FASF MEMBERSHIP

February 6, 2015

Name of Listed Company:		ISEKI & CO., LTD.	Stock Exchange Listing:	Tokyo
Company Code:		6310 (URL http://www.iseki.co.jp)		
Representative:	Title	President	Name	Noriyuki Kimura
Enquiries:	Title	General Manager of Financial Department	Name	Kazuma Takahashi
			Telephone:	+81 3 5604 7709
Date of Submission of Quarterly Report:			February 6, 2015	
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 December 31, 2014 (Japanese GAAP)

I. Financial Results for the Nine Months Ended December 31, 2014 (April 1, 2014–December 31, 2014)

A. Results of Operations

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

	Nine Months Ended December 31, 2014	%	Nine Months Ended December 31, 2013	%
Net Sales	118,505	(6.4)	126,543	7.3
Operating Income	831	(85.9)	5,911	7.5
Ordinary Income	2,084	(70.4)	7,052	29.0
Net Income	1,401	(72.0)	5,000	28.7
Net Income per Share (yen)				
Non-diluted	6.13		21.77	
Fully Diluted	6.13		—	

Note: Comprehensive income
Nine months ended December 31, 2014: ¥3,125 mil. (-50.3%)
Nine months ended December 31, 2013: ¥6,289 mil. (68.9%)

B. Financial Position

(Rounded down to a million yen)

	As of December 31, 2014	As of March 31, 2014
Total Assets	211,458	197,628
Net Assets	69,661	68,734
Shareholders' Equity to Total Assets Ratio	32.1%	34.0%
Net Assets per Share (yen)	300.88	292.11

Reference: Shareholders' equity
As of December 31, 2014: ¥67,967 mil.
As of March 31, 2014: ¥67,106 mil.

II. Dividends

(Yen)

	Dividend per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
Year Ended March 31, 2014	—	—	—	4.00	4.00
Year Ending March 31, 2015	—	—	—		
Year Ending March 31, 2015 (Forecast)				3.00	3.00

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

III. Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014–March 31, 2015)

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

	Net Sales	%	Operating Income	%	Ordinary Income	%	Net Income	%	Net Income per Share (yen)
Full Year	158,000	(6.6)	1,000	(86.4)	1,800	(78.3)	900	(86.0)	3.98

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

*** Notes**

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

B. Adoption of unique accounting method for preparing the quarterly consolidated financial statements: None

C. Change in accounting policy, change in accounting estimates and restatements

1) Change in accounting policy which accompanies revision of accounting standards: Yes
2) Change in accounting policy other than 1): Yes
3) Change in accounting estimates: Yes
4) Restatements: None

The above corresponds to Paragraph 5, Article 10 of "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements." For details, please refer to page 5 of the supplementary material, "2. Matters Concerning Summary Information (Notes) (2) Change in Accounting Policy, Change in Accounting Estimates and Restatements."

D. Outstanding shares (common shares)

1) Outstanding shares (including treasury shares)	
As of December 31, 2014	229,849,936 shares
As of March 31, 2014	229,849,936 shares
2) Outstanding treasury shares	
As of December 31, 2014	3,957,293 shares
As of March 31, 2014	117,254 shares
3) Average number of shares during the period	
For the nine months ended December 31, 2014	228,656,218 shares
For the nine months ended December 31, 2013	229,742,793 shares

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

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

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

The forecast for operating results has been determined based on information presently available, as well as on the assumptions that the Company believes to be reasonable. It is possible that in the future, actual results may differ from the anticipated figures for a variety of reasons. Please refer to "1. Qualitative Information Regarding Financial Results for the Period" on page 2 of the supplementary material for the assumptions underlying the forecasts and precautions when using the forecasts.

Table of contents for supplementary material

1. Qualitative Information Regarding Financial Results for the Period

(1) Explanation Regarding Business Performance

During the first nine months of the fiscal year ending March 31, 2015, the Japanese economy remained uncertain on the whole, with sluggish demand and the cautious economic stance of Japanese companies continuing under the lingering influence of the decline in demand following the last-minute surge before the hike in the consumption tax in April 2014, despite the benefits of the yen depreciation enjoyed by some exporters.

In addition, the market environment surrounding the ISEKI Group has continued to be unpredictable. For instance, the declining price of rice, reflecting a belief that there is a surplus of rice on the Japanese market, has affected farmers' motivation to buy our products.

Under these circumstances, the ISEKI Group has made efforts to secure sales volume through enhanced customer services in Japan and to expand sales mainly by launching new products for North America and Europe. As a result, consolidated business performance of the ISEKI Group can be summarized as follows.

For the nine months of the fiscal year ending March 31, 2015, net sales decreased ¥8,037 million year on year to ¥118,505 million (down 6.4%). Domestic net sales dropped ¥6,239 million to ¥101,790 million (down 5.8%) as a result of a decrease in agricultural machinery sales, which reflected a reactionary decline following the last-minute surge before the hike in the consumption tax. Overseas, net sales decreased ¥1,797 million to ¥16,715 million (down 9.7%) due to the effect of the deconsolidation of Iseki-Changzhou Mfg. Co., Ltd., which offsets a recovery in demand in Europe.

Operating income decreased ¥5,080 million to ¥831 million (down 85.9%) due to a decrease in gross profit from the domestic agricultural machinery market, an increase in selling, general and administrative expenses including personnel expenses, and the deconsolidation of Iseki-Changzhou Mfg. Co., Ltd. Ordinary income decreased ¥4,968 million to ¥2,084 million (down 70.4%), mainly due to a decrease in foreign exchange gains. Net income decreased ¥3,598 million to ¥1,401 million (down 72.0%) despite negative goodwill resulting from the acquisition of stock of a European distributor in order to make it a subsidiary.

Sales by product are as follows.

(Domestic)

Sales of cultivating & mowing machinery (tractors, tillers, etc.) were ¥24,551 million (down 4.0% year on year), and sales of planting machinery (rice transplanters and vegetable transplanters) were ¥8,044 million (down 10.9%). Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥17,099 million (down 13.0%). Sales of spare parts and farming implements were ¥26,168 million (down 4.2%). Other agriculture-related sales (construction of facilities, etc.) were ¥25,926 million (down 1.8%).

(Overseas)

Sales of cultivating & mowing machinery (tractors, etc.) were ¥13,787 million (up 18.7% year on year), and sales of planting machinery (rice transplanters, etc.) were ¥985 million (down 79.7%). Sales of harvesting and processing machinery (combine harvesters, etc.) were ¥273 million (down 65.9%). Sales of spare parts and farming implements were ¥1,192 million (up 30.6%). Other agriculture-related sales were ¥475 million (up 44.9%).

Furthermore, Iseki-Hokkaido Co., Ltd., a consolidated subsidiary, underwent an on-the-spot inspection by the Japan Fair Trade Commission on July 29, 2014, on suspicion of a violation of the Antimonopoly Act concerning the "construction of drying, processing and storage facilities for grains and facility equipment to be installed in the facilities that are ordered by agricultural cooperatives and local public bodies located in Hokkaido." The Company and Iseki-Hokkaido Co., Ltd. are cooperating fully with the Japan Fair Trade Commission in this inspection.

(2) Explanation Regarding Financial Position

As of December 31, 2014, total assets increased ¥13,830 million from the previous fiscal year-end to ¥211,458 million. The changes mainly resulted from a ¥5,195 million increase in cash and deposits, a ¥7,355 million decrease in notes and accounts receivable – trade, a ¥4,006 million increase in inventories, a ¥4,792 million increase in property, plant and equipment, and a ¥3,768 million increase in other under investments and other assets. Total liabilities increased ¥12,903 million from the previous fiscal year-end to ¥141,796 million, mainly as a result of a ¥5,127 million decrease in notes and accounts payable – trade, and a ¥19,601 million increase in short-term loans payable and long-term loans payable. Net assets increased ¥926 million from the previous fiscal year-end to ¥69,661 million. This was attributable mainly to posting net income of ¥1,401 million, dividend of surplus of ¥918 million, a ¥956 million decrease due to the purchase of treasury shares, a ¥951 million increase in valuation difference on available-for-sale securities, and remeasurements of defined benefit plans, net of tax of ¥791 million.

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

During the first nine months of the fiscal year ending March 31, 2015, operating income and ordinary income both decreased due mainly to a decrease in gross profit from the domestic agricultural machinery market and an increase in selling, general and administrative expenses, including personal expenses, in addition to a decline in net sales.

This year the ISEKI Group is celebrating its 90th anniversary since its founding. In Japan, despite the negative impact of the declining price of rice, we will engage in further sales expansion efforts under the Group's slogan "Supporting the full of dreams farming industry," such as anniversary sales campaigns and promotional activities in line with the Group's motto "Gratitude and Support," the provision of high-quality marketing services and reinforcement of customer support capabilities to make proposals that match our customers' agribusiness management. We will also endeavor to expand overseas sales by launching and promoting strategic products for the European market, which has seen brisk activity, as well as the North American and Chinese markets.

With respect to future prospects, we believe the ISEKI Group's business environment will continue to be unpredictable as the decline in demand following the last-minute surge before the hike in the consumption tax in April 2014 and the declining trend in the price of rice may continue to push down sales of domestic agricultural machinery. On the other hand, the favorable conditions may continue overseas, mainly in Europe.

In view of these circumstances, we have revised the consolidated business performance forecast for the fiscal year ending March 31, 2015 announced on November 7, 2014. Please refer to the "Notice on the revision of the business performance forecast for the fiscal year ending March 31, 2015 and the revision of dividend forecast" released on February 6, 2015 for details concerning the revised figures.

The latest business performance forecast uses estimated foreign exchange rates of ¥118 per U.S. dollar and ¥140 per Euro (revised from ¥106 per U.S. dollar and ¥135 per Euro). The valuation rate used for euro-denominated accounts receivable at end of the period is ¥132 to the euro (changed from ¥135).

2. Matters Concerning Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period

Not applicable

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

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

Effective from the first quarter of the fiscal year ending March 31, 2015, we have applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012. Hereafter the “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012. Hereafter the “Retirement Benefits Guidance”) in relation to provisions stipulated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standards and the main clause of Paragraph 67 of the Retirement Benefits Guidance; and we have reviewed the calculation method for retirement benefit obligations and service costs, having changed the method for attributing the estimated amount of retirement benefits from the straight-line method to the benefit formula basis, and we have also changed the method of determining the discount rate from the method based on approximate average remaining service years for employees to a method using the single weighted-average discount rate that reflects the estimated timing of retirement benefit payments and the amount of benefit payment for each estimated payment period.

With respect to the application of the Retirement Benefits Accounting Standard and Retirement Benefits Guidance, we adjusted the impact of the change in the calculation method for retirement benefit obligations and service costs with retained earnings at the beginning of the nine months of the fiscal year ending March 31, 2015, in accordance with the transitory treatment stipulated in Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net defined benefit liability increased ¥554 million and retained earnings decreased ¥360 million at the beginning of the nine months of the fiscal year ending March 31, 2015. Furthermore, operating income, ordinary income and income before income taxes and minority interests decreased ¥23 million respectively.

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

Previously, the Company and its domestic consolidated subsidiaries applied the declining-balance method (however, the straight-line method was applied to tools and newly acquired buildings on and after April 1, 1998 (excluding facilities attached to buildings)) as the calculation method for the depreciation of property, plant and equipment (excluding leased assets), and the Company and its domestic consolidated subsidiaries changed to the straight-line method from the first quarter of the fiscal year ending March 31, 2015.

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

Under the circumstances, and for further global expansion, we have decided to make major capital investments in state-of-the-art manufacturing facilities that excel as energy saving/multi-functional/all-purpose properties to improve domestic productivity, and investments in new overseas manufacturing/sales sites, along with structural cost reforms in response to drastic changes within and outside Japan. We have reexamined the calculation method for the depreciation of property, plant and equipment in light of the full-fledged operation of these facilities from the first quarter of the fiscal year ending March 31, 2015.

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

With this change, compared with the previous method, depreciation expenses decreased ¥619 million, operating income increased ¥614 million and ordinary income and income before income taxes and minority interests each increased ¥619 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2014 (as of Mar. 31, 2014)	3Q FY2015 (as of Dec. 31, 2014)
Assets		
Current assets		
Cash and deposits	8,228	13,424
Notes and accounts receivable - trade	41,598	34,243
Merchandise and finished goods	36,889	42,129
Work in process	4,882	3,765
Raw materials and supplies	1,548	1,431
Other	4,739	6,665
Allowance for doubtful accounts	(107)	(113)
Total current assets	97,779	101,547
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,602	19,268
Land	51,015	50,706
Others, net	19,534	21,969
Total property, plant and equipment	87,152	91,945
Intangible assets	1,006	1,117
Investments and other assets		
Investment securities	7,269	8,634
Other	4,885	8,654
Allowance for doubtful accounts	(464)	(439)
Total investments and other assets	11,690	16,848
Total non-current assets	99,848	109,910
Total assets	197,628	211,458

(Millions of yen)

	FY2014 (as of Mar. 31, 2014)	3Q FY2015 (as of Dec. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,536	42,409
Short-term loans payable	20,132	31,612
Current portion of long-term loans payable	6,387	13,292
Income taxes payable	1,788	937
Provision for bonuses	350	1,295
Provision for loss on construction contracts	33	—
Other	13,688	11,132
Total current liabilities	89,916	100,680
Non-current liabilities		
Long-term loans payable	17,870	19,085
Deferred tax liabilities for land revaluation	6,644	6,644
Provision for directors' retirement benefits	126	118
Net defined benefit liability	6,660	6,752
Asset retirement obligations	264	260
Other	7,411	8,254
Total non-current liabilities	38,977	41,116
Total liabilities	128,893	141,796
Net assets		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,454	13,454
Retained earnings	17,266	17,379
Treasury shares	(30)	(986)
Total shareholders' equity	54,034	53,191
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,338	2,290
Revaluation reserve for land	11,831	11,831
Foreign currency translation adjustment	1,170	1,130
Remeasurements of defined benefit plans	(1,269)	(477)
Total accumulated other comprehensive income	13,072	14,775
Subscription rights to shares	—	45
Minority interests	1,628	1,648
Total net assets	68,734	69,661
Total liabilities and net assets	197,628	211,458

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

Consolidated Statements of Income

For the Nine Months Ended December 31, 2013 and 2014

(Millions of yen)

	Nine Months of FY2014 (Apr. 1, 2013– Dec. 31, 2013)	Nine Months of FY2015 (Apr. 1, 2014– Dec. 31, 2014)
Net sales	126,543	118,505
Cost of sales	87,989	83,791
Gross profit	38,553	34,714
Selling, general and administrative expenses	32,641	33,883
Operating income	5,911	831
Non-operating income		
Interest income	134	166
Dividend income	130	146
Foreign exchange gains	1,061	683
Other	790	1,037
Total non-operating income	2,116	2,034
Non-operating expenses		
Interest expenses	563	458
Other	411	322
Total non-operating expenses	975	781
Ordinary income	7,052	2,084
Extraordinary income		
Gain on sales of non-current assets	23	27
Gain on bargain purchase	—	794
Gain on change in equity	—	589
Compensation income	37	16
Gain on sales of investment securities	32	25
Total extraordinary income	92	1,453
Extraordinary losses		
Loss on sales and retirement of non-current assets	158	236
Other	10	8
Total extraordinary losses	169	244
Income before income taxes and minority interests	6,976	3,293
Income taxes - current	2,013	1,982
Income taxes - deferred	(60)	(111)
Total income taxes	1,952	1,870
Income before minority interests	5,023	1,422
Minority interests in income	23	20
Net income	5,000	1,401

Consolidated Statements of Comprehensive Income

For the Nine Months Ended December 31, 2013 and 2014

(Millions of yen)

	Nine Months of FY2014 (Apr. 1, 2013– Dec. 31, 2013)	Nine Months of FY2015 (Apr. 1, 2014– Dec. 31, 2014)
Income before minority interests	5,023	1,422
Other comprehensive income		
Valuation difference on available-for-sale securities	743	948
Foreign currency translation adjustment	498	(320)
Remeasurements of defined benefit plans, net of tax	—	791
Share of other comprehensive income of entities accounted for using equity method	23	284
Total of other comprehensive income	1,265	1,703
Comprehensive income	6,289	3,125
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,260	3,104
Comprehensive income attributable to minority interests	29	20

(3) Notes Regarding Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable

(Notes Regarding Significant Changes in Shareholders' Equity)

Not applicable