



November 13, 2017

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 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 Nine Months Ended September 30, 2017 (Japanese GAAP)**

**I. Consolidated Financial Results for the Nine Months Ended September 30, 2017 (January 1, 2017—September 30, 2017)**

**A. Consolidated Results of Operations (Cumulative Total)**

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

	Nine Months Ended September 30, 2017	%	Nine Months Ended September 30, 2016	%
Net Sales	120,526	1.8	118,437	—
Operating Income	4,633	67.6	2,765	—
Ordinary Income	5,446	238.2	1,610	—
Profit Attributable to Owners of Parent	3,332	368.6	711	—
Earnings per Share (yen)				
Basic	147.54		31.48	
Diluted	147.29		31.43	

Note: Comprehensive income

Nine months ended September 30, 2017: ¥3,721 million [—%]

Nine months ended September 30, 2016: ¥(2,003) 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 for the nine months ended September 30, 2016 from the previous corresponding period are not stated, as no consolidated financial statements were prepared for the nine months ended 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 September 30, 2017	As of December 31, 2016
Total Assets	214,942	203,356
Net Assets	70,524	67,151
Shareholder's Equity to Total Assets Ratio (%)	32.0	32.2
Net Assets per Share (yen)	3,044.86	2,896.78

Reference: Shareholder's equity

As of September 30, 2017: ¥68,780 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: No

\* 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: No

\* 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 nine months ended September 30, 2017, the Japanese economy remained on a moderate recovery track backed by recovery in corporate earnings and employment. In addition, the economy in Europe and the U.S. recovered strongly, 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 nine months ended September 30, 2017 were ¥120,526 million, an increase of ¥2,088 million (1.8%) year on year. Domestic sales in Japan were ¥94,334 million, an increase of ¥2,404 million (2.6%) 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 ¥26,191 million, a decrease of ¥315 million (1.2%) year on year. This was mainly due to decreased sales in North America attributable to changes in business terms with an OEM partner.

Operating income was ¥4,633 million, an increase of ¥1,868 million (67.6%) 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 ¥5,446 million, an increase of ¥3,836 million (238.2%) year on year, mainly due to an upturn in the share of profit or loss of entities using equity method and a favorable turn in foreign exchange gains or losses.

Profit attributable to owners of parent was ¥3,332 million, an increase of ¥2,621 million (368.6%) 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, as well as the penalty recorded in the period under review.

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥22,481 million (an increase of 5.4% year on year). Sales of planting machinery (rice transplanters and vegetable transplanters) were ¥6,643 million (a decrease of 10.2% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥13,882 million (a decrease of 2.8% year on year). Sales of farming implements, spare parts and repair fees were ¥30,795 million (an increase of 3.8% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥20,531 million (an increase of 6.6% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥17,847 million (a decrease of 12.0% year on year). Sales of planting machinery (rice transplanters, among others) were ¥3,328 million (an increase of 16.9% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥1,692 million (an increase of 447.9% year on year). Sales of farming implements and spare parts were ¥2,033 million (an increase of 27.7% year on year). Sales of other agriculture-related business were ¥1,289 million (a decrease of 12.8% year on year).

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

Total assets at the end of the third quarter ended September 30, 2017 increased by ¥11,585 million from the end of the previous fiscal year to ¥214,942 million.

Current assets increased by ¥12,421 million, while non-current assets decreased by ¥835 million. This was mainly due to a decrease of ¥5,389 million in cash and deposits, an increase of ¥11,847 million in notes and accounts receivable - trade, and an increase of ¥5,981 million in inventories.

Total liabilities increased by ¥8,213 million from the end of the previous fiscal year to ¥144,418 million. This was mainly due to an increase of ¥3,933 million in notes and accounts payable - trade and electronically recorded obligations - operating, an increase of ¥5,698 million in short-term loans payable and long-term loans payable, and a decrease of ¥1,452 million in other current liabilities.

Net assets increased by ¥3,372 million from the end of the previous fiscal year to ¥70,524 million. This was mainly due to ¥3,332 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 announced on August 10, 2017 have not been revised.

These financial results forecasts are calculated based on the exchange rates at ¥112 per U.S. dollar (unchanged) and ¥128 per euro (unchanged) 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 September 30, 2017

Assets		
Current assets		
Cash and deposits	13,936	8,547
Notes and accounts receivable - trade	24,911	36,758
Merchandise and finished goods	42,031	47,611
Work in process	6,073	6,481
Raw materials and supplies	1,211	1,204
Other	4,796	4,835
Allowance for doubtful accounts	(26)	(84)
Total current assets	92,934	105,355
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,572	24,287
Land	50,619	50,721
Other, net	22,274	20,204
Total property, plant and equipment	96,466	95,214
Intangible assets	1,062	1,028
Investments and other assets		
Investment securities	6,319	6,645
Other	6,833	6,881
Allowance for doubtful accounts	(259)	(182)
Total investments and other assets	12,893	13,344
Total non-current assets	110,422	109,587
Total assets	203,356	214,942

As of December 31, 2016 As of September 30, 2017

Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,286	32,216
Electronically recorded obligations - operating	12,135	14,138
Short-term loans payable	24,695	34,500
Current portion of long-term loans payable	8,897	8,130
Income taxes payable	703	1,163
Provision for bonuses	407	806
Provision for loss on disaster	20	3
Other	12,300	10,847
Total current liabilities	89,447	101,807
Non-current liabilities		
Long-term loans payable	27,788	24,448
Deferred tax liabilities for land revaluation	5,790	5,790
Provision for directors' retirement benefits	107	117
Net defined benefit liability	4,491	4,272
Asset retirement obligations	314	317
Other	8,265	7,664
Total non-current liabilities	46,757	42,610
Total liabilities	136,205	144,418
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,453
Retained earnings	14,034	17,022
Treasury shares	(990)	(985)
Total shareholders' equity	49,842	52,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,227	1,474
Deferred gains or losses on hedges	6	(30)
Revaluation reserve for land	12,686	12,692
Foreign currency translation adjustment	798	985
Remeasurements of defined benefit plans	870	824
Total accumulated other comprehensive income	15,588	15,946
Subscription rights to shares	91	80
Non-controlling interests	1,629	1,662
Total net assets	67,151	70,524
Total liabilities and net assets	203,356	214,942

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

Quarterly Consolidated Statements of Income  
For the Nine Months Ended September 30, 2017

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net sales	118,437	120,526
Cost of sales	83,846	84,529
Gross profit	34,590	35,996
Selling, general and administrative expenses	31,825	31,362
Operating income	2,765	4,633
Non-operating income		
Interest income	106	109
Dividend income	149	107
Foreign exchange gains	—	92
Share of profit of entities accounted for using equity method	—	384
Subsidy income	27	356
Other	680	574
Total non-operating income	963	1,624
Non-operating expenses		
Interest expenses	458	448
Foreign exchange losses	569	—
Share of loss of entities accounted for using equity method	631	—
Other	457	363
Total non-operating expenses	2,118	811
Ordinary income	1,610	5,446
Extraordinary income		
Gain on sales of non-current assets	36	29
Gain on sales of investment securities	1,113	—
Subsidy income	—	42
Total extraordinary income	1,150	71
Extraordinary losses		
Loss on sales and retirement of non-current assets	94	128
Impairment loss	47	21
Loss on valuation of investment securities	—	30
Loss on disaster	1,120	—
Penalty	—	427
Total extraordinary losses	1,263	607
Income before income taxes	1,497	4,910
Income taxes - current	1,271	1,522
Income taxes - deferred	(470)	21
Total income taxes	801	1,543
Profit	696	3,366
Profit (loss) attributable to non-controlling interests	(14)	34
Profit attributable to owners of parent	711	3,332

Quarterly Consolidated Statements of Comprehensive Income  
For the Nine Months Ended September 30, 2017

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Profit	696	3,366
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,029)	251
Deferred gains or losses on hedges	(2)	(36)
Revaluation reserve for land	284	—
Foreign currency translation adjustment	(440)	144
Remeasurements of defined benefit plans, net of tax	228	(45)
Share of other comprehensive income of entities accounted for using equity method	(740)	41
Total other comprehensive income	(2,699)	354
Comprehensive income	(2,003)	3,721
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,978)	3,684
Comprehensive income attributable to non-controlling interests	(24)	36

**(3) Notes to Quarterly Consolidated Financial Statements**

(Notes to Going Concern Assumption)

Not applicable

(Notes to Material Changes in Shareholders' Equity)

Not applicable