




May 13, 2016

Name of Listed Company: ISEKI & CO., LTD.  Stock Exchange Listings: Tokyo  
 Company Code: 6310 (URL <http://www.iseki.co.jp>)  
 Representative: Title President Name Eiichiro Kinoshita  
 Enquiries: Title Corporate Officer and General Manager of Financial Department Name Kazuma Takahashi  
 Telephone: +81 3 5604 7709

Date of Submission of Quarterly Report: May 13, 2016  
 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, 2016 (Japanese GAAP)**

**I. Financial Results for the Three Months Ended March 31, 2016 (January 1, 2016—March 31, 2016)**

**A. Results of Operations**

(Rounded down to a million yen, % indicates changes from the previous period)

	Three Months Ended March 31, 2016	%	Three Months Ended June 30, 2015	%
Net Sales	37,671	—	34,214	(30.5)
Operating Income (Loss)	(394)	—	267	(86.5)
Ordinary Income (Loss)	(663)	—	397	(78.0)
Profit (Loss) Attributable to Owners of Parent	(583)	—	134	(89.2)
Profit (Loss) per Share (yen)				
Non-diluted	(2.58)		0.60	
Fully Diluted	—		0.60	

Note: Comprehensive income

Three months ended March 31, 2016: -¥1,777 mil. (—%)

Three months ended June 30, 2015: ¥177 mil. (-85.8%)

The fiscal year of the Company, previously from April 1 to March 31 of the following year, has been changed to January 1 to December 31 of the year, effective as of the fiscal year ended December 31, 2015. Accordingly, the year-on-year changes are not given for the first quarter of fiscal 2016 (January 1, 2016 to March 31, 2016) since the period is different from the first three months of the previous fiscal year (April 1, 2015 to June 30, 2015).

**B. Financial Position**

(Rounded down to a million yen)

	As of March 31, 2016	As of December 31, 2015
Total Assets	211,637	201,149
Net Assets	65,979	68,099
Shareholders' Equity to Total Assets Ratio (%)	30.4	33.0
Net Assets per Share (yen)	284.66	293.87

Reference: Shareholders' equity

As of March 31, 2016: ¥64,299 mil.

As of December 31, 2015: ¥66,380 mil.

## II. Dividends

(Yen)

	Dividend per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
FY Ended December 31, 2015	—	—	—	1.50	1.50
FY Ending December 31, 2016	—				
FY Ending December 31, 2016 (Forecast)		—	—	1.50– 3.00	1.50– 3.00

Note: Revision of the most recently announced dividend forecast: None

## III. Forecast for the Fiscal Year Ending December 31, 2016 (January 1, 2016—December 31, 2016)

(Rounded down to a million yen, % indicates changes from the previous period)

	Net Sales	%	Operating Income	%	Ordinary Income	%	Profit Attributable to Owners of Parent	%	Profit per Share (yen)
Interim	83,000	—	1,400	—	1,300	—	700	—	3.10
Full Year	165,000	—	3,500	—	3,200	—	1,900	—	8.41

Note: Revision of the most recently announced performance forecast: None

Due to the change in the fiscal year of the Company, the fiscal year ended December 31, 2015 is a nine-month period from April 1, 2015 to December 31, 2015. Because year-on-year comparisons are impossible, percentage changes year on year are left blank.

**\* Notes**

- A Changes in important subsidiaries during the period (change in specified subsidiaries which accompanies a change in the range of consolidation): None
- B Adoption of unique accounting method for preparing the quarterly consolidated financial statements: None
- C Change in accounting policy, change in accounting estimates and restatements
- |   |      |
|---|------|
| 1) Change in accounting policy in response to revision of accounting standards: | None |
| 2) Change in accounting policy other than 1):                                   | None |
| 3) Change in accounting estimates:  | None |
| 4) Restatements:  | None |
- D Outstanding shares (common shares)
- |   |                                   |                    |
|---|-----------------------------------|--------------------|
| 1) Outstanding shares (including treasury shares) | As of March 31, 2016              | 229,849,936 shares |
|   | As of December 31, 2015           | 229,849,936 shares |
| 2) Outstanding treasury shares                    | As of March 31, 2016              | 3,965,523 shares   |
|   | As of December 31, 2015           | 3,964,166 shares   |
| 3) Average number of shares during the period     |                                   |                    |
|   | Three months ended March 31, 2016 | 225,885,330 shares |
|   | Three months ended June 30, 2015  | 225,889,620 shares |

**\*Statement regarding implementation of the quarterly review procedure**

Although the summary of quarterly financial results is exempt from the quarterly review procedure required under the Financial Instruments and Exchange Act, we have completed the review procedure of the financial statements at the time of disclosure.

**\*Statement regarding the proper use of financial performance forecast and other notes**

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 "1. Qualitative Information Regarding Financial Results for the Period" on page 2 of the supplementary material for the assumptions underlying the forecast and precautions when using the forecast.

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## **1. Qualitative Information Regarding Financial Results for the Period**

### **(1) Explanation Regarding Business Performance**

During the three months ended March 31, 2016, the Japanese economy saw limited improvement of corporate earnings and business confidence due to the strong yen from the beginning of the year and the continued weakness in the recovery of consumer spending. Furthermore, although the European and U.S. economies remain on a robust recovery trend, the growth of the Chinese economy has continued to decelerate since last year, while many other emerging countries also face a severe situation due to the fall in oil prices. We believe that it will take time for the overall economic environment, including in Japan, to recover.

With regard to the environment surrounding agriculture in Japan, the demand environment is starting to show signs of recovery, as evidenced by a rise in the price of last year's rice and the securing of a large-scale agricultural administration budget including supplementary budgets, with accompanying structural changes.

Under such circumstances, the ISEKI Group continued its efforts to increase sales volume in Japan by launching new products and enhancing customer service, while it endeavored to expand sales overseas in its core markets of North America, Europe, China and the ASEAN region by strengthening marketing. As a result, the Group's business performance can be summarized as follows.

Note: The fiscal year of the Company, previously from April 1 to March 31 of the following year, has been changed to January 1 to December 31 of the year, effective as of the fiscal year ended December 31, 2015. Accordingly, the year-on-year changes are not given for the first quarter of fiscal 2016 (January 1, 2016 to March 31, 2016) since the period is different from the first three months of the previous fiscal year (April 1, 2015 to June 30, 2015).

During the three months ended March 31, 2016, net sales totaled ¥37,671 million. Domestic sales amounted to ¥28,168 million, mainly as a result of the increase in sales of farming implements and construction of facilities, despite a slight year-on-year decrease in sales of agricultural machinery in general, mainly of rice transplanters. Overseas sales amounted to ¥9,502 million reflecting an increase in shipments due to the recovery of the Chinese market, as well as strong shipments to ASEAN.

Since the three months ending March 31 is a low demand period, operating income or loss was a loss of ¥394 million, ordinary income or loss was a loss of ¥663 million, mainly due to the recording of foreign exchange losses, and profit or loss attributable to owners of parent was a loss of ¥583 million.

Sales by product are as follows.

[Domestic]

Sales of cultivating & mowing machinery (tractors, high-clearance multipurpose vehicles, etc.) were ¥7,690 million, and sales of planting machinery (rice transplanters and vegetable transplanters) were ¥2,402 million. Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥3,009 million. Sales of spare parts and farming implements were ¥7,108 million. Sales of other agriculture-related business (construction of facilities, etc.) were ¥7,957 million.

[Overseas]

Sales of cultivating & mowing machinery (tractors, etc.) were ¥6,740 million, and sales of planting machinery (rice transplanters, etc.) were ¥2,029 million. Sales of spare parts and farming implements were ¥546 million. Sales of other agriculture-related business were ¥186 million.

### **(2) Explanation Regarding Financial Position**

Total assets as of March 31, 2016 increased ¥10,488 million from December 31, 2015 to ¥211,637 million.

Looking at the breakdown, current assets increased ¥13,054 million and non-current assets decreased ¥2,565 million. The changes mainly resulted from a ¥6,395 million increase in cash and deposits, a ¥5,833 million increase in notes and accounts receivable-trade, a ¥1,449 million increase in inventories, and a ¥2,206 million decrease in investment securities.

Total liabilities increased ¥12,608 million from December 31, 2015 to ¥145,658 million. The change resulted mainly from a ¥2,054 million increase in notes and accounts payable-trade, a ¥905 million decrease in electronically recorded obligations-operating, a ¥14,278 million increase in short-term and long-term loans payable, a ¥1,921 million decrease in other under current liabilities, and a ¥1,127 million decrease in other under non-current liabilities.

Net assets decreased ¥2,120 million from December 31, 2015 to ¥65,979 million, mainly due to the recording of a ¥1,376 million decrease in valuation difference on available-for-sale securities, ¥583 million in loss attributable to owners of parent and ¥338 million in dividends of surplus.

### **(3) Explanation Regarding Forward-looking Statements Including Consolidated Performance Forecast**

Although consolidated sales ended slightly below target both in Japan and overseas for the three months ended March 31, 2016, profits ended roughly as targeted as fixed costs and expenses were reduced.

Going forward, we expect a gradual recovery in sales of agricultural machinery in Japan in May or later, when the Agri-Seed Leasing program (a leasing support program provided by the JA Group) is adopted and contributes to

sales in spring, when demand for our products grow, amid a recovery in the price of last year's rice. Through Dream Agricultural Research Institute, an institute for research, verification and dissemination of advanced agricultural technology, as well as services at large-scale maintenance factories in the local regions, we will continue to strive to expand sales by further strengthening our capabilities to support customers and provide high-quality marketing services. In overseas markets, we will focus on further expanding the sales of strategic products introduced in North America, Europe, China and major markets in the ASEAN region. Furthermore, we will strive for further sales expansion at Dongfeng Iseki Agricultural Machinery Co., Ltd., an affiliate accounted for by the equity method, and other overseas affiliates. In terms of income, we will aim to achieve our profit target through a reduction of fixed costs by fully enforcing low-cost operations, which we advocate in our management policy for the consolidated fiscal year under review.

We have not revised our consolidated business performance forecasts for the first half and full year, since first quarter performance was in line with the target.

The latest business performance forecast uses foreign exchange rates for the full year of ¥120 per U.S. dollar and ¥130 per Euro (there are no revisions to the exchange rates used for this forecast).

## **2. Matters Concerning Summary Information (Notes)**

### **(1) Changes in Important Subsidiaries during the Period**

Not applicable

### **3. Consolidated Financial Statements**

#### **(1) Consolidated Balance Sheets**

(Millions of yen)

	<b>FY ended December 31, 2015 (as of Dec. 31, 2015)</b>	<b>1Q of FY ending December 31, 2016 (as of Mar. 31, 2016)</b>
Assets		
Current assets		
Cash and deposits	8,788	15,183
Notes and accounts receivable-trade	24,895	30,729
Merchandise and finished goods	40,600	42,212
Work in process	5,856	5,921
Raw materials and supplies	1,359	1,132
Other	5,327	4,712
Allowance for doubtful accounts	(56)	(65)
Total current assets	86,771	99,826
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,957	23,518
Land	50,657	50,625
Other, net	23,296	22,832
Total property, plant and equipment	96,911	96,977
Intangible assets	1,134	1,131
Investments and other assets		
Investment securities	8,569	6,362
Other	8,062	7,639
Allowance for doubtful accounts	(300)	(298)
Total investments and other assets	16,331	13,703
Total non-current assets	114,377	111,811
Total assets	201,149	211,637

(Millions of yen)

	<b>FY ended December 31, 2015 (as of Dec. 31, 2015)</b>	<b>1Q of FY ending December 31, 2016 (as of Mar. 31, 2016)</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	29,400	31,455
Electronically recorded obligations-operating	10,604	9,698
Short-term loans payable	24,389	29,412
Current portion of long-term loans payable	8,641	9,691
Income taxes payable	438	578
Provision for bonuses	467	786
Other	13,575	11,654
Total current liabilities	87,518	93,276
Non-current liabilities		
Long-term loans payable	23,703	31,909
Deferred tax liabilities for land revaluation	6,074	5,790
Provision for directors' retirement benefits	107	100
Net defined benefit liability	4,806	4,860
Asset retirement obligations	304	315
Other	10,534	9,406
Total non-current liabilities	45,532	52,382
Total liabilities	133,050	145,658
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	13,514	12,592
Treasury shares	(988)	(988)
Total shareholders' equity	49,325	48,403
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,509	1,133
Deferred gains or losses on hedges	1	8
Revaluation reserve for land	12,401	12,686
Foreign currency translation adjustment	1,425	1,087
Remeasurements of defined benefit plans	717	981
Total accumulated other comprehensive income	17,055	15,896
Subscription rights to shares	91	91
Non-controlling interests	1,626	1,588
Total net assets	68,099	65,979
Total liabilities and net assets	201,149	211,637



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

## Consolidated Statements of Income

For the Three Months Ended June 30, 2015 and March 31, 2016

(Millions of yen)

	<b>1Q of FY ended December 31, 2015</b> (Apr. 1, 2015– Jun. 30, 2015)	<b>1Q of FY ending December 31, 2016</b> (Jan. 1, 2016– Mar. 31, 2016)
Net sales	34,214	37,671
Cost of sales	22,811	27,211
Gross profit	11,403	10,460
Selling, general and administrative expenses	11,136	10,854
Operating income (loss)	267	(394)
Non-operating income		
Interest income	34	40
Dividend income	125	21
Foreign exchange gains	156	—
Other	192	211
Total non-operating income	509	273
Non-operating expenses		
Interest expenses	200	159
Share of loss of entities accounted for using equity method	82	100
Foreign exchange losses	—	192
Other	95	90
Total non-operating expenses	379	542
Ordinary income (loss)	397	(663)
Extraordinary income		
Gain on sales of non-current assets	11	20
Gain on sales of investment securities	213	375
Compensation income	6	—
Total extraordinary income	232	395
Extraordinary losses		
Loss on sales and retirement of non-current assets	37	10
Impairment loss	—	40
Total extraordinary losses	37	50
Income (loss) before income taxes	591	(318)
Income taxes-current	239	472
Income taxes-deferred	236	(178)
Total income taxes	475	293
Profit (loss)	116	(612)
Loss attributable to non-controlling interests	(17)	(29)
Profit (loss) attributable to owners of parent	134	(583)

Consolidated Statements of Comprehensive Income  
For the Three Months Ended June 30, 2015 and March 31, 2016

(Millions of yen)

	<b>1Q of FY ended December 31, 2015</b> (Apr. 1, 2015– Jun. 30, 2015)	<b>1Q of FY ending December 31, 2016</b> (Jan. 1, 2016– Mar. 31, 2016)
Profit (loss)	116	(612)
Other comprehensive income		
Valuation difference on available-for-sale securities	211	(1,378)
Deferred gains or losses on hedges	—	7
Revaluation reserve for land	—	284
Foreign currency translation adjustment	(150)	(121)
Remeasurements of defined benefit plans, net of tax	(5)	264
Share of other comprehensive income of entities accounted for using equity method	5	(221)
Total other comprehensive income	60	(1,165)
Comprehensive income	177	(1,777)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	193	(1,742)
Comprehensive income attributable to non-controlling interests	(16)	(35)

**(3) Notes Regarding the Consolidated Financial Statements**

**(Notes Regarding the Going Concern Assumption)**

Not applicable

**(Notes Regarding Significant Changes in Shareholders' Equity)**

Not applicable

**(Significant Subsequent Events)**

(Regarding the impact of the 2016 Kumamoto Earthquake)

Due to the 2016 Kumamoto Earthquake that occurred on and after April 14, 2016, damages were caused at the Company's Kumamoto Office, and at facilities of Iseki-Kyushu Co., Ltd. and Iseki-Kumamoto Mfg. Co., Ltd., the Company's consolidated subsidiaries.

We are currently assessing the damage and cost of restoration, and their impact on business performance has not been confirmed.