



May 14, 2019

Name of Listed Company: ISEKI & CO., LTD.  Stock Exchange Listings: Tokyo

Company Code: 6310 (URL <http://www.iseki.co.jp>)

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Date of Submission of Quarterly Report: May 14, 2019

Scheduled Date to Commence Dividend Payment: —

Supplementary Information for Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors and analysts)

Summary Announcement of Consolidated Financial Results **for the Three Months Ended March 31, 2019 (Japanese GAAP)**

I. Consolidated Financial Results for the Three Months Ended March 31, 2019 (January 1, 2019—March 31, 2019)

A. Consolidated Results of Operations (Cumulative Total)

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

	Three Months Ended March 31, 2019	%	Three Months Ended March 31, 2018	%
Net Sales	33,353	(9.5)	36,842	0.4
Operating Income	(744)	—	(599)	—
Ordinary Income	(1,111)	—	(914)	—
Profit (Loss) Attributable to Owners of Parent	(456)	—	(349)	—
Earnings per Share (yen)				
Basic	(20.19)		(15.47)	
Diluted	—		—	

Note: Comprehensive income

Three months ended March 31, 2019: ¥(374) million [—%]

Three months ended March 31, 2018: ¥(1,120) million [—%]

B. Consolidated Financial Position

(Rounded down to millions of yen)

	As of March 31, 2019	As of December 31, 2018
Total Assets	210,604	201,156
Net Assets	67,903	68,959
Shareholder's Equity to Total Assets Ratio (%)	31.4	33.4
Net Assets per Share (yen)	2,928.64	2,974.78

Reference: Shareholder's equity

As of March 31, 2019: ¥66,160 million

As of December 31, 2018: ¥67,200 million

The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued on February 16, 2018), etc. from the beginning of the first quarter ended March 31, 2019. With respect to the consolidated financial position as of December 31, 2018, the values after the above accounting standard, etc. was retrospectively applied are used.

II. Dividends

	Dividend per Share(yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY Ended December 31, 2018	—	—	—	30.00	30.00
FY Ending December 31, 2019	—				
FY Ending December 31, 2019 (Forecast)		—	—	30.00	30.00

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

III. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (January 1, 2019 – December 31, 2019)

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

	Net Sales	%	Operating Income	%	Ordinary Income	%	Profit Attributable to Owners of Parent	%	Earnings per Share (yen)
First Half	81,800	(0.5)	1,900	(13.6)	1,600	(13.0)	1,400	(15.1)	61.97
Full Year	164,000	5.2	4,000	25.8	2,600	(1.1)	1,600	46.7	70.83

Note: Revision of the most recently announced financial results forecast: No

* Notes

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

New: - (), Exclusion: - ()

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

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

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

D. Total number of shares issued (common stock)

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

As of March 31, 2019	22,984,993 shares
As of December 31, 2018	22,984,993 shares

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

As of March 31, 2019	394,079 shares
As of December 31, 2018	394,999 shares

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

Three months ended March 31, 2019	22,590,438 shares
Three months ended March 31, 2018	22,589,038 shares

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

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

The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued on February 16, 2018), etc. from the beginning of the first quarter ended March 31, 2019. With respect to the explanation on financial position, the values after the above accounting standard, etc. was retrospectively applied are used in the analysis and in the comparison with the values of the previous fiscal year.

(1) Explanation on Results of Operations

During the three months ended March 31, 2019, the Japanese economy remained on a moderate recovery track due to the effects of various government policies amid continuing improvement in employment and income environments. Overseas, the economy in the U.S. continued a steady recovery mainly backed by increased personal consumption and capital investment, while the economy in Europe performed sluggishly in some areas of production and capital investment and the Chinese economy slowed down slightly due to sluggishness in personal consumption and capital investment. Although the world economy improved gradually as a whole, uncertainty partially due to the effects of trade friction between the U.S. and China should be watched.

On the other hand, in the domestic agricultural environment, the market for agricultural machinery remained flat 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. The Group's consolidated financial results are summarized as follows.

Net sales for the three months ended March 31, 2019 were ¥33,353 million, a decrease of ¥3,488 million (9.5%) year on year. Domestic sales in Japan were ¥25,399 million, a decrease of ¥3,018 million (10.6%) year on year, as a result of decreased sales of construction of facilities versus the same period of the previous fiscal year when the large-scale construction was completed, and decreased sales of agricultural machinery, in spite of ongoing steady sales of farming implements and parts. Overseas sales were ¥7,954 million, a decrease of ¥470 million (5.6%) year on year. This was due to a sales decline from decreased shipments of semi-finished rice transplanters stemming from local inventory adjustments in response to a cooling market in China and a sales decline from decreased shipments of tractors in the ASEAN region accompanying local inventory adjustments in the Thai market, despite higher sales in North America from factors including ongoing favorable sales of new compact tractors and ongoing steady sales in Europe that remained almost unchanged from the previous fiscal year due to the effect of currency exchange rates linked to the higher yen.

In the three months ended March 31, 2019 which is the off-demand season, we recorded loss in all income items from operating income and below. Operating loss was ¥744 million, a decrease of ¥145 million year on year, mainly due to the decrease in gross profit stemming from revenue decline in spite of the absence of temporary factors in the previous fiscal year and a reduction in selling, general and administrative expenses. Ordinary loss was ¥1,111 million, a decrease of ¥197 million year on year, mainly due to improvements in foreign exchange gains or losses and the recording of the share of loss of entities using equity method. Loss attributable to owners of parent was ¥456 million, a decrease of ¥106 million year on year.

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥6,740 million (a decrease of 7.2% year on year). Sales of planting machinery (rice transplanters and vegetable transplanters) were ¥2,208 million (an increase of 2.0% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥2,799 million (a decrease of 0.0% year on year). Sales of farming implements, spare parts and repair fees were ¥8,686 million (an increase of 1.4% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥4,964 million (a decrease of 34.9% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥5,983 million (a decrease of 1.3% year on year). Sales of planting machinery (rice transplanters, among others) were ¥824 million (a decrease of 44.8% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥133 million (an increase of 7,008.4% year on year). Sales of farming implements and spare parts were ¥705 million (an increase of 10.3% year on year). Sales of other agriculture-related business were ¥308 million (an increase of 36.2% year on year).

(2) Explanation on Financial Position

[Assets]

Total assets at the end of the first quarter ended March 31, 2019 increased by ¥9,447 million from the end of the previous fiscal year to ¥210,604 million. This was mainly due to an increase of ¥4,655 million in notes and accounts receivable - trade and an increase of ¥4,426 million in inventories.

[Liabilities]

Total liabilities at the end of the first quarter ended March 31, 2019 increased by ¥10,504 million from the end of the previous fiscal year to ¥142,701 million. This was mainly due to an increase of ¥3,948 million in notes and accounts payable - trade and electronically recorded obligations - operating, and an increase of ¥5,551 million in short-term loans payable and long-term loans payable.

[Net assets]

Total net assets at the end of the first quarter ended March 31, 2019 decreased by ¥1,056 million from the end of the previous fiscal year to ¥67,903 million. This was mainly due to ¥456 million of loss attributable to owners of parent and ¥677 million of dividends of surplus.

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

The consolidated financial results forecasts for the first half ending June 30, 2019 and the fiscal year ending December 31, 2019 have not been revised.

These financial results forecasts are calculated based on the exchange rates at ¥108 per U.S. dollar (unchanged) and ¥125 per euro (unchanged).

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2018	As of March 31, 2019
<hr/>		
Assets		
Current assets		
Cash and deposits	7,475	8,080
Notes and accounts receivable - trade	23,327	27,983
Merchandise and finished goods	46,495	50,585
Work in process	6,046	6,396
Raw materials and supplies	1,177	1,162
Other	7,320	5,887
Allowance for doubtful accounts	(51)	(51)
Total current assets	91,791	100,045
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	25,378	25,566
Land	50,873	50,840
Other, net	20,589	21,141
Total property, plant and equipment	96,842	97,548
Intangible assets	1,082	1,181
Investments and other assets		
Investment securities	5,817	5,939
Other	5,769	6,037
Allowance for doubtful accounts	(146)	(147)
Total investments and other assets	11,440	11,829
Total non-current assets	109,365	110,559
Total assets	201,156	210,604

As of December 31, 2018 As of March 31, 2019

	As of December 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,803	27,640
Electronically recorded obligations - operating	15,933	16,044
Short-term loans payable	31,475	37,752
Current portion of long-term loans payable	11,401	11,461
Income taxes payable	368	206
Provision for bonuses	482	840
Other	12,129	11,792
Total current liabilities	95,593	105,738
Non-current liabilities		
Long-term loans payable	20,571	19,786
Deferred tax liabilities for land revaluation	5,780	5,780
Provision for directors' retirement benefits	132	129
Net defined benefit liability	4,063	3,866
Asset retirement obligations	322	323
Other	5,732	7,077
Total non-current liabilities	36,603	36,963
Total liabilities	132,197	142,701
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,452	13,452
Retained earnings	16,932	15,798
Treasury shares	(983)	(981)
Total shareholders' equity	52,746	51,614
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	418	523
Deferred gains or losses on hedges	(0)	—
Revaluation reserve for land	12,670	12,670
Foreign currency translation adjustment	864	847
Remeasurements of defined benefit plans	501	504
Total accumulated other comprehensive income	14,454	14,546
Subscription rights to shares	78	75
Non-controlling interests	1,681	1,666
Total net assets	68,959	67,903
Total liabilities and net assets	201,156	210,604

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

Quarterly Consolidated Statements of Income
For the Three Months Ended March 31, 2019

(Millions of yen)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Net sales	36,842	33,353
Cost of sales	26,897	23,722
Gross profit	9,945	9,630
Selling, general and administrative expenses	10,544	10,375
Operating loss	(599)	(744)
Non-operating income		
Interest income	33	61
Dividend income	9	18
Other	271	233
Total non-operating income	314	313
Non-operating expenses		
Interest expenses	140	172
Share of loss of entities accounted for using equity method	183	364
Foreign exchange losses	183	48
Other	122	94
Total non-operating expenses	629	680
Ordinary loss	(914)	(1,111)
Extraordinary income		
Gain on sales of non-current assets	17	8
Gain on step acquisitions	16	—
Total extraordinary income	34	8
Extraordinary losses		
Loss on sales and retirement of non-current assets	22	45
Impairment loss	8	12
Total extraordinary losses	31	57
Loss before income taxes	(911)	(1,161)
Income taxes - current	158	152
Income taxes - deferred	(715)	(847)
Total income taxes	(556)	(694)
Loss	(354)	(466)
Loss attributable to non-controlling interests	(5)	(9)
Loss attributable to owners of parent	(349)	(456)

Quarterly Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2019

(Millions of yen)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Loss	(354)	(466)
Other comprehensive income		
Valuation difference on available-for-sale securities	(623)	104
Deferred gains or losses on hedges	(3)	0
Foreign currency translation adjustment	(56)	(56)
Remeasurements of defined benefit plans, net of tax	(9)	3
Share of other comprehensive income of entities accounted for using equity method	(72)	40
Total other comprehensive income	(765)	91
Comprehensive income	(1,120)	(374)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,106)	(364)
Comprehensive income attributable to non-controlling interests	(13)	(10)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable

(Notes to Material Changes in Shareholders' Equity)

Not applicable

(Additional Information)

Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting

The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued on February 16, 2018), etc. from the beginning of the first quarter ended March 31, 2019. Accordingly, deferred tax assets are shown in the segment of investments and other assets, and deferred tax liabilities are shown in the segment of non-current liabilities.