



February 14, 2020

Name of Listed Company: ISEKI & CO., LTD.  Stock Exchange Listings: Tokyo
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Date of the Ordinary General Meeting of Shareholders: March 27, 2020
Scheduled Date to Commence Dividend Payment: March 30, 2020
Date of Submission of Securities Report: March 30, 2020
Supplementary Information for Financial Results: Yes
Financial Results Briefing: Yes (for institutional investors and analysts)

Summary Announcement of Consolidated Financial Results **for the Fiscal Year Ended December 31, 2019 (Japanese GAAP)**

I. Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1, 2019—December 31, 2019)

A. Consolidated Results of Operations

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

	Fiscal Year Ended December 31, 2019	%	Fiscal Year Ended December 31, 2018	%
Net Sales	149,899	(3.9)	155,955	(1.5)
Operating Income	2,745	(13.6)	3,179	(19.6)
Ordinary Income	1,108	(57.8)	2,629	(38.1)
Profit Attributable to Owners of Parent	723	(33.7)	1,090	(61.1)
Earnings per Share (yen)				
Basic	32.01		48.29	
Diluted	31.96		48.21	
Return on Equity (%)	1.1		1.6	
Return on Assets (%)	0.6		1.3	
Operating Margin (%)	1.8		2.0	

Note: Comprehensive income

Fiscal year ended December 31, 2019: ¥976 million [—%]

Fiscal year ended December 31, 2018: ¥(1,274) million [—%]

Reference: Share of profit or loss of entities using equity method

Fiscal year ended December 31, 2019: ¥(1,472) million

Fiscal year ended December 31, 2018: ¥(1,083) million

B. Consolidated Financial Position

(Rounded down to millions of yen)

	As of December 31, 2019	As of December 31, 2018
Total Assets	197,511	201,156
Net Assets	69,252	68,959
Shareholder's Equity to Total Assets Ratio (%)	34.2	33.4
Net Assets per Share (yen)	2,987.19	2,974.78

Reference: Shareholder's equity

As of December 31, 2019: ¥67,481 million

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

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

C. Consolidated Cash Flows

(Rounded down to millions of yen)

	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2018
Cash Flows from Operating Activities	10,509	7,616
Cash Flows from Investing Activities	(7,104)	(9,944)
Cash Flows from Financing Activities	(2,396)	1,970
Cash and Cash Equivalents at End of Period	8,369	7,387

II. Dividends

	Dividend per Share (yen)					Annual Dividends (million yen)	Payout Ratio (%, consolidated)	Dividend to Net Assets Ratio (%, consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
FY Ended December 31, 2018	—	—	—	30.00	30.00	677	62.1	1.0
FY Ended December 31, 2019	—	—	—	30.00	30.00	677	93.7	1.0
FY Ending December 31, 2020 (Forecast)	—	—	—	30.00	30.00		39.9	

III. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020—December 31, 2020)

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

	Net Sales	%	Operating Income	%	Ordinary Income	%	Profit Attributable to Owners of Parent	%	Earnings per Share (yen)
Full Year	156,000	4.1	3,600	31.1	2,800	152.5	1,700	135.1	75.25

(Reference) Summary of Non-consolidated Financial Results**Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1, 2019—December 31, 2019)****A. Non-consolidated Results of Operations**

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

	Fiscal Year Ended December 31, 2019	%	Fiscal Year Ended December 31, 2018	%
Net Sales	90,016	(3.3)	93,118	0.2
Operating Income	992	97.7	502	0.1
Ordinary Income	2,241	(4.9)	2,358	10.9
Profit	1,555	(11.5)	1,757	(12.7)
Earnings per Share (yen)				
Basic	68.84		77.81	
Diluted	68.74		77.69	

B. Non-consolidated Financial Position

(Rounded down to millions of yen)

	As of December 31, 2019	As of December 31, 2018
Total Assets	130,122	135,034
Net Assets	58,929	58,090
Shareholder's Equity to Total Assets Ratio (%)	45.2	43.0
Net Assets per Share (yen)	2,605.24	2,568.05

Reference: Shareholder's equity

As of December 31, 2019: ¥58,853 million

As of December 31, 2018: ¥58,012 million

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

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

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1. Summary of Results of Operations, etc.

The Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued on February 16, 2018), etc. from the beginning of the consolidated fiscal year under review, and statements concerning financial position are based on comparison with and analysis of figures in the previous consolidated fiscal year after retroactive application of those partial amendments.

(1) Summary of Results of Operations for the Fiscal Year under Review

During the fiscal year ended December 31, 2019, despite some weakness centered on the manufacturing industry's performance and exports, the Japanese economy continued on a moderate recovery track due to the effects of various government policies amid continuing improvement in employment and income environments. Regarding overseas markets, while the economy in the U.S. continued a recovery due to such factors as increased personal consumption, the economy in Europe showed weakness in production and exports, and the Chinese economy continued to slow down slightly due to factors including sluggishness in personal consumption, in addition to a decrease in exports under the effects of U.S.-China trade friction. Although the world economy recovered gradually as a whole, the pace of improvement weakened partially due to uncertainty regarding the lengthening of trade friction between the U.S. and China, and the U.K. exit from the EU.

On the other hand, in the domestic agricultural environment, despite rapidly increasing demand in advance of the consumption tax rate increase, the market for agricultural machinery basically remained flat amid ongoing structural changes in agriculture including farmland consolidation to principal farmers and rice-crop diversion such as a shift to dry field farming and vegetable production.

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

[Consolidated financial results]

Net sales for the fiscal year ended December 31, 2019, were ¥149,899 million, a decrease of ¥6,056 million (3.9%) year on year. Domestic sales in Japan were ¥117,717 million, a decrease of ¥5,094 million (4.1%) year on year, due to the absence of the completion of the construction of large-scale facilities recorded in the previous year and a decrease in sales of agricultural machinery owing to the effects of the consumption tax increase during the year under review, despite a strong sales of spare parts and repair fees. Overseas sales were ¥32,181 million, a decrease of ¥962 million (2.9%) year on year. This was due to factors including a decrease in the yen base owing to the effect of currency exchange rates linked to the higher yen in Europe, despite strong sales of landscaping products, a decrease in shipments of semi-finished rice transplanters owing to local inventory adjustments in China, and decreases in shipments of tractors to Thailand and in Indonesian government tendering in the ASEAN regions, despite increased revenue in North America partially due to favorable sales of new compact tractors.

Operating income was ¥2,745 million, a decrease of ¥434 million (13.6%) year on year due to the effects of decline in revenue, although it was partially offset mainly by an improvement in profitability by virtue of revenue and cost structure overhaul at domestic dealers and reduced selling, general and administrative expenses.

Ordinary income was ¥1,108 million, a decrease of ¥1,520 million (57.8%) year on year, mainly due to the disappearance of technical support fee recorded in the previous year and recording of the share of loss of entities accounted for using equity method.

Profit attributable to owners of parent was ¥723 million, a decrease of ¥367 million (33.7%) year on year, mainly due to decreased tax expenses, in addition to recording of extraordinary income including gain on reversal of provision incurred from business combination and gain on sales of investment securities.

[Non-consolidated financial results]

Net sales for the fiscal year ended December 31, 2019, were ¥90,016 million (down 3.3% year on year), operating income was ¥992 million (up 97.7% year on year), ordinary income was ¥2,241 million (down 4.9% year on year), and profit was ¥1,555 million (down 11.5% year on year).

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥25,373 million (a decrease of 7.5% year on year). Sales of planting machinery (rice transplanters and vegetable transplanters) were ¥9,049 million (a decrease of 1.5% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥18,591 million (a decrease of 6.9% year on year). Sales of farming implements, spare parts and repair fees were ¥40,809 million (an increase of 0.5% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥23,894 million (a decrease of 6.7% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥25,319 million (a decrease of 2.2% year on year). Sales of planting machinery (rice transplanters, among others) were ¥1,177 million (a decrease of 39.5%

year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥1,704 million (an increase of 193.1% year on year). Sales of farming implements and spare parts were ¥2,802 million (an increase of 1.0% year on year). Sales of other agriculture-related business were ¥1,177 million (a decrease of 39.4% year on year).

(2) Summary of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year ended December 31, 2019, decreased by ¥3,645 million from the end of the previous fiscal year to ¥197,511 million. Current assets decreased by ¥4,632 million, while non-current assets increased by ¥987 million. This was mainly due to a decrease of ¥3,652 million in notes and accounts receivable - trade, a decrease of ¥2,367 million in other current assets, an increase of ¥2,005 million in leased assets, a decrease of ¥1,380 million in construction in progress, an increase of ¥1,587 million in long-term loans receivable, and a decrease of ¥1,361 million in other investments and other assets.

Total liabilities decreased by ¥3,938 million from the end of the previous fiscal year to ¥128,259 million. This was mainly due to a decrease of ¥2,571 million in short-term loans payable and long-term loans payable, a decrease of ¥1,983 million in notes and accounts payable - trade, an increase of ¥2,101 million in lease obligations, and a decrease of ¥1,004 million in net defined benefit liability.

Net assets increased by ¥292 million from the end of the previous fiscal year to ¥69,252 million. This was mainly due to an increase of ¥488 million in remeasurements of defined benefit plans and a decrease of ¥215 million in foreign currency translation adjustment.

The shareholder's equity to total assets ratio was 34.2%.

(3) Summary of Cash Flows for the Fiscal Year under Review

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net cash inflow of ¥10,509 million (an increase of cash inflow of ¥2,892 million from the previous fiscal year). This was mainly due to income before income taxes of ¥1,302 million, depreciation of ¥6,852 million, and a decrease of ¥3,528 million in notes and accounts receivable - trade.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net cash outflow of ¥7,104 million (a decrease of cash outflow of ¥2,840 million from the previous fiscal year). This was mainly due to ¥8,354 million of capital investment expenditures.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net cash outflow of ¥2,396 million (an increase in cash outflow of ¥4,367 million from the previous fiscal year). This was mainly due to a decrease in interest-bearing liabilities.

(Reference) The trend of cash flow indicators

Indicator	FY ended December 31, 2016	FY ended December 31, 2017	FY ended December 31, 2018	FY ended December 31, 2019
Shareholder's equity to total assets ratio (%)	32.2	34.4	33.4	34.2
Market-based equity ratio (%)	25.0	31.9	17.7	19.1
Cash flow/Interest-bearing liabilities ratio (times)	7.4	18.0	8.3	5.8
Interest coverage ratio (times)	13.7	5.6	11.4	14.3

- Shareholder's equity to total assets 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/Cash flow
- Interest coverage ratio: Cash flow/Interest payments

Notes: 1. All figures have been calculated using financial figures on a consolidated basis.

2. The total market price of shares has been calculated by multiplying the per-share closing price at the end of the fiscal year by the total number of shares outstanding (less treasury shares) at the end of the fiscal year.

3. The cash flow uses the figures of the cash flows from operating activities in the Consolidated Statements of Cash Flows. Interest-bearing liabilities include all bonds payable and loans payable as recorded in the Consolidated Balance Sheets. The Interest payments use the figures of the interest expenses paid as recorded in the Consolidated Statements of Cash Flows.

(4) Future Outlook

The environment surrounding the Group during the fiscal year ending December 31, 2020, is expected to be on a moderate recovery in Japan mainly due to the effects of various policies, as improvements continue in the employment and income environment. In the U.S. economy, moderate growth is projected to continue from factors including a favorable employment and income environment. In the European economy, the weak recovery is projected to continue due to uncertainty surrounding the U.K. exit from the EU. The world economy in general is continuing to show signs of moderate recovery, but there is growing uncertainty arising from situations such as the outlook of the Chinese economy amid concern over the effects of atypical pneumonia, and the situation in the Middle East.

In domestic agriculture, demand for agricultural machinery is likely to remain bearish and flat due to the uncertain demand environment following the consumption tax rate increase, in line with changes in needs resulting from structural changes in agriculture. Under these circumstances, the Company forecasts higher revenue from sales of agricultural machinery centered on strong sales of farming implements and repair fees via initiatives such as responding to scaling by principal farmers, responding to efficiency needs against a backdrop of personnel shortages, and providing a product lineup, services and support for rice-crop diversion such as the shift to dry field farming and vegetable production.

Overseas, higher revenues are projected as the North American market is steady and the ASEAN market is recovering.

Profits are expected to increase due to higher gross profit on the back of higher revenue, in addition to factors such as further improvements in the revenue and cost structure at domestic dealers and improved profitability in products for overseas, despite an increase in selling, general and administrative expenses.

As it is difficult at this time to project how the spread of novel coronavirus (COVID-19) will affect financial results, it has not been reflected in these forecasts. Any revisions to the forecasts will be promptly disclosed.

(5) Basic Policy on Distribution of Surplus and Dividends for the Current and Next Fiscal Years

We recognize that paying stable dividends to shareholders is one of the most important policies to be made. Our basic policy is to continue to pay stable dividends, comprehensively taking into consideration our foundations for revenue and future business developments as well as changes in our managerial environment, while aiming to maintain and improve our financial soundness with sustainable business activities as a premise. We distribute retained earnings to shareholders once a year as year-end dividends, and the authority deciding payment is General Meeting of Shareholders.

With respect to dividends for the fiscal year ended December 31, 2019, we will pay a year-end dividend of 30.0 yen per share in line with the above policy.

For the fiscal year ending December 31, 2020, we plan to pay a year-end dividend of 30.0 yen per share.

(6) 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.

Forward-looking statements in the document are based on the judgments of the Company as of the end of the fiscal year ended December 31, 2019:

- 1) Economic conditions and changes in the environment of agriculture
Sluggishness of domestic and/or overseas economic conditions and any change in the agricultural policy may harm our financial performance through reduced demand for agricultural machinery.
- 2) Exchange rate fluctuation
There is a possibility that fluctuation of foreign exchange may adversely impact 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 harm our business performance.
In addition, a fall in production activities due to disruptions in the supply chain may adversely impact the ISEKI Group's business performance and financial position.
- 4) Dependency on specific customers or suppliers
Any change of business policy, business depression or bankruptcy 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 harm our financial performance.
- 7) Stock market fluctuation
As we hold securities, stock price declines may adversely impact 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, trade policies, or political unrest, etc. of any particular country may harm 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, the business activities of the Group may be restrained and the business performance may be deteriorated.

11) Risk of natural disasters, unexpected accidents, spread of infectious disease, etc.

Natural disasters such as earthquakes, typhoons, flood or unexpected accidents may occur, which may harm our financial performance.

In addition, a fall in production due to constraints on business activities accompanying the spread of infectious disease or disruptions in the supply chain may adversely impact the ISEKI Group's business 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, the expected results and/or effects may not be obtained in the integration of business, technologies, products and human resources, or more time and expenses than expected may be required. Accordingly, the success or failure of these measures may materially impact the ISEKI Group's business and may adversely impact our business performance and financial position.

13) Debt

We have concluded syndicated 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 adversely impact the financial position of the ISEKI Group. There is a possibility that a hike in interest rate may harm our financial performance.

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.

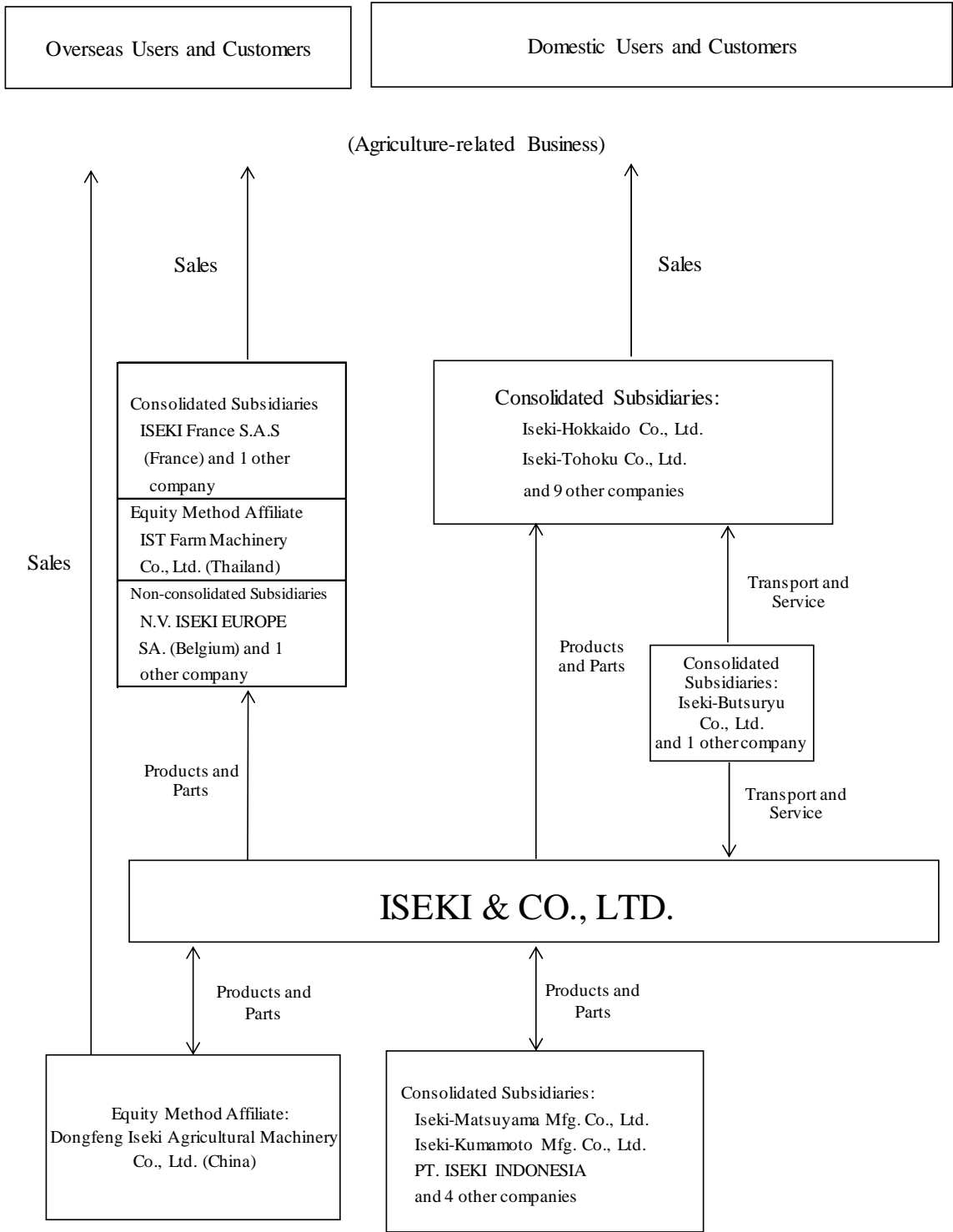
2. Status of the Corporate Group

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)

ISEKI & CO., LTD. primarily handles the development and design of agricultural machinery. Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd. and six other companies handle our agricultural machinery manufacturing and processing of related components, and 11 domestic dealers 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. 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 accounting standards generally accepted in Japan for preparing consolidated financial statements for the time being.

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

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	7,475	8,404
Notes and accounts receivable - trade	23,327	19,675
Merchandise and finished goods	46,495	46,426
Work in process	6,046	6,580
Raw materials and supplies	1,177	1,171
Other	7,320	4,952
Allowance for doubtful accounts	(51)	(52)
Total current assets	91,791	87,159
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	25,378	26,050
Machinery, equipment and vehicles, net	9,257	9,236
Tools, furniture and fixtures, net	2,854	3,191
Land	50,873	50,759
Leased assets, net	6,001	8,006
Construction in progress	2,446	1,066
Other, net	29	34
Total property, plant and equipment	96,842	98,346
Intangible assets	1,082	1,288
Investments and other assets		
Investment securities	5,817	5,303
Long-term loans receivable	33	1,620
Deferred tax assets	1,878	1,512
Net defined benefit asset	587	500
Other	3,270	1,908
Allowance for doubtful accounts	(146)	(128)
Total investments and other assets	11,440	10,717
Total non-current assets	109,365	110,352
Total assets	201,156	197,511

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

Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,803	22,142
Electronically recorded obligations - operating	15,933	15,610
Short-term loans payable	31,475	28,633
Current portion of long-term loans payable	11,401	10,717
Lease obligations	2,337	2,057
Accrued consumption taxes	434	665
Income taxes payable	368	356
Accrued expenses	4,240	4,116
Provision for bonuses	482	443
Other	5,117	4,990
Total current liabilities	95,593	89,735
Non-current liabilities		
Long-term loans payable	20,571	21,525
Lease obligations	4,009	6,390
Deferred tax liabilities	26	55
Deferred tax liabilities for land revaluation	5,780	5,759
Provision for directors' retirement benefits	132	140
Net defined benefit liability	4,063	3,059
Asset retirement obligations	322	325
Other	1,696	1,267
Total non-current liabilities	36,603	38,524
Total liabilities	132,197	128,259
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,452	13,452
Retained earnings	16,932	17,025
Treasury shares	(983)	(982)
Total shareholders' equity	52,746	52,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	418	380
Deferred gains or losses on hedges	(0)	(0)
Revaluation reserve for land	12,670	12,622
Foreign currency translation adjustment	864	648
Remeasurements of defined benefit plans	501	989
Total accumulated other comprehensive income	14,454	14,641
Subscription rights to shares	78	75
Non-controlling interests	1,681	1,694
Total net assets	68,959	69,252
Total liabilities and net assets	201,156	197,511

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	155,955	149,899
Cost of sales	110,009	105,392
Gross profit	45,945	44,507
Selling, general and administrative expenses	42,765	41,761
Operating income	3,179	2,745
Non-operating income		
Interest income	133	192
Dividend income	145	204
Subsidies received	47	48
Rent income	171	173
Technical support fee	499	—
Gain on sales of scraps	138	78
Other	751	548
Total non-operating income	1,887	1,244
Non-operating expenses		
Interest expenses	669	729
Sales discounts	88	88
Foreign exchange losses	151	115
Share of loss of entities accounted for using equity method	1,083	1,472
Other	445	476
Total non-operating expenses	2,438	2,881
Ordinary income	2,629	1,108
Extraordinary income		
Gain on sales of non-current assets	79	29
Gain on sales of investment securities	52	243
Reversal of provision incurred from business combination	—	265
Gain on step acquisitions	16	—
Total extraordinary income	148	538
Extraordinary losses		
Loss on sales and retirement of non-current assets	252	220
Impairment loss	133	122
Loss on valuation of investment securities	160	1
Other	1	0
Total extraordinary losses	548	344
Income before income taxes	2,229	1,302
Income taxes - current	756	477
Income taxes - deferred	346	83
Total income taxes	1,102	560
Profit	1,126	741
Profit attributable to non-controlling interests	35	18
Profit attributable to owners of parent	1,090	723

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Profit	1,126	741
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,420)	(38)
Deferred gains or losses on hedges	15	0
Foreign currency translation adjustment	(36)	(168)
Remeasurements of defined benefit plans, net of tax	(743)	488
Share of other comprehensive income of entities accounted for using equity method	(215)	(47)
Total other comprehensive income	(2,401)	234
Comprehensive income	(1,274)	976
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,288)	958
Comprehensive income attributable to non-controlling interests	14	17

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2018 (January 1, 2018—December 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,344	13,453	16,519	(986)	52,330
Changes of items during period					
Dividends of surplus			(677)		(677)
Profit attributable to owners of parent			1,090		1,090
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		2	2
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	413	2	415
Balance at end of period	23,344	13,452	16,932	(983)	52,746

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,818	(16)	12,670	1,115	1,244	16,833	80	1,671	70,916
Changes of items during period									
Dividends of surplus									(677)
Profit attributable to owners of parent									1,090
Purchase of treasury shares									(0)
Disposal of treasury shares									2
Net changes of items other than shareholders' equity	(1,399)	15	—	(251)	(743)	(2,379)	(2)	9	(2,372)
Total changes of items during period	(1,399)	15	—	(251)	(743)	(2,379)	(2)	9	(1,957)
Balance at end of period	418	(0)	12,670	864	501	14,454	78	1,681	68,959

Fiscal year ended December 31, 2019 (January 1, 2019—December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,344	13,452	16,932	(983)	52,746
Changes of items during period					
Dividends of surplus			(677)		(677)
Profit attributable to owners of parent			723		723
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		2	2
Reversal of revaluation reserve for land			48		48
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	93	1	94
Balance at end of period	23,344	13,452	17,025	(982)	52,840

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	418	(0)	12,670	864	501	14,454	78	1,681	68,959
Changes of items during period									
Dividends of surplus									(677)
Profit attributable to owners of parent									723
Purchase of treasury shares									(0)
Disposal of treasury shares									2
Reversal of revaluation reserve for land									48
Net changes of items other than shareholders' equity	(38)	0	(48)	(215)	488	186	(2)	13	198
Total changes of items during period	(38)	0	(48)	(215)	488	186	(2)	13	292
Balance at end of period	380	(0)	12,622	648	989	14,641	75	1,694	69,252

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Income before income taxes	2,229	1,302
Depreciation	6,727	6,852
Impairment loss	133	122
Amortization of goodwill	2	2
Increase (decrease) in net defined benefit liability	752	(993)
Loss (gain) on sales of investment securities	(52)	(243)
Interest and dividend income	(278)	(396)
Interest expenses	669	729
Foreign exchange losses (gains)	41	(0)
Loss (gain) on sales of property, plant and equipment and intangible assets	172	190
Loss (gain) on step acquisitions	(16)	—
Decrease (increase) in notes and accounts receivable - trade	1,807	3,528
Decrease (increase) in inventories	(297)	(778)
Increase (decrease) in notes and accounts payable - trade	(1,028)	(1,867)
Other, net	(1,340)	2,851
Subtotal	9,521	11,299
Interest and dividend income received	269	396
Interest expenses paid	(665)	(733)
Proceeds from subsidy income	373	—
Penalty paid	(427)	—
Income taxes paid	(1,455)	(452)
Net cash provided by (used in) operating activities	7,616	10,509
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(6,849)	(8,354)
Proceeds from sales of property, plant and equipment and intangible assets	438	556
Acquisition of investment securities	(940)	(0)
Proceeds from sales of investment securities	77	638
Decrease (increase) in loans receivable	(2,783)	(4)
Decrease (increase) in time deposits	98	53
Other, net	15	7
Net cash provided by (used in) investing activities	(9,944)	(7,104)

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,313	(2,697)
Proceeds from long-term loans payable	8,122	12,176
Repayments of long-term loans payable	(8,506)	(11,902)
Proceeds from sales and leasebacks	979	3,058
Repayments of lease obligations	(2,254)	(2,346)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(678)	(680)
Dividends paid to non-controlling interests	(4)	(4)
Other, net	0	—
Net cash provided by (used in) financing activities	1,970	(2,396)
Effect of exchange rate change on cash and cash equivalents	(51)	(26)
Net increase (decrease) in cash and cash equivalents	(408)	981
Cash and cash equivalents at beginning of period	7,795	7,387
Cash and cash equivalents at end of period	7,387	8,369

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable

(Important Basic Items for Preparing Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 22 (including Iseki-Matsuyama Mfg. Co., Ltd., Iseki-Kumamoto Mfg. Co., Ltd., Iseki-Hokkaido Co., Ltd. and Iseki-Tohoku Co., Ltd.)

As of January 1, 2019, Iseki Kanto Co., Ltd. and Iseki Shin-etsu Co., Ltd. were merged in an absorption-type merger, with Iseki Kanto Co., Ltd. as the surviving company. On the same date, Iseki Tokai Co., Ltd. and Iseki Kansai Co., Ltd. were also merged in an absorption-type merger, with Iseki Tokai Co., Ltd. as the surviving company.

Due to this, the 2 consolidated subsidiaries Iseki Shin-etsu Co., Ltd. and Iseki Kansai Co., Ltd. are excluded from the scope of consolidation from the period of the three months ended March 31, 2019.

In addition, the company names of the surviving companies Iseki Kanto Co., Ltd. and Iseki Tokai Co., Ltd. have been changed to Iseki Kanto Koshinetsu Co., Ltd. and Iseki Kansai Chubu Co., Ltd., respectively.

2. Scope of the equity method companies

Number of affiliates: 2 (Dongfeng Iseki Agricultural Machinery Co., Ltd. and IST Farm Machinery Co., Ltd.)

3. Consolidated accounting period

Of the consolidated subsidiaries, 20 companies (including Iseki-Matsuyama Mfg. Co., Ltd.) use a balance sheet date of December 31. ISEKI France S.A.S. uses a balance sheet date of September 30.

With regard to the preparation of the consolidated financial statements, for ISEKI France S.A.S. adopting September 30 as its annual closing date, 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 at the market value

(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.

(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.

(3) Allowances and reserves

(a) Allowance for doubtful accounts

A likely unrecoverable amount is calculated by applying the historical bad debt ratio to general 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 payment of such retirement benefits in an amount as required by companies' internal regulations.

(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 and prior service cost
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.
- (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 translations

Monetary assets and liabilities in foreign currencies are translated into yen at the spot exchange rate 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 spot exchange rate at the balance sheet dates. Differences arising from the translation are presented as "Foreign currency translation adjustment" and "Non-controlling 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
 - (ii) Hedged items
Receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currencies
- (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 Statements 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.
- (b) Application of consolidated taxation system
The consolidated taxation system is applied to the Company and some domestic consolidated subsidiaries.

(Changes in Presentation)

Consolidated Balance Sheets

(Changes in line with application of the Partial Amendments to Accounting Standard for Tax Effect Accounting)

As the Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued on February 16, 2018) from the beginning of the consolidated fiscal year under review, we have changed to a method whereby deferred tax assets are reported under investments and other assets, and deferred tax liabilities are reported under non-current liabilities.

As a result, deferred tax assets as recorded in the consolidated balance sheets for the previous consolidated fiscal year have decreased by ¥1,057 million under current assets but increased by ¥966 million under investments and other assets. In addition, deferred tax liabilities have decreased by ¥2 million under current liabilities and decreased by ¥89 million under non-current liabilities.

We report deferred tax assets and deferred tax liabilities of the same taxable entity as being offset, and compared to before the change in reporting method, total assets have decreased by ¥91 million.

(Consolidated Balance Sheets)

	(Millions of yen)	
	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
1. Accumulated depreciation of property, plant and equipment	109,810	111,852
2. Guaranteed liabilities	8,313	7,691
3. Notes receivable less discount-trade	11	4
4. Endorsed notes receivable - trade	72	59
5. Revaluation of land for business use		

The Company has revalued its land for business use pursuant to the Partial Revision to the Act on Land Revaluation (Act No. 19, announced on March 31, 2001). The equivalent tax related to the change in the said revaluation has been recorded in the liabilities (non-current liabilities) as “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 to the Act on Land Revaluation (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: ¥(12,862) million, ¥(12,899) million
6. Notes to mature on the last day of the fiscal year, etc.
- Notes to mature on the last day of the fiscal year, etc. are settled as of the clearing date. Since the last day of the fiscal year ended December 31, 2019, fell on a holiday of financial institutions, the balance at the end of period includes the following notes to mature on the last day of the fiscal year, etc.

	(Millions of yen)	
	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Notes receivable - trade	146	178
Notes payable - trade	888	707
Electronically recorded obligations - operating	1,591	1,414
Other (notes payable - facilities)	49	63
Other (electronically recorded obligations - non-operating)	476	32

(Consolidated Statements of Income)

	Fiscal year ended December 31, 2018	(Millions of yen) Fiscal year ended December 31, 2019
1. Research and development expenses	1,757	1,760
2. Impairment loss		

Fiscal year ended December 31, 2018 (January 1, 2018–December 31, 2018)

The Company recorded impairment losses on the following assets.

(Millions of yen)			
Usage	Type	Location	Impairment loss
Idle property	Buildings, structures, land	Kashiwazaki, Niigata Pref.	84
		Higashikagura-cho, Kamikawa-gun, Hokkaido	13
		Namegata, Ibaraki Pref.	12
		Mukawa-cho, Yufutsu-gun, Hokkaido	10
		Nagai, Yamagata Pref.	3
		Saroma-cho, Tokoro-gun, Hokkaido	2
		Kuwana, Mie Pref.	2
		Niigata, Niigata Pref.	1
		Yokkaichi, Mie Pref.	1
		Mitoyo, Kagawa Pref.	1
Total			133

(Reason to record impairment loss)

Impairment losses were recognized because there is no prospect for use in the future and the market price of the land is declining.

(Measurement of recoverable amount)

Recoverable amounts use the net realizable values and are evaluated based on prices and scheduled sale prices after reasonable adjustments are made to the valuation amounts of property taxes.

Fiscal year ended December 31, 2019 (January 1, 2019–December 31, 2019)

The Company recorded impairment losses on the following assets.

(Millions of yen)			
Usage	Type	Location	Impairment loss
Idle property	Buildings, structures, land	Tsushima, Aichi Pref.	66
		Seto, Aichi Pref.	43
		Ibaraki-machi, Higashiibaraki-gun, Ibaraki Pref.	11
		Nakagawa-machi, Nasu-gun, Tochigi Pref.	1
		Watari-cho, Watari-gun, Miyagi Pref.	1
Total			122

(Reason to record impairment loss)

Impairment losses were recognized because there is no prospect for use in the future and the market price of the land is declining.

(Measurement of recoverable amount)

Recoverable amounts use the net realizable values and are evaluated based on prices and scheduled sale prices after reasonable adjustments are made to the valuation amounts of property taxes.

(Consolidated Statements of Changes in Equity)

Fiscal year ended December 31, 2018 (January 1, 2018–December 31, 2018)

1. Matters concerning the class and total number of shares issued and class and number of treasury shares

	Number of shares (as of January 1, 2018)	Increase in number of shares during period	Decrease in number of shares during period	Number of shares (as of December 31, 2018)
(Number of shares issued) Common stock	22,984,993	—	—	22,984,993
(Treasury shares) Common stock	395,946	253	1,200	394,999

The increase in the number of treasury shares by 253 shares was due to purchase of shares below stock trading unit. The decrease in the number of treasury shares was due to a 1,200 share decrease due to the exercise of stock acquisition rights.

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 29, 2018	Common stock	677	30.00	December 31, 2017	March 30, 2018

(2) Of the dividends for which the record date belongs to the fiscal year ended December 31, 2018, those for which the effective date of the dividends will be in the fiscal year ended December 31, 2019.

Resolution	Class of shares	Source of funds for dividends	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 26, 2019	Common stock	Retained earnings	677	30.00	December 31, 2018	March 27, 2019

Fiscal year ended December 31, 2019 (January 1, 2019–December 31, 2019)

1. Matters concerning the class and total number of shares issued and class and number of treasury shares

	Number of shares (as of January 1, 2019)	Increase in number of shares during period	Decrease in number of shares during period	Number of shares (as of December 31, 2019)
(Number of shares issued) Common stock	22,984,993	—	—	22,984,993
(Treasury shares) Common stock	394,999	566	1,000	394,565

The increase in the number of treasury shares by 566 shares was due to purchase of shares below stock trading unit. The decrease in the number of treasury shares was due to a 1,000 share decrease due to the exercise of stock acquisition rights.

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 26, 2019	Common stock	677	30.00	December 31, 2018	March 27, 2019

(2) Of the dividends for which the record date belongs to the fiscal year ended December 31, 2019, those for which the effective date of the dividends will be in the fiscal year ending December 31, 2020.

Resolution	Class of shares	Source of funds for dividends	Total amount of dividend paid (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 27, 2020	Common stock	Retained earnings	677	30.00	December 31, 2019	March 30, 2020

(Consolidated Statements of Cash Flows)

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

	(Millions of yen)	
	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash and deposits	7,475	8,404
Time deposits with terms of more than 3 months	(88)	(35)
Total cash and cash equivalents	7,387	8,369

(Segment Information)

Since the Group only had the "agriculture-related business" segment, the segment information is omitted.

(Per Share Information)

	(Yen)	
	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net assets per share	2,974.78	2,987.19
Basic earnings per share	48.29	32.01
Diluted earnings per share	48.21	31.96

Note:

1. The basis for calculation of basic earnings per share and diluted earnings per share are as follows.

	(Millions of yen)	
	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Basic earnings per share		
Profit attributable to owners of parent reported in the Consolidated Statements of Income	1,090	723
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent attributed to common shares	1,090	723
Average number of common shares during period (shares)	22,589,460	22,590,528
Diluted earnings per share		
Adjustment of profit attributable to owners of parent reported in the Consolidated Statements of Income	—	—
Increase in common shares (shares)	35,283	33,042
[Portion of subscription rights to shares] (shares)	(35,283)	(33,042)
Dilutive securities that were not included in the computation of diluted earnings per share because of their anti-dilutive effect	—	—

(Significant Subsequent Events)

(Signing of a Significant Contract)

At the meeting of the Board of Directors held on January 14, 2020, the Company resolved to sign an agreement (hereafter the "Agreement") with Dongfeng Motor Group regarding Dongfeng Motor Group's additional investment in Dongfeng Iseki Agricultural Machinery Co., Ltd., an equity method affiliate (hereafter "Dongfeng Iseki"), for the purpose of working toward further business expansion and localization of business operations in China. An outline of the Agreement is as follows.

(1) Outline of the Agreement

Dongfeng Motor Group will invest an additional 143 million yuan in Dongfeng Iseki. As a result of the Agreement, our investment ratio in Dongfeng Iseki will decrease from 50% to 25%.

There will be no change in the importance placed on business in China in our overseas strategy after the signing

- of the Agreement. We will continue to develop Dongfeng Iseki, centering on technical support including exports of products and parts, and licensing technology of our high-performance and high-tech models.
- (2) Name of counterparty to the Agreement
Dongfeng Asset Management Co., Ltd, Wuhan Yisaike Corporate Management Partnership
 - (3) Agreement signing date
January 17, 2020

5. Non-consolidated Financial Statements and Principal Notes

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	3,649	3,569
Notes receivable - trade	2,881	2,397
Accounts receivable - trade	25,613	23,492
Merchandise and finished goods	15,851	15,176
Work in process	6	22
Raw materials and supplies	307	322
Advance payments - trade	464	385
Prepaid expenses	267	286
Short-term loans receivable	14,282	13,161
Other	3,118	2,873
Allowance for doubtful accounts	(4)	(4)
Total current assets	66,438	61,682
Non-current assets		
Property, plant and equipment		
Buildings, net	8,064	7,895
Structures, net	569	564
Machinery and equipment, net	1,831	1,738
Vehicles, net	3	3
Tools, furniture and fixtures, net	1,063	1,341
Land	25,503	25,478
Leased assets, net	330	339
Construction in progress	66	116
Total property, plant and equipment	37,432	37,478
Intangible assets		
Leasehold right	85	85
Software	255	360
Leased assets	200	265
Other	39	77
Total intangible assets	580	789
Investments and other assets		
Investment securities	5,598	5,158
Shares of subsidiaries and associates	19,105	19,041
Investments in capital	94	92
Investments in capital of subsidiaries and associates	1,941	493
Long-term loans receivable	2,652	3,740
Long-term prepaid expenses	369	329
Prepaid pension cost	874	1,035
Deferred tax assets	447	781
Other	334	332
Allowance for doubtful accounts	(9)	(9)
Allowance for investment loss	(825)	(825)
Total investments and other assets	30,582	30,171
Total non-current assets	68,595	68,439
Total assets	135,034	130,122

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

Liabilities		
Current liabilities		
Notes payable - trade	4,423	4,936
Electronically recorded obligations - operating	8,614	8,306
Accounts payable - trade	18,768	15,863
Short-term loans payable	9,000	6,000
Current portion of long-term loans payable	7,798	7,335
Lease obligations	208	208
Account payable - other	874	534
Accrued expenses	1,636	1,658
Income taxes payable	111	92
Advances received	119	365
Deposits received	225	235
Provision for bonuses	106	93
Other	594	452
Total current liabilities	52,483	46,082
Non-current liabilities		
Long-term loans payable	14,885	15,450
Lease obligations	367	449
Deferred tax liabilities for land revaluation	5,780	5,759
Provision for retirement benefits	2,724	2,804
Asset retirement obligations	112	113
Long-term deposits received	538	533
Other	50	—
Total non-current liabilities	24,460	25,109
Total liabilities	76,944	71,192
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus		
Legal capital surplus	11,554	11,554
Other capital surplus	2,448	2,448
Total capital surplus	14,003	14,003
Retained earnings		
Other retained earnings		
Retained earnings brought forward	8,559	9,485
Total retained earnings	8,559	9,485
Treasury shares	(983)	(982)
Total shareholders' equity	44,924	45,851
Valuations and translation adjustments		
Valuation difference on available-for-sale securities	417	380
Revaluation reserve for land	12,670	12,622
Total valuation and translation adjustments	13,087	13,002
Subscription rights to shares	78	75
Total net assets	58,090	58,929
Total liabilities and net assets	135,034	130,122

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	93,118	90,016
Cost of sales	80,779	77,557
Gross profit	12,339	12,458
Selling, general and administrative expenses	11,837	11,465
Operating income	502	992
Non-operating income		
Interest income	307	374
Dividend income	908	924
Rent income	1,220	1,178
Technical support fee	499	—
Other	451	415
Total non-operating income	3,386	2,892
Non-operating expenses		
Interest expenses	194	214
Sales discounts	43	42
Rent expenses	978	1,042
Other	314	344
Total non-operating expenses	1,530	1,643
Ordinary income	2,358	2,241
Extraordinary income		
Gain on sales of non-current assets	24	11
Gain on sales of investment securities	—	243
Total extraordinary income	24	255
Extraordinary losses		
Loss on sales and retirement of non-current assets	73	85
Loss on valuation of investment securities	160	—
Loss on valuation of shares of subsidiaries and associates	116	64
Loss on valuation of investments in capital of subsidiaries and associates	—	1,448
Other	1	0
Total extraordinary losses	351	1,597
Income before income taxes	2,030	900
Income taxes - current	(49)	(315)
Income taxes - deferred	322	(339)
Total income taxes	272	(655)
Profit	1,757	1,555

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2018 (January 1, 2018—December 31, 2018)

(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	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of period	23,344	11,554	2,449	14,004	7,479	7,479	(986)	43,842
Changes of items during period								
Dividends of surplus					(677)	(677)		(677)
Profit					1,757	1,757		1,757
Purchase of treasury shares							(0)	(0)
Disposal of treasury shares			(0)	(0)			2	2
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	(0)	(0)	1,079	1,079	2	1,082
Balance at end of period	23,344	11,554	2,448	14,003	8,559	8,559	(983)	44,924

	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 beginning of period	1,794	12,670	14,464	80	58,387
Changes of items during period					
Dividends of surplus					(677)
Profit					1,757
Purchase of treasury shares					(0)
Disposal of treasury shares					2
Net changes of items other than shareholders' equity	(1,377)	—	(1,377)	(2)	(1,379)
Total changes of items during period	(1,377)	—	(1,377)	(2)	(297)
Balance at end of period	417	12,670	13,087	78	58,090

Fiscal year ended December 31, 2019 (January 1, 2019—December 31, 2019)

(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 beginning of period	23,344	11,554	2,448	14,003	8,559	8,559	(983)	44,924
Changes of items during period								
Dividends of surplus					(677)	(677)		(677)
Profit					1,555	1,555		1,555
Purchase of treasury shares							(0)	(0)
Disposal of treasury shares			(0)	(0)			2	2
Reversal of revaluation reserve for land					48	48		48
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	(0)	(0)	925	925	1	926
Balance at end of period	23,344	11,554	2,448	14,003	9,485	9,485	(982)	45,851

	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 beginning of period	417	12,670	13,087	78	58,090
Changes of items during period					
Dividends of surplus					(677)
Profit					1,555
Purchase of treasury shares					(0)
Disposal of treasury shares					2
Reversal of revaluation reserve for land					48
Net changes of items other than shareholders' equity	(37)	(48)	(85)	(2)	(87)
Total changes of items during period	(37)	(48)	(85)	(2)	839
Balance at end of period	380	12,622	13,002	75	58,929

(4) Notes to Non-consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Changes in Presentation)

Non-consolidated Balance Sheets

(Changes in line with application of the Partial Amendments to Accounting Standard for Tax Effect Accounting)

As the Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued on February 16, 2018) from the beginning of the fiscal year under review, we have changed to a method whereby deferred tax assets are reported under investments and other assets, and deferred tax liabilities are reported under non-current liabilities.

As a result, the ¥225 million in deferred tax assets recorded under current assets in the previous fiscal year is included in the ¥447 million in deferred tax assets recorded under investments and other assets.

(Significant Subsequent Events)

As stated in 4. Consolidated Financial Statements and Principal Notes (Significant Subsequent Events).

6. Others

(1) Production, Orders and Sales

1) Production results per product-type

(Millions of yen)

Breakdown	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Change
Cultivating & mowing machinery	54,857	52,388	(2,469)
Planting machinery	14,379	12,967	(1,412)
Harvesting and processing machinery	16,336	22,115	5,778
Spare parts and farming implements	2,708	2,302	(406)
Other agriculture related business	6,378	5,008	(1,370)
Total	94,661	94,782	120

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)

Breakdown	Fiscal year ended December 31, 2018		Fiscal year ended December 31, 2019		Change	
	Amount	Ratio	Amount	Ratio	Amount	%
Cultivating & mowing machinery	53,318	% 34.2	50,692	% 33.8	(2,626)	% (4.9)
Planting machinery	11,129	7.1	10,226	6.8	(902)	(8.1)
Harvesting and processing machinery	20,543	13.2	20,296	13.6	(247)	(1.2)
Spare parts, farming implements, and repair fees	43,401	27.8	43,611	29.1	210	0.5
Other agriculture related business	27,562	17.7	25,071	16.7	(2,490)	(9.0)
Total	155,955	100	149,899	100	(6,056)	(3.9)

(b) Domestic

(Millions of yen)

Breakdown	Fiscal year ended December 31, 2018		Fiscal year ended December 31, 2019		Change	
	Amount	Ratio	Amount	Ratio	Amount	%
Cultivating & mowing machinery	27,423	% 22.3	25,373	% 21.5	(2,049)	% (7.5)
Planting machinery	9,182	7.5	9,049	7.7	(133)	(1.5)
Harvesting and processing machinery	19,962	16.2	18,591	15.8	(1,370)	(6.9)
Spare parts, farming implements, and repair fees	40,626	33.1	40,809	34.7	183	0.5
Other agriculture related business	25,618	20.9	23,894	20.3	(1,724)	(6.7)
Total	122,812	100	117,717	100	(5,094)	(4.1)

(c) Overseas

(Millions of yen)

Breakdown	Fiscal year ended December 31, 2018		Fiscal year ended December 31, 2019		Change	
	Amount	Ratio	Amount	Ratio	Amount	%
Cultivating & mowing machinery	25,895	% 78.1	25,319	% 78.7	(576)	% (2.2)
Planting machinery	1,947	5.9	1,177	3.7	(769)	(39.5)
Harvesting and processing machinery	581	1.7	1,704	5.3	1,123	193.1
Spare parts and farming implements	2,775	8.4	2,802	8.7	27	1.0
Other agriculture related business	1,944	5.9	1,177	3.6	(766)	(39.4)
Total	33,143	100	32,181	100	(962)	(2.9)