May 14, 2015

Name of Listed Company:	ISEKI & CO., LTD.	Stock Exchange Listings:	Tokyo
Company Code:	6310 (URL http://www.iseki.co.jp)		
Representative: Title	President	Name	Noriyuki Kimura
Enquiries: Title	General Manager of Financial Department	Name	Kazuma Takahashi
		Telephone: +81 3 5604 7671	
Date of the Regular Meeting of Shareholders:		June 24, 2015	
Scheduled Date to Commence Dividend Payment		June 25, 2015	
Date of Submission of the Securities Report:		June 25, 2015	
Supplementary Explanatory Material:		Prepared	
Information Meeting:		Scheduled (for institutional investors and analysts)	

Summary Announcement of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (Japanese GAAP)

I. Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014－March 31, 2015)

A. Results of operations

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

	Year Ended March 31, 2015	%	Year Ended March 31, 2014	%
Net Sales	157,417	(6.9)	169,129	8.6
Operating Income	(535)	—	7,371	43.3
Ordinary Income	499	(94.0)	8,285	53.0
Net Income	(319)	—	6,447	62.0
Net Income per Share (yen) Non-diluted	(1.40)		28.06	
Fully Diluted	—		—	
Return on Equity (%)	(0.5)		10.0	
Return on Total Assets (%)	0.2		4.4	
Operating Income to Net Sales (%)	(0.3)		4.4	

Note: Comprehensive income
Year ended March 31, 2015: ¥4,509 mil. (-42.0%) Year ended March 31, 2014: ¥7,772 mil. (55.1%)
Reference: Investment gain (loss) by equity method
Year ended March 31, 2015: ¥34 mil. Year ended March 31, 2014: ¥(52) mil.

B. Financial Position

(Rounded down to millions of yen)

	As of March 31, 2015	As of March 31, 2014
Total Assets	204,138	197,628
Net Assets	71,065	68,734
Shareholders' Equity to Total Assets Ratio (%)	34.0	34.0
Net Assets per Share (yen)	307.11	292.11

Reference: Shareholders' equity
Year ended March 31, 2015: ¥69,372 mil. Year ended March 31, 2014: ¥67,106 mil.

C. Cash Flows

(Rounded down to millions of yen)

	Year Ended March 31, 2015	Year Ended March 31, 2014
Net Cash Provided by (used in) Operating Activities	(4,247)	7,007
Net Cash Provided by (used in) Investment Activities	(11,305)	(10,038)
Net Cash Provided by (used in) Financing Activities	14,031	1,521
Cash and Cash Equivalents at End of Period	6,570	8,169

II. Dividends

	Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ending Dec. 31, 2015 Forecast
Dividend per share (yen)			
End of fiscal year	4.00	3.00	3.00
Annual	4.00	3.00	3.00
Annual cash dividend (million yen)	918	677	
Payout ratio (%, consolidated)	14.3	—	32.3
Ratio of dividend to net assets (%, consolidated)	1.4	1.0	

III. Forecast for the Fiscal Year Ending Dec. 31, 2015 (April 1, 2015－Dec. 31, 2015)

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

	Interim	%	Annual	%
Net Sales	78,000	(5.4)	152,000	—
Operating Income	1,800	71.7	3,900	—
Ordinary Income	1,700	14.4	3,700	—
Net Income attributable to owners of parent	900	(32.9)	2,100	—
Net Income per Share (yen)	3.98		9.30	

(Note) Subject to shareholders' approval of an agenda item regarding partial revision of the Articles of Incorporation at the general meeting of shareholders scheduled on June 24, 2015, the fiscal year of the Company will be changed from the current "April 1 of the year to March 31 of the following year" to "January 1 to December 31 of the year" effective as of fiscal 2015. As a transitional treatment for the fiscal year ending December 31, 2015, for subsidiaries which adopt a fiscal year starting April 1 and ending on March 31 in the following year, nine months from April 1, 2015 to December 31, 2015 are included in the consolidation, assuming that their fiscal year will also be changed.

For subsidiaries which adopt a fiscal year starting January 1 and ending on December 31 of the year, twelve months from January 1, 2015 to December 31, 2015 are included in the consolidation, as in the past.

Because year-on-year comparison is impossible, the boxes for % of change from the previous year show the "—" mark.

*** Notes**

A Changes in important subsidiaries during the period (change in specified subsidiaries which accompanies a change in the range of consolidation): None

B Change in accounting policy, change of estimation in accounting and modified restatement

1) Change in accounting policy which accompanies revision of accounting standards:	Yes
2) Change in accounting policy other than No.1):	Yes
3) Change of estimation in accounting:	Yes
4) Modified restatement:	None

Note: The above corresponds to Paragraph 14, Article 7 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements. For details, please refer to "Change in accounting policy, change of estimation in accounting and modified restatement" on Page 20 of the supplementary material.

C Outstanding shares (common shares)

1) Outstanding shares (including treasury shares)	As of March 31, 2015	229,849,936 shares
	As of March 31, 2014	229,849,936 shares
2) Outstanding treasury shares	As of March 31, 2015	3,959,147 shares
	As of March 31, 2014	117,254 shares
3) Average number of shares	FY2015	228,018,246 shares
	FY2014	229,740,557 shares

Note: Please refer to page 26 "Per Share Information" as to the number of shares which provides a base for calculating net income per share (consolidated).

(Reference) Non-consolidated Financial Results

Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014－March 31, 2015)

A. Results of operations

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

	Year Ended March 31, 2015	%	Year Ended March 31, 2014	%
Net Sales	92,252	(13.3)	106,459	15.8
Operating Income	(2,660)	—	1,975	200.9
Ordinary Income	(198)	—	4,580	110.3
Net Income	(942)	—	3,834	95.1
Net Income per Share (yen)				
Non-diluted	(4.13)		16.69	
Fully Diluted	—		—	

B. Financial Position

(Rounded down to millions of yen)

	As of March 31, 2015	As of March 31, 2014
Total Assets	139,195	132,693
Net Assets	57,541	58,560
Shareholders' Equity to Total Assets Ratio (%)	41.3	44.1
Net Assets per Share (yen)	254.42	254.91

Reference: Shareholders' Equity

Year ended March 31, 2015: ¥57,472 mil. Year ended March 31, 2014: ¥58,560 mil.

*Statement regarding state of implementation of review procedure: This summary of financial results is exempt from audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure, audit procedures for consolidated financial statements and non-consolidated financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

*Cautionary statement: The forecast for operating results has been determined based on information presently available, as well as on the assumptions that the Company believes to be reasonable. It is possible that in the future, actual results may differ from the anticipated figures for a variety of reasons. Please refer to "Management Performance" on page 2 of the supplementary material for the assumptions underlying the forecasts and precautions when using the forecasts.

○ Table of contents for supplementary material

1. Management Performance

(1) Analysis of Management Performance

During the fiscal year under review, companies engaged in exporting businesses enjoyed the benefits of a weaker yen and strong stock prices supported by a series of economic measures taken by the government. However, the prospective for the general economy in Japan remained uncertain with the drop in demand which was a rebound from the last-minute demand surge before the consumption tax rate hike last year, and cautious forecasts for the future economy. On the other hand, it is thought to take some time before the world economy fully recovers, as exemplified by the move of the U.S. to reduce quantitative easing measures, financial instability in the European region and uncertainty over the future of the economy in China and other emerging countries.

The agricultural machinery market in Japan experienced a downturn and sales competition has intensified under circumstances where the farmers' buying motivation has declined. This was due to the sentiment that the rice market is saturated, which resulted in fall of the rice price, as well as the impact of the rebound from the last-minute demand surge before the consumption tax rate hike last year.

Under such circumstances, the ISEKI Group strove to increase sales volume in Japan, launching new products and enhancing customer responses, while it endeavored to expand sales overseas by introducing new products in North America and Europe. As a result, the Group's business performance can be summarized as follows.

(Consolidated business performance of the year under review)

In the fiscal year ended March 31, 2015, net sales decreased ¥11,711 million from a year earlier to ¥157,417 million (down 6.9% year on year). Domestic sales decreased ¥11,018 million from a year earlier to ¥131,956 million (down 7.7% year on year) as a result of a significant decrease in sales of agricultural machinery and farming implements. This was due to the downturn in the market and intensified sales competition where the fall in the rice price and other factors weakened the farmers' buying motivation. Overseas sales decreased ¥693 million to ¥25,460 million (down 2.7% year on year). This was due to the exclusion of Iseki-Changzhou Mfg. Co., Ltd., a consolidated subsidiary in China, from the consolidation from the first quarter of the current year, which offset the contributions by the new products introduced in Europe. Operating income decreased ¥7,906 million from a year earlier to operating loss of ¥535 million mainly due to the decreased gross income resulting from decreased sales and the increase in selling, general and administrative expenses. Ordinary income decreased ¥7,786 million from a year earlier to ¥499 million (down 94.0% year on year). Net income decreased ¥6,766 million from a year earlier to a net loss of ¥319 million.

(Non-consolidated business performance of the year under review)

In the fiscal year under review, net sales totaled ¥92,252 million (down 13.3% year on year), operating loss was ¥2,660 million, and ordinary loss amounted to ¥198 million. The Company recorded a net loss of ¥942 million.

Sales by product are as follows.

(Domestic)

Sales of cultivating & mowing machinery (tractors, high-clearance multipurpose vehicles, etc.) amounted to ¥31,634 million (down 5.1% year on year), sales of planting machinery (rice transplanters and vegetable transplanters) totaled ¥9,764 million (down 10.3% year on year), sales of harvesting and processing machinery (combine harvesters, etc.) were ¥23,996 million (down 15.1% year on year) and sales of spare parts and farming implements decreased to ¥33,075 million (down 8.2% year on year), while sales of other agriculture-related business (including construction of facilities, etc.) decreased to ¥33,485 million (down 2.7% year on year).

(Overseas)

Sales of cultivating & mowing machinery (tractors, etc.) increased to ¥20,639 million (up 24.0% year on year), sales of planting machinery (rice transplanters, etc.) decreased to ¥2,105 million (down 68.7% year on year), sales of harvesting and processing machinery (combine harvesters, etc.) decreased to ¥325 million (down 68.2% year on year), and sales of spare parts and farming implements totaled ¥1,792 million (up 37.0% year on year), while sales of other agriculture-related business increased to ¥598 million (up 33.3% year on year).

(Forecast for the next consolidated fiscal year)

In Japan, uncertainties about the economy are basically expected to dissipate, backed by the improvement in the export environment and the strong stock market thanks to economic measures and financial policies continued by the government. Overseas, the prospects for the overall world economy seems to remain uncertain despite a recovery trend in the U.S. economy, with the slower-than-expected economic recovery in Europe and China and the political instability in the Middle East and other regions.

Initiatives to further develop Japanese agriculture are expected to be implemented, as exemplified by the plan made for a large budget for agriculture, while there are misgivings about the impact on the domestic agriculture resulting from the Trans-Pacific Partnership Agreement (TPP) negotiations, which are said to be coming to a conclusion. The impact of the rebound from the last-minute demand surge before the consumption tax hike is expected to weaken. However, the movement of the rice price is uncertain because of the sentiment that the rice market is saturated. Accordingly the prospect for the market environment, including the farmers' buying motivation, is expected to remain uncertain. However, living up to the Group's slogan "Supporting the full of dreams farming industry," we will strive to secure and increase sales by further enhancing "our capabilities to support customers," through which we provide high-quality marketing services and make proposals that match the agriculture management of customers, in addition to conducting "provision of energy-saving and low-cost agricultural machinery."

Overseas, we will expand markets by launching "new strategic products" that match the needs of customers in the European and North American markets. In the European market, ISEKI France S.A.S, a subsidiary in France, will take initiatives in expanding the market. In the Chinese market, Dongfeng Iseki Agricultural Machinery Co., Ltd. will take initiatives in pushing forward with sales expansion by the release of strategic products. In the Southeast Asian market, which is expected to grow in the future, we will strive to establish the position of the ISEKI brand by starting full-scale production of strategic machines in PT. ISEKI INDONESIA, a production subsidiary in Indonesia, and sales expansion in the Thai market by ISEKI SALES (THAILAND) Co., Ltd.

We expect increases in incomes both in Japan and overseas. In addition to an increase in the gross income due to an increase in sales, we expect that drastic reduction of labor costs and other cost reduction efforts will contribute to the increases in incomes.

Please note that the fiscal year of the Company will be changed to "January 1 to December 31 of the year" from the current "April 1 of a year to March 31 of the following year," effective in fiscal 2015. This change is subject to prior approval by shareholders of "an agenda regarding partial revision of the Articles of Incorporation" at a general meeting of shareholders scheduled on June 24, 2015.

(2) Analysis of Financial Position

Total assets at the end of the consolidated fiscal year increased ¥6,510 million year on year, to ¥204,138 million. Looking at the breakdown, current assets decreased ¥5,927 million year on year and non-current assets increased ¥12,438 million from a year earlier. The changes mainly resulted from a ¥11,194 million decrease in notes and accounts receivable-trade, a ¥5,665 million increase in merchandise and finished goods, a ¥5,839 million increase in property, plant and equipment and a ¥6,499 million increase in investments and other assets. Total liabilities increased ¥4,179 million year on year to ¥133,073 million, primarily due to a decrease in notes and accounts payable-trade and electronically recorded obligations of ¥8,821 million, an increase in short-term and long-term loans payable of ¥13,207 million, a decline in net defined benefit liability of ¥1,361 million. Net assets increased ¥2,330 million year on year, to ¥71,065 million. The increase is primarily due to a decrease in retained earnings of ¥1,607 million, an increase in valuation difference on available-for-sale securities of ¥1,640 million, and an increase in remeasurements of defined benefit plans of ¥2,019 million.

The equity ratio was 34.0%.

(Cash flows from operating activities)

Cash flows from operating activities came to a net cash outflow of ¥4,247 million (increase in the outflow of ¥11,255 million year on year), comprised principally of income before income taxes of ¥1,304 million, depreciation of ¥5,902 million, a decrease in notes and accounts receivable–trade of ¥13,063 million, an increase in inventories of ¥7,835 million, a decrease in notes and accounts payable-trade of ¥10,424 million and income taxes paid of ¥3,086 million.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net cash outflow of ¥11,305 million (up ¥1,266 million year on year), comprised principally of capital investment expenditures of ¥11,583 million.

(Cash flows from financing activities)

Cash flows from financing activities amounted to a net cash inflow of ¥14,031 million (up ¥12,509 million year on year), due primarily to an increase in interest-bearing liabilities.

Reference: The trend of cash flow indicators is as follows.

Indicator		Mar. 31, 2012	Mar. 31, 2013	Mar. 31, 2014	Mar. 31, 2015
Equity ratio	(%)	32.9	34.3	34.0	34.0
Market-based equity ratio	(%)	28.1	41.5	31.7	25.5
Cash flow/Interest-bearing liabilities ratio	(times)	4.9	4.9	6.3	—
Interest coverage ratio	(times)	10.7	11.8	9.3	—

• Equity ratio: Shareholders' equity/Total assets
• Market-based equity ratio: Total market price of shares/Total assets
• Cash flow/Interest-bearing liabilities ratio: Interest-bearing liabilities/Operating cash flow
• Interest coverage ratio: Operating cash flow/Interest payments

Notes: 1. All figures have been calculated using consolidated-based financial figures.
2. The total market price of shares is the product of the per-share closing price at the end of the period and the total number of shares outstanding (less treasury shares) at the end of the period.
3. The operating cash flow uses the Cash flows from Operating Activities as per the Consolidated Statement of Cash Flows. Interest-bearing liabilities use all the loans payable and bonds payable as recorded in the Consolidated Balance Sheet. The Interest payments use the interest expenses paid as recorded in the Consolidated Statement of Cash Flows.
4. A cash flow/Interest-bearing liabilities ratio and an interest coverage ratio for the year ended March 31, 2015 are not presented in the table because the net cash flow for the year was an outflow (negative).

(3) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

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 continue making and increase our dividend distribution, taking into consideration, not just consolidated financial results, but our Group's financial position and future business developments as well as changes in our managerial environment. It is our basic policy to distribute retained earnings to shareholders once a year as year-end dividends. The organ to determine the payment of dividends is a general meeting of shareholders.

With respect to dividends for the fiscal year ended March 31, 2015, we will pay a year-end dividend of 3 yen per share in line with the above policy.

For the fiscal year ending December 31, 2015, we will pay a year-end dividend of 3 yen per share.

(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:

1) Economic Conditions and Changes in the Environment of Agriculture

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

2) Exchange Rate Fluctuation

There is a possibility that fluctuation of foreign exchange 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 restrictions on electricity supplies, and 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 depression and failure 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 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 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 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 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, there is a possibility that the business activities of the Group will be restrained and the business performance will be deteriorated. Iseki-Hokkaido Co., Ltd., a consolidated subsidiary of the Company is currently under on-site investigation by the Japan Fair Trade Commission regarding its tendering in a facility construction work bid. Results of the investigation of this subsidiary may have an adverse effect on the results of the Group.

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, 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 syndicate 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 negatively affect the financial position of the ISEKI Group.

There is a possibility that a hike in interest rate may harm our financial performance.

On March 26, 2015, the Company received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission in connection with its tendering in a facility construction work bid. These events were in breach of the compliance clause of the syndicated loan contracts. But the financial institutions that are lenders to the Company consented to waive their rights to demand acceleration of payment obligations under these contracts.

The forecasts for future results and target figures produced by ISEKI & CO., LTD., are based on information available as the day of this announcement, and assumptions made as of the same day regarding a number of latent risks and uncertainties that could affect future financial performance. Actual results could differ considerably depending on economic conditions, market trends, and future conditions for business operations hereafter.

2. The ISEKI Group

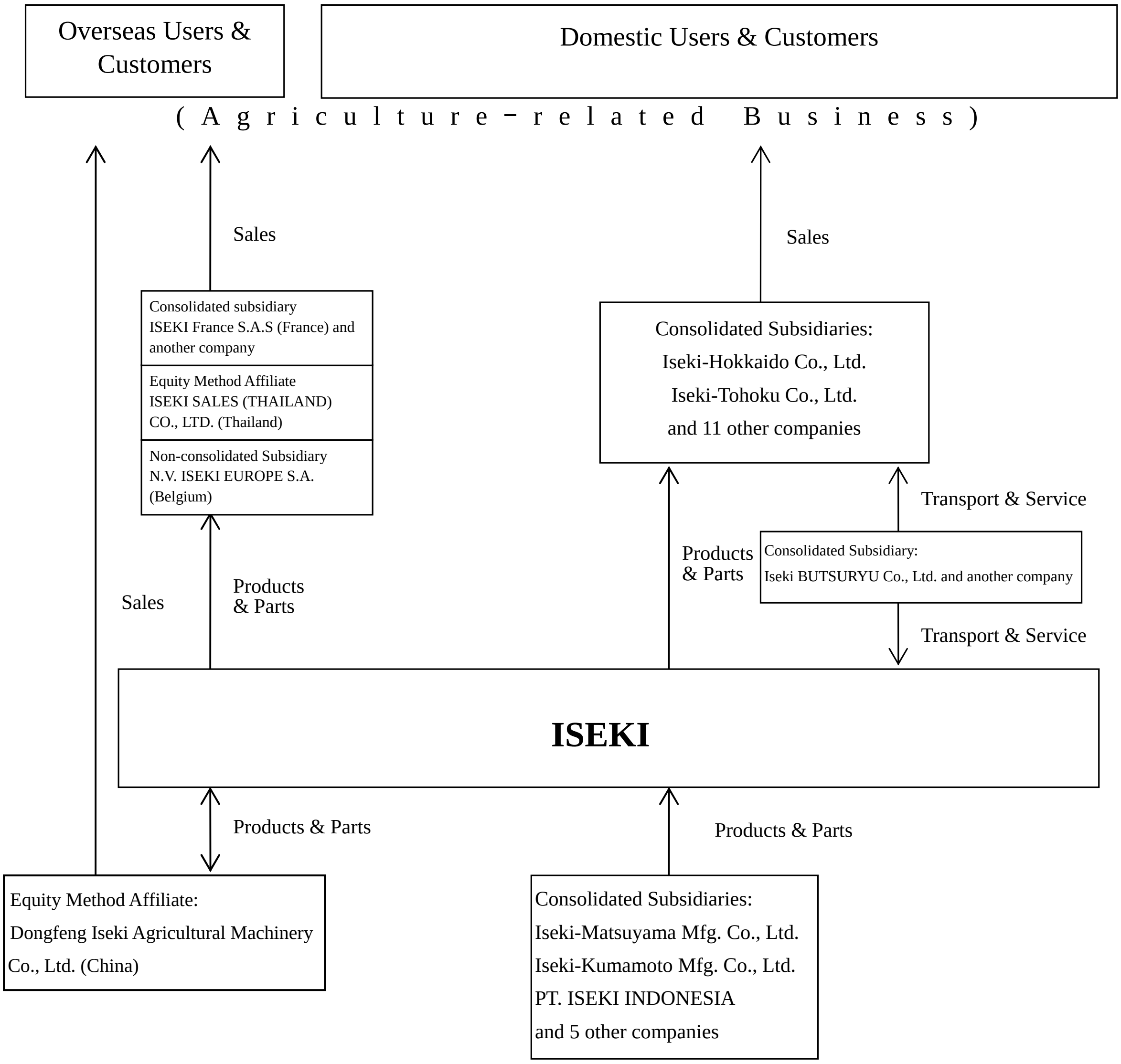
The main business of the ISEKI Group is the development, manufacture and sale of agricultural machinery for rice and vegetable farming, among other related areas.

The position of the business in the ISEKI Group is stated below.

(Agriculture-related Business)

The Company primarily handles the development and design of agricultural machinery.

Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd. and seven other companies handle our agricultural machinery manufacturing and processing of related components, and 13 domestic sales companies market and sell the machinery across the country. Overseas marketing operations are handled by ISEKI France S.A.S (France), Dongfeng Iseki Agricultural Machinery Co., Ltd. (China) and local distributors and affiliates.



3. ISEKI’s Management Policies

(1) ISEKI’s Basic Management Principles

Since it was established in 1926, ISEKI Group has been contributing to the modernization of Japan’s agricultural industry as a all-round manufacturer specializing 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 questions of an increasing world population and food supply, and then our own nation’s food self-sufficiency and land preservation, our role to serve the farming sector becomes important and our duty to society as a manufacturer of agricultural machinery becomes even more significant.

The ISEKI Group will continue to operate under a basic business philosophy of “providing products that satisfy our consumers” so that the Group can contribute to agriculture, both in Japan and throughout the world.

Our highest priority objectives are “to enhance product capability, to improve quality, to accelerate cost-cutting measures and to strengthen our sales service capabilities.” We are aiming for a strong corporate culture that can maintain a stable operating performance and continued payment of stable dividends to shareholders and will continue in our efforts to reform our profit structure.

(2) Long-term Management Strategies and Issues to be Addressed

To realize future development by establishing a stable customer base in Japan and speeding up global business development in a rapidly changing business environment, we will more quickly focus on the following challenges with all the strength of the ISEKI Group.

1) To strengthen the responsiveness to changes in the Japanese market

The modes of cultivation have been diversifying in the Japanese agriculture industry, shifting from the conventional growing of rice for human consumption to growing of rice as feeds, crops and vegetables and other farming. Large-scale farming, utilization of information technology and farming robots have been promoted. Recent changes in the agriculture industry are remarkable. We will properly respond to these changes in the domestic market. With an intensifying competition in the market, we will also endeavor to stably ensure a domestic sales share of 20% with a view to establishing a stable customer base.

We have systematically worked on development of new and advanced technologies. Specifically, we established the Advanced Technology Strategic Committee in April 2014, followed by the establishment of the Advanced Technology Promotion Department in April 2015. Moreover, to cope with the diversified cultivation systems and agricultural management forms, including large-scale farming, we focus on development of sales reps who are able to make diversified proposals (a project to support “Agri-Heroes”), and building large-scale maintenance factories to strengthen our abilities to inspect and maintain large-scale farming machines. In October 2015, we will open an “institute to research advanced agri-business and technology” as a center for “researching and diffusing advanced agricultural technology to support the agriculture industry in Japan.” We will strive to expand domestic sales by further improving customer satisfaction. We will do this by enhancing “our capability to support customers” both in our products and services through providing high-quality marketing services and proposals that match the agricultural management of customers.

2) To fully develop global strategies

We will strive to realize an overseas sales ratio of 20% at an early stage by accelerating overseas development, with an eye on Southeast Asia, where mechanization is remarkably advancing, in addition to the existing three markets of Europe, North America and China.

With regard to North America, Europe and other markets, we will further expand the markets by launching “new strategic products” that satisfy customer needs. We expect that the recent restructuring of ISEKI France S.A.S as a subsidiary of the Company will accelerate the market expansion in Europe.

In the Chinese market where the mechanization of agriculture is rapidly advancing, we will accelerate and strengthen the development and deployment of new products for Dongfeng Iseki Agricultural Machinery Co., Ltd., which completed the integration of business recently. In the Southeast Asian market, which is expected to grow in the future, we will endeavor to establish the ISEKI brand by realizing stable operation at PT. ISEKI INDONESIA, which has started full-scale production, and reinforcing the sales capability of ISEKI SALES (THAILAND) CO., LTD., which has begun making sales.

In addition, we will focus on expanding our business development to meet diversifying market needs by enhancing our development, production, sales and service structures from a locally oriented standpoint.

3) To ensure compliance

The Company underwent on-site investigations by the Japan Fair Trade Commission (JFTC) in November 2013 on suspicion of possible violation of the Antimonopoly Act regarding bidding for facility construction works. Consequently, the Company received a cease and desist order and a surcharge payment order on March 26, 2015. In July 2014, Iseki-Hokkaido Co., Ltd., a consolidated subsidiary of the Company, underwent on-site investigations by JFTC on suspicion of possible violation of the Antimonopoly Act regarding bidding for facility construction work. The Company and Iseki-Hokkaido fully cooperate with the FTC investigations.

Recognizing the gravity of this issue severely, the Company has worked on prevention of recurrence by developing and implementing preventive measures in November 2013. Moreover, as of May 1, 2015, the Management Control Section For Agri-Plant Business's functions of auditing and monitoring of facility operations were transferred to the Internal Control & Audit Department. At the same time, the Internal Control & Audit Department was placed directly under the Management Supervisory Committee, independent from operational departments. The action policy and manuals on facility operations were also revised and education and training, including at sales subsidiaries, was reinforced.

Under the new organization, we will strive to more thoroughly comply with laws and ordinances and enhance internal control.

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4. Basic Policy for Choosing Accounting Standards

Considering comparability of periods between consolidated financial statements and comparability between companies, the ISEKI Group will continue to use the Japanese accounting standards for preparing consolidated financial statements for the time being.

Regarding the international accounting standards, we will adopt them in proper timing, considering relevant circumstances in and outside Japan.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(millions of yen)

	FY2014 (as of Mar. 31, 2014)	FY2015 (as of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	8,228	6,603
Notes and accounts receivable-trade	41,598	30,404
Merchandise and finished goods	36,889	42,554
Work in process	4,882	3,679
Raw materials and supplies	1,548	1,478
Deferred tax assets	1,794	1,444
Other	2,944	5,777
Allowance for doubtful accounts	(107)	(91)
Total current assets	97,779	91,851
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,602	20,224
Machinery, equipment and vehicles, net	7,041	9,363
Tools, furniture and fixtures, net	2,550	2,754
Land	51,015	50,395
Leased assets, net	7,311	8,455
Construction in progress	2,611	1,771
Other, net	19	28
Total property, plant and equipment	87,152	92,992
Intangible assets	1,006	1,105
Investments and other assets		
Investment securities	7,269	9,495
Long-term loans receivable	106	1,003
Net defined benefit asset	288	513
Deferred tax assets	1,374	846
Other	3,116	6,766
Allowance for doubtful accounts	(464)	(436)
Total investments and other assets	11,690	18,189
Total non-current assets	99,848	112,287
Total assets	197,628	204,138

(millions of yen)

	FY2014 (as of Mar. 31, 2014)	FY2015 (as of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	47,536	36,935
Electronically recorded obligations-operating	—	1,778
Short-term loans payable	20,132	25,134
Current portion of long-term loans payable	6,387	13,941
Lease obligations	2,087	2,662
Accrued consumption taxes	354	1,175
Income taxes payable	1,788	776
Deferred tax liabilities	—	75
Accrued expenses	5,084	5,432
Provision for bonuses	350	322
Provision for loss on construction contracts	33	—
Other	6,161	4,453
Total current liabilities	89,916	92,689
Non-current liabilities		
Long-term loans payable	17,870	18,520
Lease obligations	5,730	6,559
Deferred tax liabilities	250	1,018
Deferred tax liabilities for land revaluation	6,644	6,074
Net defined benefit liability	6,660	5,298
Provision for directors' retirement benefits	126	125
Asset retirement obligations	264	266
Other	1,429	2,519
Total non-current liabilities	38,977	40,383
Total liabilities	128,893	133,073
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	17,266	15,658
Treasury shares	(30)	(986)
Total shareholders' equity	54,034	51,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,338	2,979
Revaluation reserve for land	11,831	12,401
Foreign currency translation adjustment	1,170	1,771
Remeasurements of defined benefit plans	(1,269)	750
Total accumulated other comprehensive income	13,072	17,902
Subscription rights to shares	—	68
Minority interests	1,628	1,624
Total net assets	68,734	71,065
Total liabilities and net assets	197,628	204,138

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(millions of yen)

	FY2014 (Apr. 1, 2013- Mar. 31, 2014)	**FY2015** (Apr. 1, 2014- Mar. 31, 2015)
Net sales	169,129	157,417
Cost of sales	116,412	111,777
Gross profit	52,716	45,640
Selling, general and administrative expenses	45,345	46,175
Operating income (loss)	7,371	(535)
Non-operating income		
Interest income	192	247
Dividend income	147	168
Foreign exchange gains	1,268	423
Subsidies received	80	78
Rent income	172	172
Gain on sales of scraps	170	131
Other	564	903
Total non-operating income	2,596	2,125
Non-operating expenses		
Interest expenses	758	623
Sales discounts	105	99
Loss on abandonment of inventories	410	15
Other	407	352
Total non-operating expenses	1,682	1,091
Ordinary income	8,285	499
Extraordinary income		
Gain on sales of non-current assets	30	47
Gain on bargain purchase	—	900
Gain on change in equity	—	589
Compensation income	45	21
Gain on sales of investment securities	32	25
Gain on sales of shares of subsidiaries and associates	—	96
Total extraordinary income	107	1,680
Extraordinary losses		
Loss on sales and retirement of non-current assets	355	395
Impairment loss	86	165
Surcharges	—	305
Other	24	8
Total extraordinary losses	467	874
Income before income taxes	7,926	1,304

	FY2014 (Apr. 1, 2013- Mar. 31, 2014)	FY2015 (Apr. 1, 2014- Mar. 31, 2015)
Income taxes-current	2,756	1,662
Income taxes-deferred	(1,297)	(29)
Total income taxes	1,459	1,633
Income (loss) before minority interests	6,466	(328)
Minority interests in income (loss)	19	(9)
Net income (loss)	6,447	(319)

Consolidated Statement of Comprehensive Income

(millions of yen)

	FY2014 (Apr. 1, 2013- Mar. 31, 2014)	**FY2015** (Apr. 1, 2014- Mar. 31, 2015)
Income (loss) before minority interests	6,466	(328)
Other comprehensive income		
Valuation difference on available-for-sale securities	405	1,636
Revaluation reserve for land	—	569
Foreign currency translation adjustment	836	(31)
Remeasurements of defined benefit plans, net of tax	—	2,018
Share of other comprehensive income of entities accounted for using equity method	63	645
Total other comprehensive income	1,305	4,838
Comprehensive income	7,772	4,509
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	7,740	4,510
Comprehensive income attributable to minority interests	32	(1)

(3) Consolidated Statement of Changes in Equity

FY2014 (Apr. 1, 2013-Mar. 31, 2014)

(millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the beginning of period	23,344	13,454	11,522	(25)	48,296
Cumulative effects of changes in accounting policies					—
Restated balance	23,344	13,454	11,522	(25)	48,296
Changes of items during the period					
Dividends of surplus			(689)		(689)
Net income			6,447		6,447
Purchase of treasury shares				(4)	(4)
Reversal of revaluation reserve for land			(14)		(14)
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,743	(4)	5,738
Balance at the end of period	23,344	13,454	17,266	(30)	54,034

	Accumulated Other Comprehensive Income					Subscription rights to shares	Minority Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Revaluation Reserve for Land	Foreign Currency Translation Adjustment	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Balance at the beginning of period	928	11,816	288	—	13,033	—	1,598	62,927
Cumulative effects of changes in accounting policies								—
Restated balance	928	11,816	288	—	13,033	—	1,598	62,927
Changes of items during the period								
Dividends of surplus								(689)
Net income								6,447
Purchase of treasury shares								(4)
Reversal of revaluation reserve for land								(14)
Change of scope of equity method								—
Net changes of items other than shareholders' equity	410	14	882	(1,269)	38	—	29	68
Total changes of items during the period	410	14	882	(1,269)	38	—	29	5,807
Balance at the end of period	1,338	11,831	1,170	(1,269)	13,072	—	1,628	68,734

FY2015 (Apr. 1, 2014-Mar. 31, 2015)

(millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the beginning of period	23,344	13,454	17,266	(30)	54,034
Cumulative effects of changes in accounting policies			(360)		(360)
Restated balance	23,344	13,454	16,905	(30)	53,673
Changes of items during the period					
Dividends of surplus			(918)		(918)
Net loss			(319)		(319)
Purchase of treasury shares				(956)	(956)
Reversal of revaluation reserve for land					—
Change of scope of equity method			(8)		(8)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(1,247)	(956)	(2,203)
Balance at the end of period	23,344	13,454	15,658	(986)	51,470

	Accumulated Other Comprehensive Income					Subscription rights to shares	Minority Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Revaluation Reserve for Land	Foreign Currency Translation Adjustment	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Balance at the beginning of period	1,338	11,831	1,170	(1,269)	13,072	—	1,628	68,734
Cumulative effects of changes in accounting policies								(360)
Restated balance	1,338	11,831	1,170	(1,269)	13,072	—	1,628	68,374
Changes of items during the period								
Dividends of surplus								(918)
Net loss								(319)
Purchase of treasury shares								(956)
Reversal of revaluation reserve for land								—
Change of scope of equity method								(8)
Net changes of items other than shareholders' equity	1,640	569	600	2,019	4,830	68	(3)	4,895
Total changes of items during the period	1,640	569	600	2,019	4,830	68	(3)	2,691
Balance at the end of period	2,979	12,401	1,771	750	17,902	68	1,624	71,065

(4) Consolidated Statement of Cash Flows

(millions of yen)

	FY2014 (Apr. 1, 2013- Mar. 31, 2014)	**FY2015** (Apr. 1, 2014- Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes	7,926	1,304
Depreciation	5,887	5,902
Impairment loss	86	165
Gain on bargain purchase	—	(900)
Amortization of goodwill	0	—
Increase (decrease) in provision for retirement benefits	(5,453)	—
Increase (decrease) in net defined benefit liability	4,716	(1,964)
Loss (gain) on sales of investment securities	(32)	(24)
Loss (gain) on sales of shares of subsidiaries and associates	—	(96)
Interest and dividend income	(339)	(415)
Interest expenses	758	623
Foreign exchange losses (gains)	(237)	(272)
Loss (gain) on sales of property, plant and equipment and intangible assets	324	348
Loss (gain) on change in equity	—	(589)
Compensation income	(45)	(21)
Surcharges	—	305
Decrease (increase) in notes and accounts receivable-trade	(10,729)	13,063
Decrease (increase) in inventories	238	(7,835)
Increase (decrease) in notes and accounts payable-trade	4,573	(10,424)
Other	1,617	(115)
Subtotal	9,292	(946)
Interest and dividends income received	343	423
Interest expenses paid	(753)	(659)
Proceeds from compensation	56	21
Income taxes paid	(2,084)	(3,086)
Income taxes refund	152	—
Net cash provided by (used in) operating activities	7,007	(4,247)
Cash flows from investing activities		
Proceeds from sales of securities	19	—
Purchase of property, plant and equipment and intangible assets	(9,931)	(11,583)
Proceeds from sales of property, plant and equipment and intangible assets	205	825
Purchase of investment securities	(154)	(1)
Proceeds from sales of investment securities	67	110

	FY2014 (Apr. 1, 2013- Mar. 31, 2014)	FY2015 (Apr. 1, 2014- Mar. 31, 2015)
Decrease (increase) in loans receivable	21	(453)
Decrease (increase) in time deposits	185	3
Payments for investments in capital of subsidiaries and associates	(322)	(543)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(57)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	522
Other	(129)	(128)
Net cash provided by (used in) investing activities	(10,038)	(11,305)
Cash flows from Financing Activities		
Net increase (decrease) in short-term loans payable	4,223	7,578
Proceeds from long-term loans payable	4,360	16,140
Repayments of long-term loans payable	(6,469)	(7,649)
Redemption of bonds	(100)	—
Proceeds from sales and leasebacks	2,119	2,050
Repayments of lease obligations	(1,912)	(2,208)
Purchase of treasury shares	(4)	(956)
Cash dividends paid	(682)	(910)
Other	(13)	(12)
Net cash provided by (used in) financing activities	1,521	14,031
Effect of exchange rate change on cash and cash Equivalents	638	392
Net increase (decrease) in cash and cash equivalents	(870)	(1,129)
Cash and cash equivalents at beginning of period	9,040	8,169
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(469)
Cash and cash equivalents at end of period	8,169	6,570

(5) Notes to the Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable

(Important Basic Items for Preparing Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries……….25 companies

(including Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd., Iseki-Hokkaido Co., Ltd. and Iseki-Tohoku Co., Ltd.)

In May 2014, Iseki-Changzhou Mfg. Co., Ltd., was merged into Dongfeng Iseki Agricultural Machinery Co., Ltd., an entity accounted for by the equity method. In March 2015, the Company sold all shares of Iseki-Ueki Seisakusho Co., Ltd. As a result of these transactions, these two companies were excluded from the scope of the consolidation for the year.

In July 2014, the Company acquired all shares of YB Holding S.A.S (renamed to ISEKI France Holding S.A.S), a 100% owner of YVAN BEAL S.A.S (renamed to ISEKI France S.A.S), a distributor of the Company in Europe. As a result of this transaction, ISEKI France Holding S.A.S. was added to the scope of the consolidation for the year.

2. Scope of the equity method companies

Number of affiliates……….2 companies (Dongfeng Iseki Agricultural Machinery Co., Ltd. and ISEKI SALES (THAILAND) CO., LTD.)

Since its importance for the Group increased, ISEKI SALES (THAILAND) CO., LTD. was included in the scope of companies reported by the equity method from the current year.

3. Consolidated accounting period

Of the consolidated subsidiaries, 14 companies (including Iseki-Hokkaido Co., Ltd.) use an end-of-period balance sheet date of December 31. 9 companies (including Iseki-Matsuyama Mfg. Co., Ltd.) use a balance sheet date of March 31. ISEKI France S.A.S and one other company use an end-of-period balance sheet date of September 30.

With regard to the preparation of the consolidated financial statements, the financial statements as of the balance sheet dates of respective companies are used. For ISEKI France S.A.S and one other company adopting September 30 as their annual closing date, provisional closing of accounts is performed as of December 31 each year. And necessary adjustments at consolidation are made for any significant transactions that occurred between the consolidated balance sheet date and these dates.

4. Accounting policies

(1) Valuation basis and methods of important assets

(a) Securities

Held-to-maturity debt securities .... recorded at amortized cost

Available-for-sale securities

- Securities with fair market value………. recorded at market value, based on the fair market price at the closing date of the consolidated reporting period. (Any estimate variance is credited or debited to Shareholders' Equity)

- Securities without fair market value........ recorded at cost, based on the moving-average method

(b) Inventories…………………………………....mainly recorded at cost using the gross average method (Balance sheet amounts for items with reduced profitability have been adjusted downward accordingly)

(c) Derivatives... recorded using the market value method

(2) Depreciation methods for material depreciable assets

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

The straight-line method is used.

(b) Intangible assets (excluding leased assets)

The straight-line method is used. However, software for internal use is depreciated using the straight-line method over an expected useful life within the company of five years, while software for marketing is depreciated using the straight-line method over an expected marketable period of three years.

(c) Leased assets

Leased assets derived from finance leases other than those leases which transfer the ownership of the assets to the lessee are amortized using the straight-line method with no residual value over the lease period, which is deemed the useful life.

Among finance leases that do not involve transfer of ownership to lessee, leases that began before April 1, 2008 are accounted for as normal operating leases.

(3) Allowances and reserves

(a) Allowance for doubtful accounts

A likely unrecoverable amount is calculated by applying the historical bad debt ratio to common receivables. For specific receivables, such as doubtful debt receivables, allowances are made by individually evaluating the likelihood of them being collected.

(b) Provision for bonuses

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

(c) Provision for directors' retirement benefits

Some of the consolidated subsidiaries record the directors' retirement benefits to provide for directors' retirement benefits in an amount as required by companies' internal regulations.

(d) Provision for loss on construction contracts

To provide for future loss on construction contracts already concluded, an estimated amount of loss is booked regarding construction works which had not been completed by the end of the current fiscal year and for which a loss is expected to occur and the amount of loss can be estimated reasonably.

(4) Accounting treatment related to retirement benefits

(a) Method of attributing the projected benefits to periods of service

In calculating retirement benefits, the method of attributing the projected benefits to periods until the end of the current fiscal year is based on the benefit formula basis attribution.

(b) Method of amortization of actuarial gains or losses, prior service cost and unrecognized net obligation at the date of initial application of the new accounting standards

Actuarial gains or losses are amortized as incurred over the periods, which are the average remaining service years of employees, by the straight-line method, starting from the following fiscal year. Prior service cost is amortized as incurred over the periods, which are the average remaining service years of employees, by the straight-line method. With regard to unrecognized net obligation at the date of initial application of the new accounting standards, the amount allocated by the straight-line method over 15 years is expensed.

Unrecognized actuarial gains or losses, unrecognized prior service cost and unrecognized net obligation at the date of initial application of the new accounting standards are recorded as Remeasurements of defined benefit plans in Accumulated other comprehensive income under the Net Assets section after tax effect accounting is applied.

(c) Adoption of the simplified method at small companies

For calculating net defined benefit liability and retirement benefit expenses, some consolidated subsidiaries apply the simplified method which assumes the company's benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees takes place at fiscal year-end.

(5) Accounting standards for revenues and expenses

(a) Accounting standards for the value and cost of completed construction contracts

The percentage-of-completion method is applied for construction in progress up to the end of the consolidated accounting period, for which the outcome can be estimated reliably (the proportional cost method is applied for estimating the percentage of progress of the construction). The completed-contract method is applied for other constructions.

(6) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Gains or losses resulting from the translation are credited or charged to income.

Balance sheet accounts (except for shareholders' equity) and revenue and expense accounts of the overseas subsidiary are translated into yen at the rates of exchange in effect at the balance sheet dates. Differences arising from the translation are presented as "Foreign currency translation adjustment" and "Minority interests" in shareholders' equity and financial statements.

(7) Hedge accounting

(a) Hedge accounting

Recorded in accordance with deferred hedge accounting. Such receivables and payables, which are denominated in foreign currencies and for which forward exchange contracts have been entered, are recorded using the forward exchange rates.

(b) Hedging instruments and hedged items

(i) Hedging instruments

Forward exchange contracts and interest rate swap agreements

(ii) Hedged items

Receivables and payables denominated in foreign currencies and loans payable

(c) Hedging policies

The financial risks associated with fluctuations in foreign currencies exchange rates and interest rates are hedged.

Risks associated with fluctuations in foreign currencies exchange rates concerning transactions in foreign currencies, which occur when import and export operations are performed, are hedged by keeping a balance between export exchanges and import exchanges. With regard to risks associated with fluctuations in interest rates on loans payable, risks concerning variable interest rate loans payable are hedged, mainly with a view to equalizing interest burdens.

(8) Amortization method and amortization period of goodwill

The goodwill account is amortized by the straight-line method over a period of no longer than 20 years.

(9) Cash and cash equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

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

(a) Accounting treatment of consumption tax

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

(Change in Accounting Policy, Change in Accounting Estimates and Restatements)

(Application of accounting standard, etc., for retirement benefits)

From the current year, the Company adopted the "Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012. Hereafter the "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015. Hereafter the "Retirement Benefits Guidance") in relation to provisions stipulated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standards and the main clause of Paragraph 67 of the Retirement Benefits Guidance; and we have reviewed the calculation method for retirement benefit obligations and service costs, having changed the method for attributing the estimated amount of retirement benefits from the straight-line method to the benefit formula basis, and we have also changed the method of determining the discount rate from the method based on approximate average remaining service years for employees to a method using the single weighted-average discount rate that reflects the estimated timing of retirement benefit payments and the amount of benefit payment for each estimated payment period.

With respect to the application of the Retirement Benefits Accounting Standard and Retirement Benefits Guidance, we adjusted the impact of the change in the calculation method for retirement benefit obligations and service costs with retained earnings at the beginning of the current fiscal year, in accordance with the transitory treatment stipulated in Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net defined benefit liability increased ¥554 million and retained earnings decreased ¥360 million at the beginning of the current fiscal year. Furthermore, operating loss for the current year increased by ¥31 million, while ordinary income and income before income taxes decreased by ¥31 million respectively.

(Change in the accounting policy that is difficult to distinguish from the change in accounting estimates)

Previously, the Company and its domestic consolidated subsidiaries applied the declining-balance method (however, the straight-line method was applied to tools and newly acquired buildings on and after April 1, 1998 (excluding facilities attached to buildings)) as the calculation method for the depreciation of property, plant and equipment (excluding leased assets), and the Company and its domestic consolidated subsidiaries changed to the straight-line method from the current fiscal year.

With respect to the business environment surrounding the ISEKI Group, while the shrinking of demand for agricultural machinery, mainly for replacements, has ceased in recent years, major changes in agriculture are expected in future, such as revisions of agricultural policy in Japan. On the other hand, expansion of the overseas market for agricultural machinery, especially in Asia, is expected, and we foresee that the global agricultural machinery market will continue to advance steadily.

Under the circumstances, and for further global expansion, we have decided to make major capital investments in state-of-the-art manufacturing facilities that excel as energy saving/multi-functional/all-purpose properties to improve domestic productivity, and investments in new overseas manufacturing/sales sites, along with structural cost reforms in response to drastic changes within and outside Japan. We have reexamined the calculation method for the depreciation of property, plant and equipment in light of the full-fledged operation of these facilities from the current fiscal year.

Responding to the constant change in demand for agricultural machinery and by building low-cost production systems, we established a stable customer base in the domestic market. Furthermore, we set up a globally oriented production system as a core plant to meet the demand from growing Asian markets. As a result, we expect a stable long-term operation of production facilities, etc., which led us to determine that the “straight-line method” to allocate expenses evenly over the useful life of facilities would reflect the business of the ISEKI Group more properly.

With this change, compared with the previous method, depreciation expenses decreased ¥883 million, operating loss decreased ¥876 million and ordinary income and income before income taxes and minority interests each increased ¥883 million.

(Consolidated Balance Sheets Information)

		FY2014	FY2015
1.	Accumulated depreciation of property, plant and equipment	100,103 million yen	100,630 million yen
2.	Guaranteed liabilities	5,527 million yen	8,830 million yen

3. Contingent liabilities

On November 19, 2013, the Company underwent on-site investigations by the Japan Fair Trade Commission (FTC) on suspicion of possible violation of the Antimonopoly Act regarding bidding for facility construction works, excluding Hokkaido. Consequently, the Company received a surcharge payment order on March 26, 2015, for which we reported a loss of ¥305 million under extraordinary loss. Subsequently on July 29, 2014, Iseki-Hokkaido, the Company's consolidated subsidiary, also underwent on-site investigations by JFTC on suspicion of possible violation of the Antimonopoly Act regarding "bidding for orders for construction works of grain drying, preparing and storing facilities and equipment installed within those facilities which would be placed by agricultural cooperatives and local public agencies in Hokkaido." The investigation is continuing.

The investigations may result in an order for payment of surcharge or any other disposition by the Company and/or Iseki-Hokkaido. But it is difficult to reasonably estimate the amount of loss arising from such disposition at this point, and what impact it would have on the consolidated financial statements is not certain yet.

		FY2014	FY2015
4.	Notes receivable less discount-trade	6 million yen	2 million yen
5.	Endorsed notes receivable-trade	153 million yen	106 million yen

6. Revaluation of land for business use

The Company has revalued its land for business use pursuant to the law (Law No. 19, announced on March 31, 2001) which revises parts of the law relating to the revaluation of land. The equivalent tax related to the change in the said revaluation has been recorded in the liabilities (non-current liabilities) as a "Deferred tax liabilities for land revaluation" and the deducted amount has been recorded under net assets as "Revaluation reserve for land."

- Revaluation method ………… The revaluation of land has been determined using a reasonable adjustment to the assessed value of the non-current assets for property tax as stipulated in Paragraph 3, Article 2 of the enforcement order (Government ordinance No. 119, announced on March 31, 1998)
- Revaluation date ………… March 31, 2001
- Variance between the market value of the revalued land at the end of the period and the revalued book value ………… (12,016) million yen (12,294) million yen

(Consolidated Statements of Income Information)

		FY2014	FY2015
1.	Research and development expenses	4,664 million yen	4,580 million yen

2. Impairment loss

FY2014 (April 1, 2013 - March 31, 2014)

The Company recorded impairment losses on the following assets.

(millions of yen)

Usage	Type	Location	Impairment loss
Idle property	Buildings, Structures, Land	Ishigemachi, Yuki-gun, Ibaraki Pref.	34
	Buildings, Land	Yasugi, Shimane Pref.	12
	Buildings	Iga, Mie Pref.	2
		Ibigawa-cho, Ibi-gun, Gifu Pref.	0
	Land	Ichinomiyamachi, Chosei-gun, Chiba Pref.	27
		Hokota, Ibaraki Pref.	10
Total			86

(Reason to record impairment loss)

The Company recorded an impairment loss on the above assets because idle properties are not being used and have no prospect for use in the future. In addition, their market price is declining.

(Measurement of recoverable amount)

Recoverable amount is measured using net selling price. The price is determined by applying reasonable adjustments to the assessed value of non-current assets for property tax.

FY2015 (April 1, 2014 - March 31, 2015)

The Company recorded impairment losses on the following assets.

(millions of yen)

Usage	Type	Location	Impairment loss
Idle property	Buildings, Structures, Land	Inashiki, Ibaraki Pref.	20
		Ohtawara, Tochigi Pref.	82
		Matsusaka, Mie Pref.	4
		Mihara, Hiroshima Pref.	5
	Buildings, Land	Kita Akita, Akita Pref.	11
	Land	Annaka, Gunma Pref.	13
		Anjo, Aichi Pref.	24
		Kunisaki, Oita Pref.	3
Total			165

(Reason to record impairment loss)

The Company recorded an impairment loss on the above assets because idle properties are not being used and have no prospect for use in the future. In addition, their market price is declining.

(Measurement of recoverable amount)

Recoverable amount is measured using net selling price. In case of land, the price is determined by applying reasonable adjustments to the assessed value of non-current assets for property tax.

(Consolidated Statement of Changes in Equity Information)

FY2014 (April 1, 2013 - March 31, 2014)

1. Matters concerning the classes and number of outstanding stock and classes and number of treasury shares

	Number of shares (as of Apr. 1, 2013)	Increase in number of shares during period	Decrease in number of shares during period	Number of shares (as of Mar. 31, 2014)
(Number of outstanding shares) Common stock	229,849,936	—	—	229,849,936
(Treasury shares) Common stock	101,954	15,300	—	117,254

Increase in the number of shares, 15,300 shares during the period was by purchasing of shares below stock trading unit.

2. Dividends

(1) Cash dividends paid

Resolution	Type of shares	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Jun. 25, 2013	Common stock	689	3.00	Mar. 31, 2013	Jun. 26, 2013

(2) Of the dividends for which the record date belongs to the fiscal year ended March 31, 2014, those for which the effective date of the dividends will be in the fiscal year ending March 31, 2015.

Resolution	Type of shares	Source of funds for dividends	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Jun. 25, 2014	Common stock	Retained earnings	918	4.00	Mar. 31, 2014	Jun. 26, 2014

FY2015 (April 1, 2014- March 31, 2015)

1. Matters concerning the classes and number of outstanding stock and classes and number of treasury shares

	Number of shares (as of Apr. 1, 2014)	Increase in number of shares during period	Decrease in number of shares during period	Number of shares (as of Mar. 31, 2015)
(Number of outstanding shares) Common stock	229,849,936	—	—	229,849,936
(Treasury shares) Common stock	117,254	3,841,893	—	3,959,147

The increase in the number of shares by 3,841,893 shares during the period was due to the purchasing of 11,893 shares below stock trading unit, and the purchasing of 3,830,000 shares pursuant to the decision by the Board of Directors (resolution on May 29, 2014).

2. Dividends

(1) Cash dividends paid

Resolution	Type of shares	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Jun. 25, 2014	Common stock	918	4.00	Mar. 31, 2014	Jun. 26, 2014

(2) Of the dividends for which the record date belongs to the fiscal year ended March 31, 2015, those for which the effective date of the dividends will be in the fiscal year ending December 31, 2015.

Resolution	Type of shares	Source of funds for dividends	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular Meeting of Shareholders on Jun. 24, 2015	Common stock	Retained earnings	677	3.00	Mar. 31, 2015	Jun. 25, 2015

(Consolidated Statement of Cash Flows Information)

Reconciliation between cash and cash equivalents at the end of period and the amount reported in the Consolidated Balance Sheet.

	FY2014	FY2015
Cash and deposits	8,228 million yen	6,603 million yen
Time deposits with terms of more than 3 months	(59) million yen	(32) million yen
Total cash and cash equivalents	8,169 million yen	6,570 million yen

(Segment Information)

In the past, reported segments of the Group were the “agriculture-related business” and the “other business.” In the previous year, System Equipment Co., Ltd., which was the only company included in the other business, was liquidated. Since the Group had only a business segment of “agriculture-related business” in the current year, the segment information is omitted.

(Per Share Information)

(yen)

	FY2014	FY2015
Net assets per share	292.11	307.11
Net income (loss) per share	28.06	(1.40)

Notes:

1. Because there are no dilutive securities during the previous year and because the Company reported net loss for the current year, the Company has not presented net income per share after adjustment for dilutive securities.
2. Basis of calculation of net income (loss) per share

	FY2014	FY2015
Net income (loss) per share		
Net income (loss) reported in the Consolidated Statement of Income (millions of yen)	6,447	(319)
Net income (loss) attributed to common shares (millions of yen)	6,447	(319)
Net income (loss) not attributable to common shares (millions of yen)	—	—
During period average number of common shares (shares)	229,740,557	228,018,246

(Significant Subsequent Events)

Not applicable

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(millions of yen)

	FY2014 (as of Mar. 31, 2014)	FY2015 (as of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	3,232	2,687
Notes receivable-trade	7,471	7,233
Accounts receivable-trade	35,842	30,082
Merchandise and finished goods	10,350	15,825
Work in process	1,441	295
Raw materials and supplies	304	301
Advance payments-trade	163	158
Prepaid expenses	259	216
Deferred tax assets	437	354
Short-term loans receivable	5,783	9,255
Other	1,311	3,310
Allowance for doubtful accounts	(9)	(9)
Total current assets	66,588	69,711
Non-current assets		
Property, plant and equipment		
Buildings, net	4,005	5,049
Structures, net	253	464
Machinery and equipment, net	1,652	2,163
Vehicles, net	0	1
Tools, furniture and fixtures, net	1,211	1,304
Land	25,195	25,276
Leased assets, net	189	298
Construction in progress	175	675
Total property, plant and equipment	32,683	35,233
Intangible assets		
Leasehold right	85	85
Software	226	219
Leased assets	137	209
Other	48	64
Total intangible assets	498	578
Investments and other assets		
Investment securities	6,850	9,182
Shares of subsidiaries and associates	18,188	18,637
Investments in capital	100	95

	FY2014 (as of Mar. 31, 2014)	FY2015 (as of Mar. 31, 2015)
Investments in capital of subsidiaries and associates	1,398	1,941
Long-term loans receivable	5,639	3,237
Long-term prepaid expenses	408	514
Other	1,524	864
Allowance for doubtful accounts	(337)	(122)
Allowance for investment loss	(849)	(680)
Total investments and other assets	32,923	33,671
Total non-current assets	66,104	69,483
Total assets	132,693	139,195
Liabilities		
Current liabilities:		
Notes payable-trade	21,030	17,471
Electronically recorded obligations-operating	—	436
Accounts payable-trade	15,653	15,535
Short-term loans payable	6,000	8,400
Current portion of long-term loans payable	3,092	10,620
Lease obligations	120	164
Account payable-other	934	907
Accrued expenses	2,504	2,984
Income taxes payable	588	37
Advances received	1,027	384
Deposits received	424	231
Provision for loss on construction contracts	33	—
Other	485	976
Total current liabilities	51,893	58,149

(millions of yen)

	FY2014 (as of Mar. 31, 2014)	FY2015 (as of Mar. 31, 2015)
Non-current liabilities		
Long-term loans payable	12,554	12,702
Lease obligations	223	378
Deferred tax liabilities	268	498
Deferred tax liabilities for land revaluation	6,644	6,074
Provision for retirement benefits	1,685	3,026
Asset retirement obligations	118	112
Long-term deposits received	673	647
Other	70	63
Total non-current liabilities	22,239	23,504
Total liabilities	74,132	81,654
Net assets		
Shareholders’ equity		
Capital stock	23,344	23,344
Capital surplus		
Legal capital surplus	11,554	11,554
Other capital surplus	2,450	2,450
Total capital surplus	14,004	14,004
Retained earnings		
Other retained earnings		
Retained earnings brought forward	8,087	5,743
Total retained earnings	8,087	5,743
Treasury shares	(30)	(986)
Total shareholders’ equity	45,406	42,105
Valuations and translation adjustments		
Valuation difference on available-for-sale securities	1,321	2,965
Revaluation reserve for land	11,831	12,401
Total valuation and translation adjustments	13,153	15,366
Subscription rights to shares	—	68
Total net assets	58,560	57,541
Total liabilities and net assets	132,693	139,195

(2) Non-consolidated Statements of Income

(millions of yen)

	FY2014 (Apr. 1, 2013- Mar. 31, 2014)	FY2015 (Apr. 1, 2014- Mar. 31, 2015)
Net sales	106,459	92,252
Cost of sales	91,516	81,232
Gross profit	14,942	11,020
Selling, general and administrative expenses	12,966	13,680
Operating income (loss)	1,975	(2,660)
Non-operating income		
Interest income	336	406
Dividend income	1,554	977
Rent income	1,230	1,335
Other	1,282	1,398
Total non-operating income	4,403	4,117
Non-operating expenses		
Interest expenses	277	254
Sales discounts	51	43
Rent expenses	958	1,158
Other	510	200
Total non-operating expenses	1,798	1,656
Ordinary income (loss)	4,580	(198)
Extraordinary income		
Gain on sales of non-current assets	20	6
Gain on sales of shares of subsidiaries and associates	—	11
Total extraordinary income	20	17
Extraordinary losses		
Loss on sales and retirement of non-current assets	188	204
Loss on liquidation of subsidiaries	87	—
Surcharges	—	305
Other	24	7
Total extraordinary losses	300	517
Income (loss) before income taxes	4,300	(698)
Income taxes-current	762	353
Income taxes-deferred	(296)	(109)
Total income taxes	466	243
Net income (loss)	3,834	(942)

(3) Non-consolidated Statements of Changes in Equity

FY2014 (Apr. 1, 2013 - Mar. 31, 2014)

(millions of yen)

	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
	Capital Stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury Shares	Total Shareholders' Equity
Balance at the beginning of period	23,344	11,554	2,450	14,004	4,956	4,956	(25)	42,281
Cumulative effects of changes in accounting policies								—
Restated balance	23,344	11,554	2,450	14,004	4,956	4,956	(25)	42,281
Changes of items during the period								
Dividends of surplus					(689)	(689)		(689)
Net income					3,834	3,834		3,834
Purchase of treasury shares							(4)	(4)
Reversal of revaluation reserve for land					(14)	(14)		(14)
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	3,130	3,130	(4)	3,125
Balance at the end of period	23,344	11,554	2,450	14,004	8,087	8,087	(30)	45,406

	Valuation and Translation Adjustments			Subscription rights to shares	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Revaluation Reserve for Land	Total Valuation and Translation Adjustments		
Balance at the beginning of period	906	11,816	12,723	—	55,004
Cumulative effects of changes in accounting policies					—
Restated balance	906	11,816	12,723	—	55,004
Changes of items during the period					
Dividends of surplus					(689)
Net income					3,834
Purchase of treasury shares					(4)
Reversal of revaluation reserve for land					(14)
Net changes of items other than shareholders' equity	415	14	430	—	430
Total changes of items during the period	415	14	430	—	3,555
Balance at the end of period	1,321	11,831	13,153	—	58,560

FY2015 (Apr. 1, 2014 - Mar. 31, 2015)

(millions of yen)

	Shareholders' Equity							
	Capital Stock	Capital Surplus			Retained Earnings		Treasury Shares	Total Shareholders' Equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at the beginning of period	23,344	11,554	2,450	14,004	8,087	8,087	(30)	45,406
Cumulative effects of changes in accounting policies					(483)	(483)		(483)
Restated balance	23,344	11,554	2,450	14,004	7,604	7,604	(30)	44,923
Changes of items during the period								
Dividends of surplus					(918)	(918)		(918)
Net loss					(942)	(942)		(942)
Purchase of treasury shares							(956)	(956)
Reversal of revaluation reserve for land								—
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	(1,861)	(1,861)	(956)	(2,817)
Balance at the end of period	23,344	11,554	2,450	14,004	5,743	5,743	(986)	42,105

	Valuation and Translation Adjustments			Subscription rights to shares	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Revaluation Reserve for Land	Total Valuation and Translation Adjustments		
Balance at the beginning of period	1,321	11,831	13,153	—	58,560
Cumulative effects of changes in accounting policies					(483)
Restated balance	1,321	11,831	13,153	—	58,077
Changes of items during the period					
Dividends of surplus					(918)
Net loss					(942)
Purchase of treasury shares					(956)
Reversal of revaluation reserve for land					—
Net changes of items other than shareholders' equity	1,643	569	2,212	68	2,281
Total changes of items during the period	1,643	569	2,212	68	(536)
Balance at the end of period	2,965	12,401	15,366	68	57,541

(4) Notes to the Non-consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable

7. Others

(1) Production, Orders & Sales

1) Production results per product-type

(millions of yen)

Product-type		FY2014 (Apr. 1, 2013-Mar. 31, 2014)	FY2015 (Apr. 1, 2014-Mar. 31, 2015)	Change from previous period
	Cultivating & mowing machinery	59,797	55,646	(4,151)
	Planting machinery	17,332	18,330	997
	Harvesting and processing machinery	28,043	28,378	334
	Parts and farming implements	2,261	2,307	46
	Other agriculture related business	8,404	7,261	(1,143)
Agriculture-related business total		115,840	111,923	(3,916)
Other business total		—	—	—
Total		115,840	111,923	(3,916)

Note: Figures are shown in terms of sales values.

2) Orders

We operate a system whereby production is based mostly on projected demand. We hardly ever produce on order.

3) Sales results per product-type

(a) Total

(millions of yen)

Product-type		FY2014 (Apr. 1, 2013-Mar. 31, 2014)		FY2015 (Apr. 1, 2014-Mar. 31, 2015)		Change from previous period	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
	Cultivating & mowing machinery	49,963	% 29.6	52,273	% 33.2	2,309	% 4.6
	Planting machinery	17,620	10.4	11,870	7.5	(5,750)	(32.6)
	Harvesting and processing machinery	29,281	17.3	24,322	15.5	(4,959)	(16.9)
	Parts and farming implements	37,357	22.1	34,867	22.1	(2,489)	(6.7)
	Other agriculture related business	34,871	20.6	34,083	21.7	(787)	(2.3)
Agriculture-related business total		169,094	100	157,417	100	(11,677)	(6.9)
Other business total		34	0.0	—	—	(34)	—
Total		169,129	100	157,417	100	(11,711)	(6.9)

(b) Domestic

(millions of yen)

Product-type		FY2014 (Apr. 1, 2013-Mar. 31, 2014)		FY2015 (Apr. 1, 2014-Mar. 31, 2015)		Change from previous period	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
	Cultivating & mowing machinery	33,322	% 23.3	31,634	% 24.0	(1,687)	% (5.1)
	Planting machinery	10,887	7.6	9,764	7.4	(1,123)	(10.3)
	Harvesting and processing machinery	28,259	19.8	23,996	18.2	(4,262)	(15.1)
	Parts and farming implements	36,048	25.2	33,075	25.0	(2,973)	(8.2)
	Other agriculture related business	34,422	24.1	33,485	25.4	(936)	(2.7)
Agriculture-related business total		142,940	100	131,956	100	(10,983)	(7.7)
Other business total		34	0.0	—	—	(34)	—
Total		142,974	100	131,956	100	(11,018)	(7.7)

(c) Overseas

(millions of yen)

Product-type		FY2014 (Apr. 1, 2013-Mar. 31, 2014)		FY2015 (Apr. 1, 2014-Mar. 31, 2015)		Change from previous period	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
	Cultivating & mowing machinery	16,641	% 63.6	20,639	% 81.1	3,997	% 24.0
	Planting machinery	6,732	25.8	2,105	8.3	(4,627)	(68.7)
	Harvesting and processing machinery	1,022	3.9	325	1.3	(696)	(68.2)
	Parts and farming implements	1,308	5.0	1,792	7.0	483	37.0
	Other agriculture related business	448	1.7	598	2.3	149	33.3
Agriculture-related business total		26,154	100	25,460	100	(693)	(2.7)
Other business total		—	—	—	—	—	—
Total		26,154	100	25,460	100	(693)	(2.7)