	230	—
Subsidies received	76	103
Rent income	144	173
Technical support fee	—	285
Gain on sales of scraps	52	39
Other	782	716
Total non-operating income	1,599	1,658
Non-operating expenses		
Interest expenses	664	599
Sales discounts	86	91
Foreign exchange losses	—	172
Share of loss of entities accounted for using equity method	—	1,075
Other	360	552
Total non-operating expenses	1,111	2,492
Ordinary income	947	1,635
Extraordinary income		
Gain on sales of non-current assets	*3 41	*3 43
Compensation income	6	—
Gain on sales of investment securities	303	1,113
Total extraordinary income	351	1,156
Extraordinary losses		
Loss on sales and retirement of non-current assets	*4 187	*4 200
Impairment loss	*5 99	*5 106
Loss on disaster	—	*6 1,068
Surcharges	270	315
Total extraordinary losses	556	1,690
Income before income taxes	741	1,101
Income taxes—current	756	1,049
Income taxes—deferred	1,446	(810)
Total income taxes	2,202	238
Profit (loss)	(1,460)	862
Profit attributable to non-controlling interests	5	4
Profit (loss) attributable to owners of parent	(1,465)	858

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)	FY ended Dec. 31, 2016 (Jan. 1, 2016– Dec. 31, 2016)
Profit (loss)	(1,460)	862
Other comprehensive income		
Valuation difference on available-for-sale securities	(472)	(1,278)
Deferred gains or losses on hedges	1	5
Revaluation reserve for land	—	284
Foreign currency translation adjustment	(105)	(265)
Remeasurements of defined benefit plans, net of tax	(33)	152
Share of other comprehensive income of entities accounted for using equity method	(239)	(364)
Total other comprehensive income	^{*1} (849)	^{*1} (1,465)
Comprehensive income	(2,310)	(602)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(2,313)	(608)
Comprehensive income attributable to non-controlling interests	2	5

(iii) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2015 (Apr. 1, 2015–Dec. 31, 2015)

(Millions of yen)

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

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

Fiscal year ended December 31, 2016 (Jan. 1, 2016–Dec. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,344	13,454	13,514	(988)	49,325
Changes of items during period					
Dividends of surplus			(338)		(338)
Profit attributable to owners of parent			858		858
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	519	(2)	516
Balance at end of period	23,344	13,454	14,034	(990)	49,842

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,509	1	12,401	1,425	717	17,055	91	1,626	68,099
Changes of items during period									
Dividends of surplus									(338)
Profit attributable to owners of parent									858
Purchase of treasury shares									(2)
Net changes of items other than shareholders' equity	(1,282)	5	284	(627)	152	(1,466)	—	2	(1,464)
Total changes of items during period	(1,282)	5	284	(627)	152	(1,466)	—	2	(947)
Balance at end of period	1,227	6	12,686	798	870	15,588	91	1,629	67,151

(iv) Consolidated Statement of Cash Flows

(Millions of yen)

	FY ended Dec. 31, 2015 (Apr. 1, 2015– Dec. 31, 2015)	FY ended Dec. 31, 2016 (Jan. 1, 2016– Dec. 31, 2016)
Cash flows from operating activities		
Income before income taxes	741	1,101
Depreciation	5,831	7,189
Impairment loss	99	106
Loss on disaster	—	1,068
Increase (decrease) in net defined benefit liability	(486)	(300)
Loss (gain) on sales of investment securities	(303)	(1,113)
Interest and dividend income	(311)	(339)
Interest expenses	664	599
Foreign exchange losses (gains)	(160)	(298)
Loss (gain) on sales of property, plant and equipment and intangible assets	146	156
Compensation income	(6)	—
Surcharges	270	315
Decrease (increase) in notes and accounts receivable-trade	5,376	(153)
Decrease (increase) in inventories	(212)	(1,810)
Increase (decrease) in notes and accounts payable-trade	1,419	2,625
Other	(609)	784
Subtotal	12,458	9,933
Interest and dividends income received	300	342
Interest expenses paid	(678)	(603)
Proceeds from compensation	6	—
Payments for loss on disaster	—	(519)
Surcharges paid	(305)	(270)
Income taxes paid	(950)	(598)
Net cash provided by (used in) operating activities	10,830	8,283
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(7,440)	(8,561)
Proceeds from sales of property, plant and equipment and intangible assets	411	373
Purchase of investment securities	(99)	(53)
Proceeds from sales of investment securities	605	1,467
Decrease (increase) in loans receivable	842	913
Decrease (increase) in time deposits	4	(0)
Other	(82)	123
Net cash provided by (used in) investing activities	(5,757)	(5,736)

(Millions of yen)

	FY ended Dec. 31, 2015	FY ended Dec. 31, 2016
	(Apr. 1, 2015– Dec. 31, 2015)	(Jan. 1, 2016– Dec. 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(745)	374
Proceeds from long-term loans payable	12,975	14,780
Repayments of long-term loans payable	(13,091)	(10,438)
Proceeds from sales and leasebacks	1,047	1,024
Repayments of lease obligations	(2,445)	(2,766)
Purchase of treasury shares	(1)	(2)
Cash dividends paid	(671)	(336)
Dividends paid to non-controlling interests	—	(3)
Other	(9)	(9)
Net cash provided by (used in) financing activities	(2,943)	2,621
Effect of exchange rate change on cash and cash equivalents	61	(20)
Net increase (decrease) in cash and cash equivalents	2,190	5,147
Cash and cash equivalents at beginning of period	6,570	8,761
Cash and cash equivalents at end of period	8,761	13,909

6. Other

Corporate Data As of December 31, 2016

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)	5,853
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	23,693
Independent Auditor	Ernst & Young ShinNihon LLC

Stock Performance and Trading Volume per Month

