

ISEKI

Annual Report 2017

Year ended December 31, 2017

Improving Agricultural Environments around the World

ISEKI & CO., LTD.

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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.

This annual report is a literal translation into English of a section of the Yukashoken-Hokokusho ("Securities Report") for the year ended December 31, 2017.

Message from the President

Since its foundation in 1926, ISEKI has contributed to the modernization of Japan's agricultural industry as a full-line manufacturer specializing in farming machinery.

During this time, we have consistently pursued efficient and labor-saving advances in agriculture, and have served the market by pioneering the development of a great deal of agricultural machinery.

When we consider the problems of an increasing world population and food supply, food self-sufficiency and land preservation, our duty to society as a manufacturer of agricultural machinery becomes even more significant.

ISEKI will continue to operate under our basic business philosophy to deliver products that satisfy consumer demand so that we can contribute to agriculture both in Japan and throughout the world.

Company Motto

Our management philosophy is to provide

- ① Products that satisfy customers,
- ② A stable workplace to the employees,
- ③ Appropriate dividend to the shareholders,

and thereby we will fulfill our social mission.



Eiichiro Kinoshita
President

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)

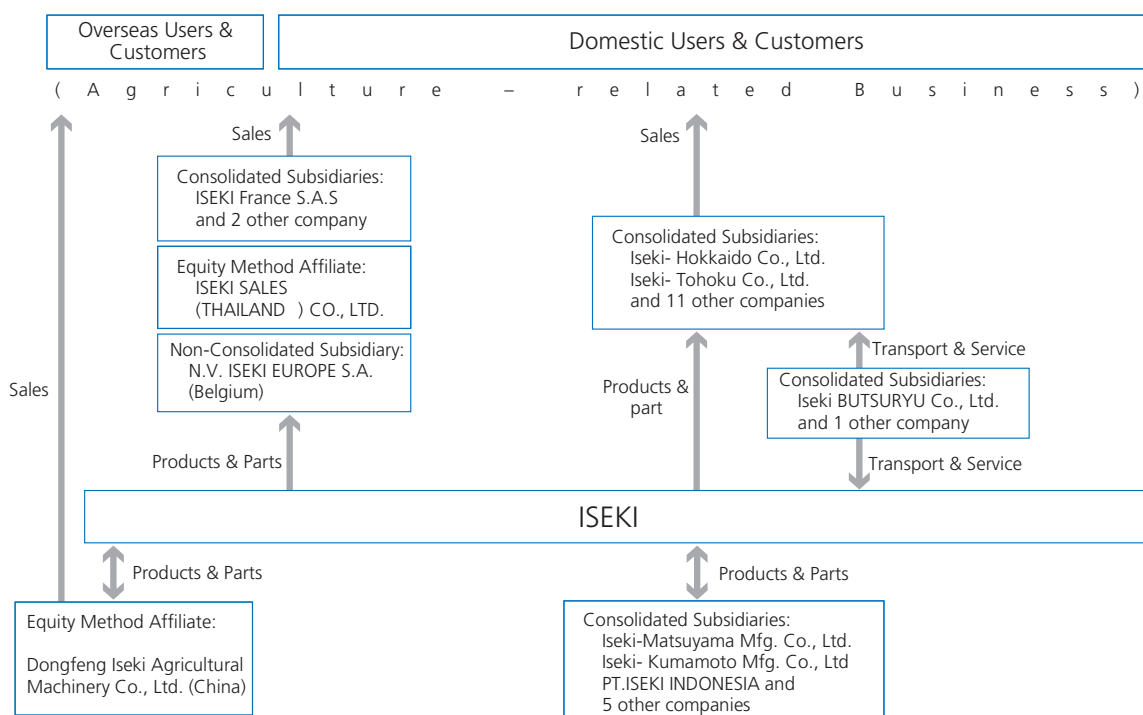
[Sales]

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.



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)



Founded as "Iseki Farm Implement Trading Co."



Developed tractor "TC10"



Developed the world's first auto-threshing combine harvester "HD50"



Developed ride-on rice transplanter "PL820"

- 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)



Developed the industry's first 7-row type combine harvester "HJ7120"



Developed the industry's first variable fertilizing rice transplanter "NP80P-FV"

At a Glance

Net consolidated earnings summary

Net sales

¥158,382 million

Operating income

¥3,953 million

Ordinary income

¥4,250 million

Profit attributable to owners of parent

¥2,807 million

In sales by product

Overview of net sales by product of the ISEKI Group is as follows.

Cultivating and mowing machinery

Major products

Tractors, tillers, high-clearance multipurpose vehicles, mowers, etc.

Planting machinery

Major products

Rice transplanters, vegetable transplanters

Harvesting and processing machinery

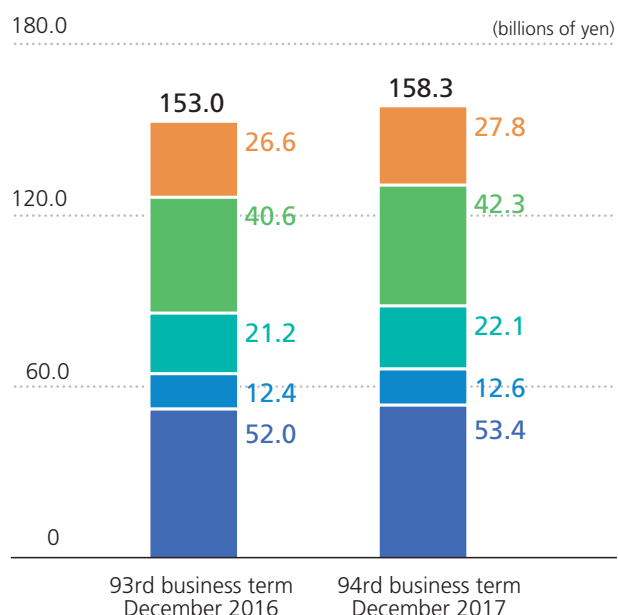
Major products

Combine harvesters, binders, harvesters, rice hullers, dryers, vegetable harvesting and processing machinery, etc.

Farming implements, spare parts and repair fees

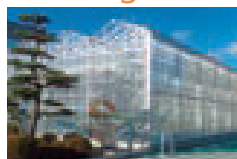
Other agriculture-related business

Construction of agricultural facilities, agricultural materials, coin operated rice milling and rice cooking businesses, etc.



Sales results per product-type

Other agriculture related business



17.6%
¥27.8 billion

Spare parts, farming implements, and repair fees



26.8%
¥42.3 billion

Harvesting and processing machinery



13.9%
¥22.1 billion

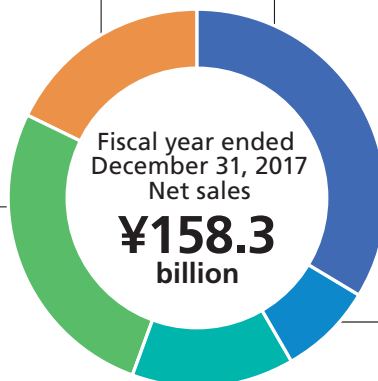
Cultivating & mowing machinery

33.7%
¥53.4 billion



Planting machinery

8.0%
¥12.6 billion



Sales results per region

Europe

¥10.6 billion

Japan

¥123.1 billion

China

¥3.7 billion

Asean

¥4.7 billion

Other areas

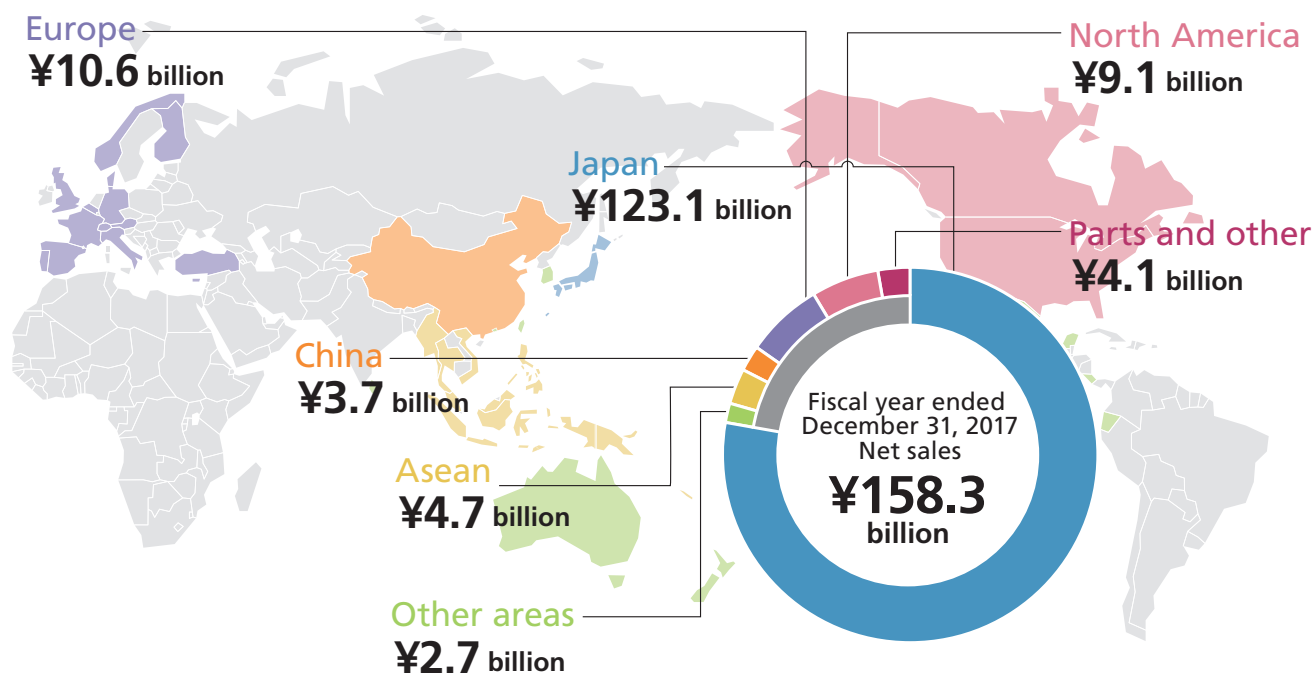
¥2.7 billion

North America

¥9.1 billion

Parts and other

¥4.1 billion



(billions of yen)

Region		Net sales for the fiscal year under review	Increase/decrease compared to the results of 93rd business term FY ended December 31, 2016
Japan		123.1	2.0
Overseas	North America	9.1	(1.5)
	Europe	10.6	1.3
	China	3.7	0.6
	Asean	4.7	1.7
	Other areas	2.7	0.7
	Products total	31.0	2.8
	Parts and other	4.1	0.2
Subtotal		35.2	3.1
Total		158.3	5.2

Domestic

Increase/decrease compared to the results of
93rd business term
FY ended December 31, 2016

Cultivating & mowing machinery	¥28.2 billion (2.3%)
Planting machinery	¥8.4 billion (-7.0%)
Harvesting and processing machinery	¥20.3 billion (-2.4%)
Spare parts, farming implements, and repair fees	¥39.7 billion (3.1%)
Other agriculture related business	¥26.2 billion (5.6%)
Total	¥123.1 billion (1.7%)

[Domestic]

With regard to the overall agricultural machinery, sales increased as a result of favorable sales of tractors and increased sales of farming implements, spare parts, repair fees and construction of facilities.

Overseas

Increase/decrease compared to the results of
93rd business term
FY ended December 31, 2016

Cultivating & mowing machinery	¥25.2 billion (2.8%)
Planting machinery	¥4.1 billion (27.2%)
Harvesting and processing machinery	¥1.7 billion (336.1%)
Spare parts, farming implements, and repair fees	¥2.6 billion (25.6%)
Other agriculture related business	¥1.5 billion (-13.4%)
Total	¥35.2 billion (10.0%)

[Overseas]

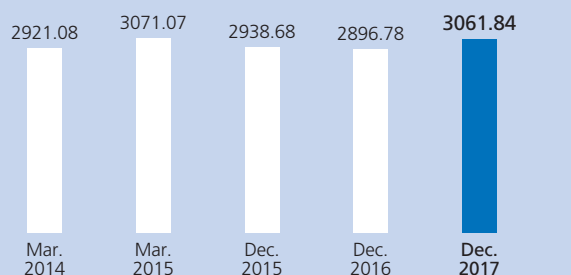
Sales increased due to the launch of new products and the effects of foreign exchange rates of subsidiaries in Europe, and increased shipments in ASEAN, despite decreased sales in North America attributable to changes in business terms with an OEM partner.

Financial Data

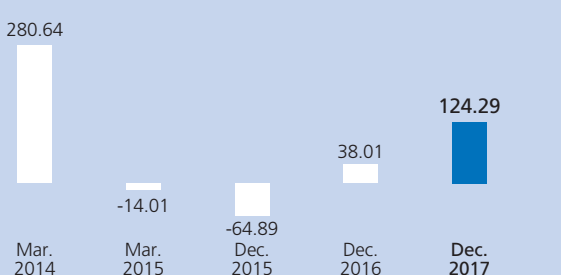


(millions of yen)					
Ordinary business term	90th business term	91st business term	92nd business term	93rd business term	94rd business term
For the year ended	March 2014	March 2015	December 2015	December 2016	December 2017
Net sales	169,129	157,417	145,210	153,097	158,382
Ordinary income	8,285	499	947	1,635	4,250
Profit (loss) attributable to owners of parent	6,447	(319)	(1,465)	858	2,807
Comprehensive income	7,772	4,509	(2,310)	(602)	4,113
Net assets	68,734	71,065	68,099	67,151	70,916
Total assets	197,628	204,138	201,149	203,356	201,348

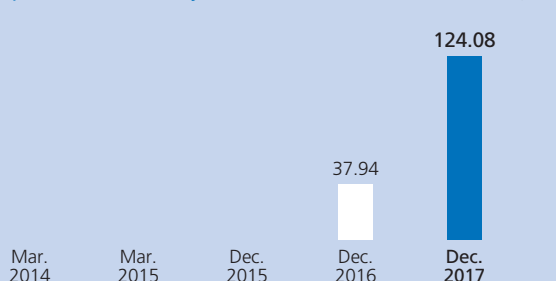
Net assets per share



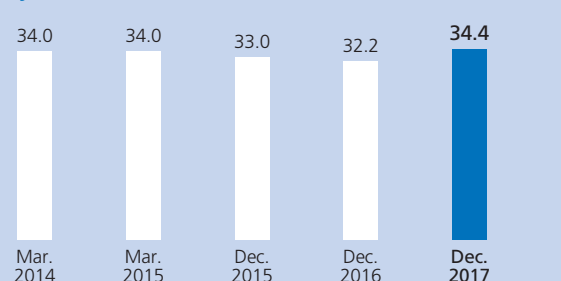
Profit (loss) per share



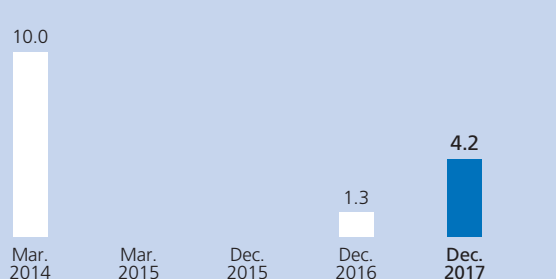
Profit per share after adjustment for dilutive securities



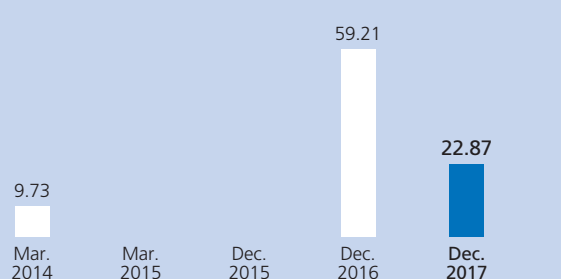
Equity ratio



Return on equity



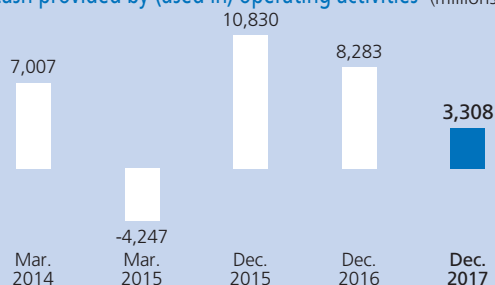
Price earnings ratio



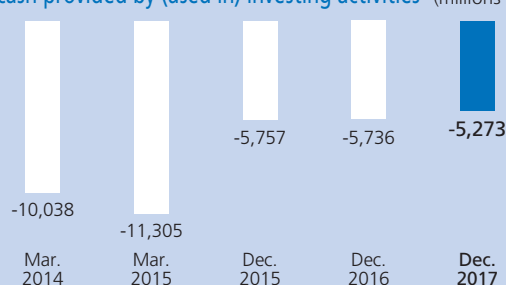
Ordinary business term	90th business term	91st business term	92nd business term	93rd business term	94rd business term
For the year ended	March 2014	March 2015	December 2015	December 2016	December 2017
Net assets per share	292.11	307.11	293.87	289.68	306.18
Profit (loss) per share	28.06	(1.40)	(6.49)	3.80	12.43
Profit per share after adjustment for dilutive securities	—	—	—	3.79	12.41
Equity ratio	34.0	34.0	33.0	32.2	34.4
Return on equity	10.0	—	—	1.3	4.2
Price earnings ratio	9.73	—	—	59.21	22.87

(Note) The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. Net assets per share, profit (loss) per share, and profit per share after adjustment for dilutive securities were calculated based on the assumption that the share consolidation was conducted at the beginning of the 90th business term.

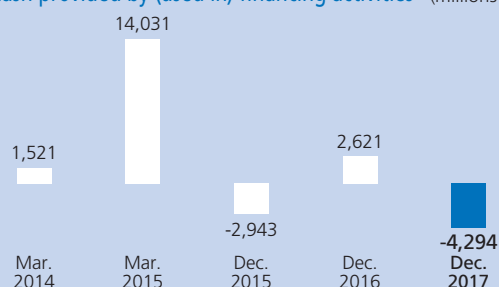
Net cash provided by (used in) operating activities (millions of yen)



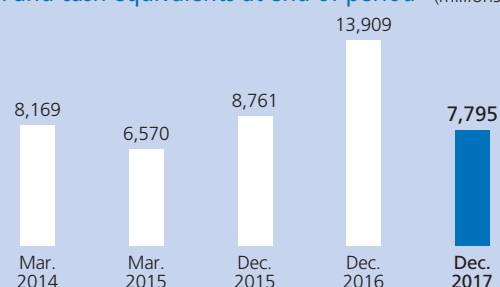
Net cash provided by (used in) investing activities (millions of yen)



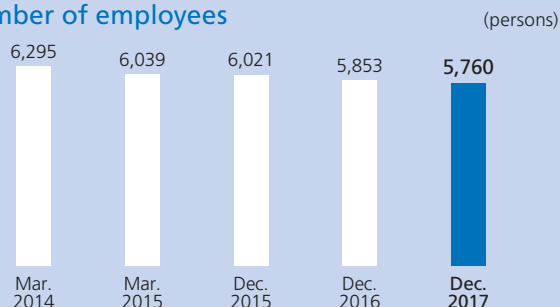
Net cash provided by (used in) financing activities (millions of yen)



Cash and cash equivalents at end of period (millions of yen)



Number of employees



Ordinary business term	90th business term	91st business term	92nd business term	93rd business term	94rd business term
For the year ended	March 2014	March 2015	December 2015	December 2016	December 2017
Net cash provided by (used in) operating activities	7,007	(4,247)	10,830	8,283	3,308
Net cash provided by (used in) investing activities	(10,038)	(11,305)	(5,757)	(5,736)	(5,273)
Net cash provided by (used in) financing activities	1,521	14,031	(2,943)	2,621	(4,294)
Cash and cash equivalents at end of period	8,169	6,570	8,761	13,909	7,795
Number of employees	6,295	6,039	6,021	5,853	5,760

1. The Fiscal Period in Review

During the fiscal year ended December 31, 2017, the Japanese economy was on a moderate recovery track due to recovery in corporate earnings and an improvement in personal consumption. In addition, the economy in the U.S. continued its steady recovery backed by a positive employment environment and a recovery in corporate earnings, while the economy in Europe remained on a strong recovery track, with signs of a pick-up in the Chinese economy buoyed by financial policies, all contributing to an overall picture of modest recovery.

On the other hand, in the domestic agricultural environment, the market for agricultural machinery is bottoming out and could potentially move into a recovery phase, amid ongoing structural changes in agriculture including farmland consolidation to principal farmers and rice-crop diversion such as a shift to dry field farming and vegetable production.

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

[Consolidated financial results]

Net sales for the fiscal year ended December 31, 2017 were ¥158,382 million, an increase of ¥5,284 million (3.5%) year on year. Domestic sales in Japan were ¥123,136 million, an increase of ¥2,094 million (1.7%) year on year, as a result of favorable sales of tractors and increased sales of farming implements, spare parts, repair fees and construction of facilities, while overall sales of agricultural machinery slightly decreased from the previous fiscal year. Overseas sales were ¥35,245 million, an increase of ¥3,189 million (10.0%) year on year. This was due to the launch of new products and the effects of foreign exchange rates of subsidiaries in Europe, and increased shipments of tractors and combine harvesters in ASEAN for Indonesia and Thailand, despite decreased sales in North America attributable to changes in business terms with an OEM partner.

Operating income was ¥3,953 million, an increase of ¥1,483 million (60.1%) year on year, as a result of positive effects from improvements in the revenue-expenditure structure in domestic direct dealers and improved revenue in the Indonesian business, despite the recording of provision for loss on construction contracts for construction of facilities.

Ordinary income was ¥4,250 million, an increase of ¥2,614 million (159.8%) year on year, mainly due to an upturn in the share of profit or loss of entities using equity method and a favorable turn in foreign exchange gains or losses.

Profit attributable to owners of parent was ¥2,807 million, an increase of ¥1,948 million (227.0%) year on year, mainly resulting from the payment of income taxes of ¥993 million, in addition to the posting of extraordinary income (losses) such as subsidy income related to the Kumamoto Earthquake and facility contract penalty.

[Non-consolidated financial results]

Net sales for the fiscal year ended December 31, 2017 were ¥92,913 million (down 3.1% year on year), operating income was ¥501 million (down 45.6% year on year), ordinary income was ¥2,126 million (down 22.6% year on year), and profit was ¥2,013 million (down 24.1% year on year).

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥28,200 million (an increase of 2.3% year on year). Sales of planting machinery (rice transplanters and vegetable transplanters) were ¥8,486 million (a decrease of 7.0% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥20,398 million (a decrease of 2.4% year on year). Sales of farming implements, spare parts and repair fees were ¥39,766 million (an increase of 3.1% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥26,284 million (an increase of 5.6% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥25,202 million (an increase of 2.8% year on year). Sales of planting machinery (rice transplanters, among others) were ¥4,174 million (an increase of 27.2% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥1,703 million (an increase of 336.1% year on year). Sales of farming implements and spare parts were ¥2,621 million (an increase of 25.6% year on year). Sales of other agriculture-related business were ¥1,543 million (a decrease of 13.4% year on year).

2. Cash Flows

The balance of cash and cash equivalents at end of period decreased ¥6,113 million year on year, to ¥7,795 million.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net cash inflow of ¥3,308 million (a decrease of cash inflow of ¥4,975 million from the previous fiscal year). This was mainly due to income before income taxes of ¥3,838 million, ¥7,005 million of depreciation, a decrease of ¥1,195 million in net defined benefit liability, an increase of ¥3,805 million in inventories, and a decrease of ¥1,900 million in notes and accounts payable-trade.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net cash outflow of ¥5,273 million (a decrease of cash outflow of ¥462 million from the previous fiscal year). This was mainly due to ¥5,646 million of capital investment expenditures.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net cash outflow of ¥4,294 million (an increase in cash outflow of ¥6,915 million from the previous fiscal year). This was mainly due to a decrease in interest-bearing liabilities.

3. Issues to Be Addressed

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

Since the establishment of the Company in 1926, with the principle of our founder, “free farmers from exhausting labor” as the cornerstone, the ISEKI Group has been striving to contribute to the modernization of Japan’s agricultural industry as a full-time manufacturer specialized in agricultural machinery. Over this time, we have consistently pursued efficient and labor-saving advances in agriculture, and have served the market by pioneering the development of a great deal of agricultural machinery and facilities. When we consider the increase of global population, food issues, food self-sufficiency, land conservation, and global environmental issues, the role agriculture plays is significant and, consequently, the social mission of agricultural machinery manufacturer becomes more and more important.

To contribute to agriculture both in Japan and throughout the world, the ISEKI Group will continue to operate under the basic business philosophy to “provide products that satisfy customers,” and endeavor to further increase our corporate value.

[Company Motto]

Our management philosophy is to provide

1. Products that satisfy customers,
 2. A stable workplace to the employees,
 3. Appropriate dividend to the shareholders,
- and thereby we will fulfill our social mission.

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) To strengthen the responsiveness to drastic changes in the agriculture in Japan

In domestic agriculture, structural changes are accelerating due to factors such as an aging population of agricultural operators, scaling due to a shortage of personnel, and rice-crop diversion from staple rice crops to dry field farming and vegetable production.

While ISEKI & CO., LTD. has already been making efforts to respond to changes in agriculture in Japan as a priority issue, we will further accelerate our efforts and strengthen the responsiveness to drastic changes in Japanese agriculture both in our products and services.

In response to a declining number of farmers and the market shifting to large-scale farming, we will promote efficiency by transitioning to a wide-area structure with large-scale maintenance centers at the core, enabled via sales office placement and reassignment of personnel. In addition, in view of changes in regional markets, we will work toward strengthening promotion in the operator, dry field farming, and vegetable production markets while advancing improvements in the revenue and cost structure through expanding sales and reducing operating expenses, working to create foundations for revenue and profit structures that are not impacted by swings in the market.

In terms of products, we will strengthen measures that leverage our high technological abilities to develop products in response to market needs, such as simple, low-price machinery, advanced technologies, and vegetable harvesters.

In terms of services, we will work to strengthen its services, proposals, and support abilities by developing personnel that can respond to market needs primarily at facilities such as the Dream Agricultural Research Institute, which conducts development and case studies of advanced agricultural techniques and support for their proliferation among operators, and the ISEKI Global Training Center, which was established in 2017.

We will strengthen the responsiveness to a rapidly changing domestic agricultural market by supporting the “full of dreams farming industry” in Japan with our products and services.

2) Expanding overseas businesses

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 the fiscal year ending December 31, 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 satisfy 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 expanding 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, a new plant at Dongfeng Iseki Agricultural Machinery Co., Ltd. will strengthen productivity, and 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.

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) Strengthening profitability through optimizing development and production

The Group has been pushing forward with cost structure reforms mainly in the development and production departments in order to launch products that are competitive in the intensifying sales competition both in Japan and overseas. While strengthening measures toward improving productivity via thoroughly increasing efficiency with initiatives such as speeding up development through standardizing and unifying designs, reducing costs of goods, streamlining processes in manufacturing, and improving indirect operations, we will aim to strengthen responses to variability in production burdens. Additionally, at PT. ISEKI INDONESIA, a manufacturing base which serves as the core of the ASEAN market now under full-scale operation, measures to strengthen profitability improvement such as adjustment of procurement partners and working to improve site operations while increasing production capacity will serve as efforts to achieve further business expansion. The Global Strategic Products Project Management Department, established in 2017, will comprehensively supervise measures toward increasing profitability for overseas products, and we intend to continue our Groupwide cost structure reforms to implement revenue structure reforms.

4) Active capital investment for growth

In the domestic market, we will advance maintenance of sales bases, including increasing the size and enriching functions of maintenance centers. Moving forward, further strengthening will be necessary to respond to a rapidly changing market.

In the expanding overseas market as well, we will aim to make capital investment to increase and strengthen capacity at PT. ISEKI INDONESIA, a strategic production base for North America, Europe, and ASEAN.

Additionally, at domestic production bases as well, we will engage in measures for active capital investment toward both internal and external growth via initiatives such as facilities to improve product competitiveness and increasing capacity and strength of production facilities that aim to increase efficiency with technological innovation.

5) Increasing corporate value through strengthening personnel and governance

At issue are securing and developing personnel to support business activities in development, production, and sales departments in the face of strengthening response to a rapidly changing domestic agriculture market and expanding overseas business.

To work toward strengthening personnel development, the Company maintains the ISEKI Basic Engineering Design Training Center, which fosters the development of young designers, the ISEKI Technical Training Center, which develops personnel that can be active in both domestic and overseas production, and the ISEKI Global Training Center, which develops both domestic and overseas personnel in sales and services.

Additionally, as an element of corporate social responsibility, we are working to strengthen internal controls and compliance. We will not only comply with related laws, regulations, and statutes, but aim for responsible action by all executives and employees with high ethics and social awareness while thoroughly implementing public awareness activities and internal education.

4. Risks Which Could Affect Our Business

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

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

1) Economic conditions and changes in the environment of agriculture

Sluggishness of domestic and/or overseas economic conditions and any change in the agricultural policy may harm our financial performance through reduced demand for agricultural machinery.

2) Exchange rate fluctuation

There is a possibility that fluctuation of foreign exchange may adversely impact 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 harm our business performance.

In addition, a fall in production activities due to disruptions in the supply chain may adversely impact the ISEKI Group's business performance and financial position.

4) Dependency on specific customers or suppliers

Any change of business policy, business depression or bankruptcy of our specific customers or suppliers may harm our financial performance.

5) Competition with other companies

We are involved in fierce competition with other companies in the market, and unless overall product competitiveness, including relevant services, is maintained, there is the possibility of a decline in our performance.

6) Serious defects in products and services

The occurrence of serious defects in our products or services may harm our financial performance.

7) Stock market fluctuation

As we hold securities, stock price declines may adversely impact our business performance and financial position.

8) Government regulation on environmental issues, etc., and occurrence of related difficulties

Substantial costs may be incurred related to our products or business activities due to necessitated responses to public regulation of environmental issues, etc., corrective measures undertaken upon the occurrence of troubles, lawsuits and other situations which could lead to a deterioration of our financial performance.

9) Risks derived from international business

As we promote overseas business development, unexpected changes in tax and legal systems or political unrest of any particular country may harm our financial performance when we engage in international business activities.

In addition, as we focus on expanding business to the Asian region, mainly a difficulty in ensuring human resources, immature technological levels and unstable labor-management relationships in the region may hinder the ISEKI Group's business development.

10) Risk of legal violation

We are making group-wide efforts to accomplish complete legal compliance and drive home the code of ethical behavior by establishing the "ISEKI Group Code of Ethical Behavior" and preparing an internal control system. In spite of such efforts, if any of our directors and/or employees should conduct themselves in any way that violates laws and regulations, the business activities of the Group may be restrained and the business performance may be deteriorated.

11) Risk of natural disasters and accidents

Natural disasters such as earthquakes, typhoons, flood or unexpected accidents may occur, which may harm our financial performance.

12) Business alliances, joint ventures and strategic investment with other companies

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

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

13) Debt

We have concluded syndicated loan or commitment line contracts with financial institutions. Should any of the financial conditions of these contracts be triggered, we could face obligations to pay back some or all of these loans, which could adversely impact the financial position of the ISEKI Group. There is a possibility that a hike in interest rate may harm our financial performance.

5. Analysis of Financial Position, Management Performance

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 fiscal year ended December 31, 2017 decreased by ¥2,008 million from the end of the previous fiscal year to ¥201,348 million. Current assets decreased by ¥1,182 million, while non-current assets decreased by ¥825 million. This was mainly due to a decrease of ¥5,954 million in cash and deposits, an increase of ¥3,379 million in merchandise and finished goods, an increase of ¥770 million in buildings and structures, a decrease of ¥1,155 million in leased assets, and an increase of ¥826 million in investment securities.

Total liabilities decreased by ¥5,773 million from the end of the previous fiscal year to ¥130,432 million. This was mainly due to a decrease of ¥1,806 million in short-term loans payable and long-term loans payable, a decrease of ¥1,747 million in notes and accounts payable-trade, a decrease of ¥1,321 million in lease obligations, and a decrease of ¥1,178 million in net defined benefit liability.

Net assets increased by ¥3,764 million from the end of the previous fiscal year to ¥70,916 million. This was mainly due to an increase of ¥2,484 million in retained earnings, an increase of ¥590 million in valuation difference on available-for-sale securities, an increase of ¥317 million in foreign currency translation adjustment, and an increase of ¥374 million in remeasurements of defined benefit plans.

The shareholder's equity to total assets ratio was 34.4%.

6. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

	(Millions of yen)	
	As of December 31, 2016	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	13,936	7,981
Notes and accounts receivable – trade	24,911	25,113
Merchandise and finished goods	42,031	45,410
Work in process	6,073	6,728
Raw materials and supplies	1,211	1,267
Deferred tax assets	1,402	1,233
Other	3,393	4,076
Allowance for doubtful accounts	(26)	(60)
Total current assets	92,934	91,751
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,572	24,343
Machinery, equipment and vehicles, net	10,278	9,898
Tools, furniture and fixtures, net	3,122	2,634
Land	50,619	50,773
Leased assets, net	7,554	6,398
Construction in progress	1,293	1,514
Other, net	25	30
Total property, plant and equipment	96,466	95,592
Intangible assets	1,062	1,025
Investments and other assets		
Investment securities	6,319	7,146
Long-term loans receivable	49	42
Deferred tax assets	1,125	557
Net defined benefit asset	674	773
Other	4,984	4,616
Allowance for doubtful accounts	(259)	(158)
Total investments and other assets	12,893	12,978
Total non-current assets	110,422	109,596
Total assets	203,356	201,348

(Millions of yen)

	As of December 31, 2016	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable – trade	30,286	26,532
Electronically recorded obligations – operating	12,135	14,140
Short-term loans payable	24,695	27,216
Current portion of long-term loans payable	8,897	8,004
Lease obligations	2,552	2,194
Accrued consumption taxes	550	989
Income taxes payable	703	894
Deferred tax liabilities	7	1
Accrued expenses	4,520	4,611
Provision for bonuses	407	446
Provision for loss on construction contracts	—	391
Provision for loss on disaster	20	—
Other	4,668	4,220
Total current liabilities	89,447	89,644
Non-current liabilities		
Long-term loans payable	27,788	24,354
Lease obligations	5,529	4,566
Deferred tax liabilities	779	476
Deferred tax liabilities for land revaluation	5,790	5,780
Provision for directors' retirement benefits	107	122
Net defined benefit liability	4,491	3,312
Asset retirement obligations	314	315
Other	1,956	1,859
Total non-current liabilities	46,757	40,787
Total liabilities	136,205	130,432
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,453
Retained earnings	14,034	16,519
Treasury shares	(990)	(986)
Total shareholders' equity	49,842	52,330
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,227	1,818
Deferred gains or losses on hedges	6	(16)
Revaluation reserve for land	12,686	12,670
Foreign currency translation adjustment	798	1,115
Remeasurements of defined benefit plans	870	1,244
Total accumulated other comprehensive income	15,588	16,833
Subscription rights to shares	91	80
Non-controlling interests	1,629	1,671
Total net assets	67,151	70,916
Total liabilities and net assets	203,356	201,348

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

[Consolidated Statements of Income]

	(Millions of yen)	
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net sales	153,097	158,382
Cost of sales	108,244	112,175
Gross profit	44,852	46,206
Selling, general and administrative expenses		
Advertising expense	878	806
Packing and transportation expenses	3,623	3,454
Directors' compensations, salaries and allowances	17,791	17,627
Bonuses	2,478	2,685
Retirement benefit expenses	783	654
Provision for bonuses	286	321
Provision for directors' retirement benefits	29	28
Depreciation	2,044	2,074
Other	14,468	14,600
Total selling, general and administrative expenses	42,383	42,252
Operating income	2,469	3,953
Non-operating income		
Interest income	134	139
Dividend income	204	164
Foreign exchange gains	—	132
Subsidy income	27	356
Subsidies received	103	83
Rent income	173	170
Technical support fee	285	—
Gain on sales of scraps	39	90
Other	688	479
Total non-operating income	1,658	1,617
Non-operating expenses		
Interest expenses	599	593
Sales discounts	91	93
Foreign exchange losses	172	—
Share of loss of entities accounted for using equity method	1,075	219
Other	552	414
Total non-operating expenses	2,492	1,320
Ordinary income	1,635	4,250
Extraordinary income		
Gain on sales of non-current assets	43	36
Gain on sales of investment securities	1,113	0
Subsidy income	—	457
Total extraordinary income	1,156	493
Extraordinary losses		
Loss on sales and retirement of non-current assets	200	189
Impairment loss	106	258
Loss on valuation of investment securities	—	30
Penalty	—	427
Loss on disaster	1,068	—
Surcharges	315	—
Total extraordinary losses	1,690	905
Income before income taxes	1,101	3,838
Income taxes - current	1,049	1,194
Income taxes - deferred	(810)	(200)
Total income taxes	238	993
Profit	862	2,844
Profit attributable to non-controlling interests	4	37
Profit attributable to owners of parent	858	2,807

[Consolidated Statements of Comprehensive Income]

	(Millions of yen)	
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Profit	862	2,844
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,278)	601
Deferred gains or losses on hedges	5	(22)
Revaluation reserve for land	284	—
Foreign currency translation adjustment	(265)	209
Remeasurements of defined benefit plans, net of tax	152	374
Share of other comprehensive income of entities accounted for using equity method	(364)	106
Total other comprehensive income	(1,465)	1,269
Comprehensive income	(602)	4,113
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(608)	4,068
Comprehensive income attributable to non- controlling interests	5	45

(iv) Consolidated Statement of Cash Flows

(Millions of yen)

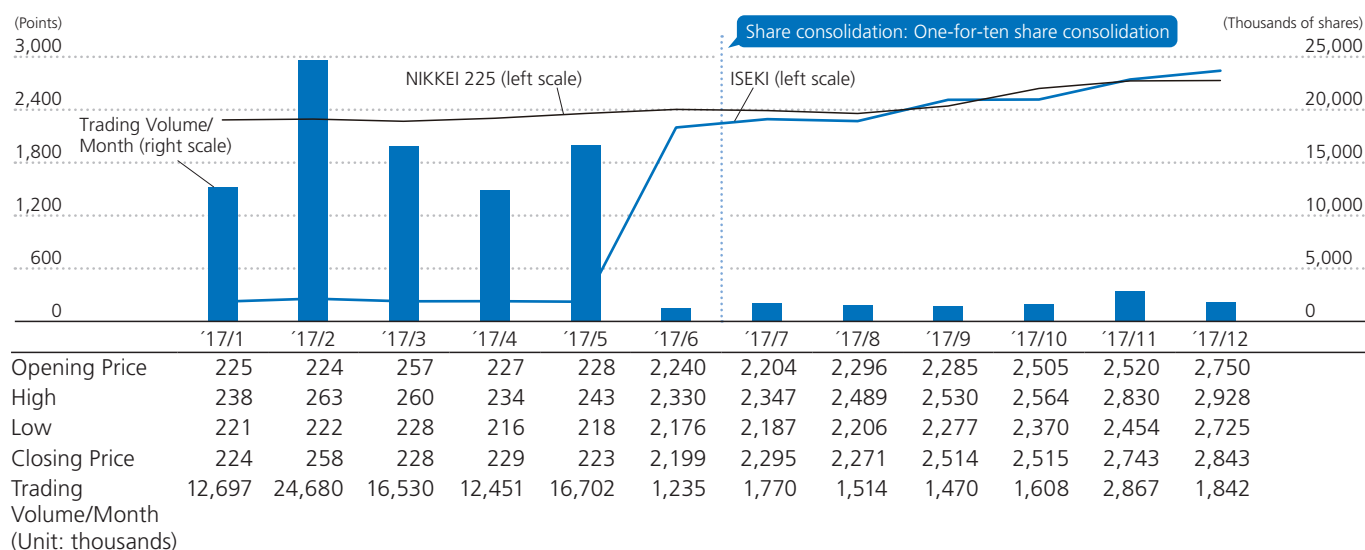
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Cash flows from operating activities		
Income before income taxes	1,101	3,838
Depreciation	7,189	7,005
Impairment loss	106	258
Loss on disaster	1,068	—
Subsidy income	(27)	(813)
Increase (decrease) in net defined benefit liability	(300)	(1,195)
Loss (gain) on sales of investment securities	(1,113)	(0)
Interest and dividend income	(339)	(303)
Interest expenses	599	593
Foreign exchange losses (gains)	(298)	95
Loss (gain) on sales of property, plant and equipment and intangible assets	156	152
Surcharges	315	—
Penalty	—	427
Decrease (increase) in notes and accounts receivable – trade	(153)	(142)
Decrease (increase) in inventories	(1,810)	(3,805)
Increase (decrease) in notes and accounts payable – trade	2,625	(1,900)
Other, net	784	860
Subtotal	9,905	5,071
Interest and dividend income received	342	312
Interest expenses paid	(603)	(593)
Proceeds from subsidy income	27	440
Payments for loss on disaster	(519)	(545)
Surcharges paid	(270)	(315)
Income taxes paid	(598)	(1,061)
Net cash provided by (used in) operating activities	8,283	3,308
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(8,561)	(5,646)
Proceeds from sales of property, plant and equipment and intangible assets	373	390
Purchase of investment securities	(53)	(0)
Proceeds from sales of investment securities	1,467	0
Decrease (increase) in loans receivable	913	11
Decrease (increase) in time deposits	(0)	(158)
Other, net	123	130
Net cash provided by (used in) investing activities	(5,736)	(5,273)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	374	2,582
Proceeds from long-term loans payable	14,780	5,058
Repayments of long-term loans payable	(10,438)	(9,384)
Proceeds from sales and leasebacks	1,024	420
Repayments of lease obligations	(2,766)	(2,618)
Purchase of treasury shares	(2)	(7)
Cash dividends paid	(336)	(341)
Dividends paid to non-controlling interests	(3)	(3)
Other, net	(9)	0
Net cash provided by (used in) financing activities	2,621	(4,294)
Effect of exchange rate change on cash and cash equivalents	(20)	146
Net increase (decrease) in cash and cash equivalents	5,147	(6,113)
Cash and cash equivalents at beginning of period	8,761	13,909
Cash and cash equivalents at end of period	13,909	7,795

7. Other

Corporate Data As of December 31, 2017

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)	5,760
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	22,589,047
Number of Shareholders	19,203
Independent Auditor	Ernst & Young ShinNihon LLC

Stock Performance and Trading Volume per Month



Share Price on January 1, 2017: ¥230 = 100

Global Network



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: 3
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
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	¥19,013 million	¥18,079 million
Ordinary income	¥457 million	¥550 million
Profit	¥281 million	¥344 million
Net assets	¥3,499 million	¥1,809 million
Total assets	¥15,252 million	¥10,605 millions



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URL: <http://www.iseki.co.jp/>

