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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 Six Months Ended June 30, 2017 (Japanese GAAP)**

I. Consolidated Financial Results for the Six Months Ended June 30, 2017 (January 1, 2017—June 30, 2017)

A. Consolidated Results of Operations (Cumulative Total)

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

	Six Months Ended June 30, 2017	%	Six Months Ended June 30, 2016	%
Net Sales	80,175	(1.1)	81,047	—
Operating Income	2,840	62.2	1,751	—
Ordinary Income	3,375	167.0	1,264	—
Profit Attributable to Owners of Parent	2,195	296.8	553	—
Earnings per Share (yen)				
Basic	97.20		24.49	
Diluted	97.03		24.45	

Note: Comprehensive income

Six months ended June 30, 2017: ¥2,322 million [—%]

Six months ended June 30, 2016: ¥(2,114) million [—%]

* The Company has changed its balance sheet date from March 31 to December 31 since the fiscal year ended December 31, 2015. Percentage changes from the previous corresponding period are not stated, as the first six months of the fiscal year ended December 31, 2016 (January 1, 2016 through June 30, 2016) do not correspond to the first six months of the fiscal year ended December 31, 2015 (April 1, 2015 through September 30, 2015).

* The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. The amounts stated for basic earnings per share and diluted earnings per share are calculated based on the assumption that shares of the common stock were consolidated at the beginning of the previous fiscal year.

B. Consolidated Financial Position

(Rounded down to a million yen)

	As of June 30, 2017	As of December 31, 2016
Total Assets	210,903	203,356
Net Assets	69,131	67,151
Shareholder's Equity to Total Assets Ratio (%)	32.0	32.2
Net Assets per Share (yen)	2,983.91	2,896.78

Reference: Shareholder's equity

As of June 30, 2017: ¥67,412 million

As of December 31, 2016: ¥65,430 million

* The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. The amounts stated for net assets per share are calculated based on the assumption that shares of the common stock were consolidated at the beginning of the previous fiscal year.

II. Dividends

	Dividend per Share (yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY Ended December 31, 2016	—	—	—	1.50	1.50
FY Ending December 31, 2017	—	—			
FY Ending December 31, 2017 (Forecast)			—	30.00	30.00

Note: Revision of the most recently announced dividend forecast: Yes

* The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. The amount stated for the year-end dividends per share for the fiscal year ending December 31, 2017 (Forecast) is determined in consideration of the effect of the said share consolidation. The year-end dividends per share for the fiscal year ending December 31, 2017 (Forecast) not considering the share consolidation will be ¥3.00. For details, please see the "Explanation on the proper use of financial results forecasts and other notes."

III. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017—December 31, 2017)

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

	Net Sales	%	Operating Income	%	Ordinary Income	%	Profit Attributable to Owners of Parent	%	Earnings per Share (yen)
Full Year	160,500	4.8	4,000	62.0	4,100	150.6	2,900	237.8	128.36

Note: Revision of the most recently announced financial results forecast: Yes

* The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. The amount stated for earnings per share is calculated based on the assumption that shares of the common stock were consolidated at the beginning of the current fiscal year. For details, please see the "Explanation on the proper use of financial results forecasts and other notes."

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

(1) Explanation on Results of Operations

During the six months ended June 30, 2017, the Japanese economy saw signs of recovery in consumer spending while corporate earnings and employment shifted on a recovery track. In addition, the recovery of the economy in Europe and the U.S. continued to be strong, with signs of a pick-up in the Chinese economy buoyed by public investment, all contributing to an overall picture of modest recovery.

On the other hand, in the domestic agricultural environment, the market for agricultural machinery is bottoming out and could potentially move into a recovery phase on the back of ongoing structural changes in the industry.

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

Net sales for the six months ended June 30, 2017 were ¥80,175 million, a decrease of ¥872 million (1.1%) year on year. Domestic sales in Japan were ¥62,763 million, an increase of ¥1,455 million (2.4%) year on year, as a result of favorable sales of tractors and increased sales of farming implements, spare parts, repair fees and construction of facilities, while overall sales of agricultural machinery remained almost unchanged from the previous fiscal year. Overseas sales were ¥17,411 million, a decrease of ¥2,328 million (11.8%) year on year. This was due to decreased sales in North America attributable to changes in business terms with an OEM partner and decreased sales for ASEAN stemming from delays in shipment.

Operating income was ¥2,840 million, an increase of ¥1,089 million (62.2%) year on year, as a result of ongoing cost reductions together with positive effects from improvements in the revenue-expenditure structure in domestic direct dealers and improved revenue in the Indonesian business.

Ordinary income was ¥3,375 million, an increase of ¥2,111 million (167.0%) year on year, mainly due to an upturn in the share of profit or loss of entities using equity method from an equity-method affiliate in China and a favorable turn in foreign exchange gains or losses.

Profit attributable to owners of parent was ¥2,195 million, an increase of ¥1,642 million (296.8%) year on year, mainly resulting from the lack of gain on sales of investment securities and loss on disaster recorded in the same period of the previous fiscal year.

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥16,921 million (an increase of 6.5% year on year). Sales of planting machinery (rice transplanters and vegetable transplanters) were ¥5,634 million (a decrease of 10.9% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥5,486 million (a decrease of 7.8% year on year). Sales of farming implements, spare parts and repair fees were ¥20,669 million (an increase of 5.2% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥14,052 million (an increase of 4.0% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥11,124 million (a decrease of 26.5% year on year). Sales of planting machinery (rice transplanters, among others) were ¥3,043 million (an increase of 6.9% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥1,039 million (an increase of 1,059.7% year on year). Sales of farming implements and spare parts were ¥1,279 million (an increase of 19.9% year on year). Sales of other agriculture-related business were ¥924 million (an increase of 53.6% year on year).

(2) Explanation on Financial Position

Total assets at the end of the second quarter ended June 30, 2017 increased by ¥7,546 million from the end of the previous fiscal year to ¥210,903 million.

Current assets increased by ¥8,356 million, while non-current assets decreased by ¥809 million. This was mainly due to a decrease of ¥7,378 million in cash and deposits, an increase of ¥11,701 million in notes and accounts receivable - trade, an increase of ¥4,639 million in inventories, an increase of ¥875 million in buildings and structures, and a decrease of ¥1,862 million in other non-current assets.

Total liabilities increased by ¥5,567 million from the end of the previous fiscal year to ¥141,772 million. This was mainly due to an increase of ¥3,189 million in notes and accounts payable - trade and electronically recorded obligations - operating, an increase of ¥3,381 million in short-term loans payable and long-term loans payable, and a decrease of ¥775 million in other current liabilities.

Net assets increased by ¥1,979 million from the end of the previous fiscal year to ¥69,131 million. This was mainly due to ¥2,195 million of profit attributable to owners of parent and ¥338 million of dividends of surplus.

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

The consolidated financial results forecasts for the fiscal year ending December 31, 2017 have been revised in consideration of the progress of the financial results for the six months ended June 30, 2017, the current trends of orders received, foreign exchange rates, and other factors. For details, please see the “Notice on Revisions to the Consolidated Business Performance Forecast and Dividend Forecast for the Fiscal Year ending December 31, 2017” announced on August 10, 2017.

These financial results forecasts are calculated based on the exchange rates at ¥112 per U.S. dollar (changed from ¥115) and ¥128 per euro (changed from ¥120) for the second half of the fiscal year ending December 31, 2017.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

Not applicable

3. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2016	As of June 30, 2017
<hr/>		
Assets		
Current assets		
Cash and deposits	13,936	6,558
Notes and accounts receivable - trade	24,911	36,612
Merchandise and finished goods	42,031	45,673
Work in process	6,073	7,241
Raw materials and supplies	1,211	1,040
Other	4,796	4,199
Allowance for doubtful accounts	(26)	(35)
Total current assets	<hr/> 92,934	<hr/> 101,290
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,572	24,448
Land	50,619	50,719
Other, net	22,274	20,411
Total property, plant and equipment	<hr/> 96,466	<hr/> 95,579
Intangible assets	1,062	1,040
Investments and other assets		
Investment securities	6,319	6,528
Other	6,833	6,639
Allowance for doubtful accounts	(259)	(175)
Total investments and other assets	<hr/> 12,893	<hr/> 12,992
Total non-current assets	<hr/> 110,422	<hr/> 109,612
Total assets	<hr/> 203,356	<hr/> 210,903

	As of December 31, 2016	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,286	32,141
Electronically recorded obligations - operating	12,135	13,468
Short-term loans payable	24,695	30,103
Current portion of long-term loans payable	8,897	8,570
Income taxes payable	703	918
Provision for bonuses	407	460
Provision for loss on disaster	20	7
Other	12,300	11,524
Total current liabilities	<u>89,447</u>	<u>97,194</u>
Non-current liabilities		
Long-term loans payable	27,788	26,090
Deferred tax liabilities for land revaluation	5,790	5,790
Provision for directors' retirement benefits	107	112
Net defined benefit liability	4,491	4,259
Asset retirement obligations	314	316
Other	8,265	8,008
Total non-current liabilities	<u>46,757</u>	<u>44,577</u>
Total liabilities	<u>136,205</u>	<u>141,772</u>
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,453
Retained earnings	14,034	15,891
Treasury shares	(990)	(979)
Total shareholders' equity	<u>49,842</u>	<u>51,709</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,227	1,380
Deferred gains or losses on hedges	6	4
Revaluation reserve for land	12,686	12,686
Foreign currency translation adjustment	798	791
Remeasurements of defined benefit plans	870	839
Total accumulated other comprehensive income	<u>15,588</u>	<u>15,702</u>
Subscription rights to shares	91	80
Non-controlling interests	1,629	1,638
Total net assets	<u>67,151</u>	<u>69,131</u>
Total liabilities and net assets	<u>203,356</u>	<u>210,903</u>

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

Quarterly Consolidated Statements of Income
For the Six Months Ended June 30, 2017

(Millions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Net sales	81,047	80,175
Cost of sales	57,716	56,421
Gross profit	23,331	23,754
Selling, general and administrative expenses	21,580	20,913
Operating income	1,751	2,840
Non-operating income		
Interest income	76	77
Dividend income	146	104
Foreign exchange gains	—	31
Share of profit of entities accounted for using equity method	—	163
Subsidy income	27	356
Other	414	372
Total non-operating income	664	1,105
Non-operating expenses		
Interest expenses	318	297
Foreign exchange losses	462	—
Share of loss of entities accounted for using equity method	162	—
Other	208	273
Total non-operating expenses	1,151	570
Ordinary income	1,264	3,375
Extraordinary income		
Gain on sales of non-current assets	31	16
Gain on sales of investment securities	967	—
Subsidy income	—	29
Total extraordinary income	998	45
Extraordinary losses		
Loss on sales and retirement of non-current assets	55	79
Impairment loss	47	21
Loss on valuation of investment securities	56	—
Loss on disaster	1,139	—
Total extraordinary losses	1,299	100
Income before income taxes	963	3,320
Income taxes - current	789	819
Income taxes - deferred	(363)	291
Total income taxes	426	1,111
Profit	537	2,208
Profit (loss) attributable to non-controlling interests	(15)	13
Profit attributable to owners of parent	553	2,195

Quarterly Consolidated Statements of Comprehensive Income
For the Six Months Ended June 30, 2017

(Millions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Profit	537	2,208
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,251)	155
Deferred gains or losses on hedges	11	(1)
Revaluation reserve for land	284	—
Foreign currency translation adjustment	(273)	38
Remeasurements of defined benefit plans, net of tax	246	(30)
Share of other comprehensive income of entities accounted for using equity method	(669)	(47)
Total other comprehensive income	(2,651)	113
Comprehensive income	(2,114)	2,322
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(2,085)	2,309
Comprehensive income attributable to non-controlling interests	(29)	12

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	963	3,320
Depreciation	3,565	3,542
Impairment loss	47	21
Subsidy income	(27)	(386)
Increase (decrease) in net defined benefit liability	(123)	(236)
Increase (decrease) in provision for loss on disaster	605	(13)
Loss (gain) on sales of investment securities	(967)	—
Interest and dividend income	(222)	(181)
Interest expenses	318	297
Foreign exchange losses (gains)	(33)	37
Loss (gain) on sales of property, plant and equipment and intangible assets	23	63
Decrease (increase) in notes and accounts receivable - trade	(9,819)	(11,701)
Decrease (increase) in inventories	560	(4,585)
Increase (decrease) in notes and accounts payable - trade	3,168	3,177
Other, net	1,311	979
Subtotal	(628)	(5,665)
Interest and dividend income received	230	189
Interest expenses paid	(326)	(292)
Proceeds from subsidy income	27	356
Payments for loss on disaster	—	(524)
Income taxes paid	(188)	(571)
Net cash provided by (used in) operating activities	(886)	(6,507)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(5,278)	(3,302)
Proceeds from sales of property, plant and equipment and intangible assets	242	198
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	1,237	—
Decrease (increase) in time deposits	(253)	(454)
Other, net	31	59
Net cash provided by (used in) investing activities	(4,019)	(3,499)

(Millions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,465	5,495
Proceeds from long-term loans payable	13,150	2,825
Repayments of long-term loans payable	(5,526)	(4,850)
Proceeds from sales and leasebacks	442	343
Repayments of lease obligations	(1,397)	(1,332)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(334)	(339)
Other, net	(13)	(2)
Net cash provided by (used in) financing activities	9,785	2,138
Effect of exchange rate change on cash and cash equivalents	(113)	35
Net increase (decrease) in cash and cash equivalents	4,767	(7,832)
Cash and cash equivalents at beginning of period	8,761	13,909
Cash and cash equivalents at end of period	13,528	6,076

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable

(Notes to Material Changes in Shareholders' Equity)

Not applicable