

Supplementary Information to the Nine Months of Financial Results

(Apr.1, 2013-Dec. 31, 2013)

I. Nine Months Consolidated Business Results

(Billions of yen, %)

	3 rd Quarter FY2013	3 rd Quarter FY2014	Variance		FY2014 Forecast (May 13)	Forecast progress rate
			Amount	%		
Net Sales	117.9	126.5	8.6	7.3	163.0	77.6
Domestic	102.4	108.0	5.6	5.5	137.5	78.5
Overseas	15.5	18.5	3.0	19.7	25.5	72.5
Gross Profit on Sales	37.2	38.5	1.3	3.6	-	-
Gross Profit Margin	31.6%	30.5%	(1.1%)	-	-	-
Selling, General and Administrative Expenses	31.7	32.6	0.9	3.0	-	-
Operating Income	5.5	5.9	0.4	7.5	5.5	107.5
Balance of Financial Income	(0.6)	(0.6)	-	-	-	-
Other Non-operating Income	0.6	1.8	1.2	-	-	-
Ordinary Income	5.5	7.1	1.6	29.0	5.0	141.0
Extraordinary Gains	0.2	0.1	(0.1)	-	-	-
Extraordinary Losses	(0.3)	(0.2)	0.1	-	-	-
Income Before Income Taxes and Minority Interests	5.4	7.0	1.6	28.7	-	-
Income taxes	(1.5)	(2.0)	(0.5)	-	-	-
Net Income	3.9	5.0	1.1	28.7	3.4	147.0

(Note) Breakdown of Net Sales was reviewed on November 8, 2013.

1) Comparison with the same period of the previous fiscal year

A. Net Sales: Increased ¥8.6 billion (up 7.3 %) to ¥126.5 billion.

• **Domestic sales increased ¥5.6 billion (up 5.5 %) to ¥108.0 billion.**

Sales of agricultural machinery increased ¥2.8 billion as a whole centering on tractors, and sales of farming implements/parts also increased ¥2.8 due to active demand on the back of improved farm income by firmly established stabilization measures of farm income as well as increased budget for agriculture in addition to anticipated demand in preparation for the raise of consumption tax that starts from April, this year. Thus, domestic sales increased ¥5.6 billion from the same period of the previous year to ¥108 billion.

• **Overseas sales increased ¥3.0 billion (up 19.7%) to ¥18.5 billion.**

By area, while sales for European market decreased ¥0.9 billion due to continued sluggish demand, sales for North American market increased ¥4.0 billion mainly due to effect of injection of new product utility tractor of which shipment started from the year before last year and sales in China increased ¥0.3 billion centering on rice transplanters. Thus, overseas sales increased ¥3.0 billion to ¥18.5 billion.

B. Operating income: Increased ¥0.4 billion (up 7.5%) to ¥5.9 billion.**Ordinary income: Increased ¥1.6 billion (up 29.0%) to ¥7.1 billion.**

- Operating income increased ¥0.4 billion to ¥5.9 billion mainly due to increased sales and earnings improvement effect of modified strong yen in spite of increased fixed expenses such as development cost and facility cost as well as increased selling, general and administrative expenses such as distribution cost and personnel expenses.
- Ordinary income increased ¥1.6 billion to ¥7.1 billion due to occurrence of foreign exchange gains, etc.

C. Quarterly net income: Increased ¥1.1 billion to ¥5.0 billion.

- Quarterly net income increased ¥1.1 billion to ¥5.0 billion.

(Reference: Sales Breakdown)				(Billions of yen)	
	3 rd Quarter FY2013	3 rd Quarter FY2014	Variance	FY2014 Forecast (May 13)	Forecast progress rate
Agricultural Machinery	51.4	54.2	2.8	-	-
Parts & Farming implement	24.5	27.3	2.8	-	-
Construction of Facilities	6.8	6.4	(0.4)	-	-
Other Agriculture Related	19.6	20.1	0.5	-	-
Agriculture Related Total	102.3	108.0	5.7	-	-
Other Business	0.1	0	(0.1)	-	-
Domestic Sales Total	102.4	108.0	5.6	137.5	78.5
North America	4.1	8.1	4.0	-	-
Europe	3.6	2.7	(0.9)	-	-
China	5.1	5.4	0.3	-	-
Other Asia	0.9	0.8	(0.1)	-	-
Oceania and Others	0.3	0.3	-	-	-
Product Sales Total	14.0	17.3	3.3	-	-
Repair Parts	0.8	0.9	0.1	-	-
Engines and others	0.7	0.3	(0.4)	-	-
Overseas Sales Total	15.5	18.5	3.0	25.5	72.5
Total	117.9	126.5	8.6	163.0	77.6

(Note) Breakdown of Net Sales was reviewed on November 8, 2013.

II. Revision of the business performance forecast for the fiscal year ending March 31, 2014 and dividend forecast

- We have revised the business performance forecast for the fiscal year ending March, 2014 (April 1, 2013 – March 31, 2014) and dividend forecast announced on May 13, 2013 as set out below.

[Forecasts of the consolidated business performance for the fiscal year ending March 31, 2014]

	Previous Forecast	Latest Forecast	Variance		(Billions of yen)		
			Amount	%	FY2013 Actual	Variance	
						Amount	%
Net Sales	163.0	170.0	7.0	4.3	155.7	14.3	9.2
Domestic	137.5	144.0	6.5	4.7	133.0	11.0	8.2
Overseas	25.5	26.0	0.5	2.0	22.7	3.3	14.9
Operating Income	5.5	6.7	1.2	21.8	5.1	1.6	30.2
Ordinary Income	5.0	7.6	2.6	52.0	5.4	2.2	40.4
Net Income	3.4	5.5	2.1	61.8	4.0	1.5	38.2

(Reasons for Revision)

As a result of a review of the business performance forecast taking into consideration of development of the business performance and others during the third quarter cumulative period under review, we have revised net sales, operating income, ordinary income and net income.

With respect to company forex rate in the fourth quarter, we have assumed ¥102 against the US dollar (changed from ¥95) and ¥140 against Euro (changed from ¥125).

[Forecast of the year-end dividends for the fiscal year ending March 31, 2014]

	Dividend per Share				
	End of 1 st Quarter	End 2 nd Quarter	End of 3 rd Quarter	End of Period	Annual
Previous Forecast (Announced on May 13, 2013)	yen -	yen -	yen -	yen 3.00	yen 3.00
Latest Forecast	-	-	-	4.00	4.00
Results for FY14/Mar.	-	-	-		
(Reference) Results for FY13/Mar.	-	-	-	3.00	3.00

(Reason for revision)

We recognize that the method for determining dividends to be paid to shareholders is one of the most important policies to be made. Our basic policy is to keep steady and improved dividend distribution, taking into consideration, not only consolidated financial results, but our Group's financial position and future business developments as well as changes in our managerial environment.

With respect to the forecast of the year-end dividends for the fiscal year under review which was 3.00 yen, we have decided to make payment of 4.00 yen per share in due consideration of the business trends of ISEKI Group.

(Note) The above business performance forecast has been produced based on information presently available. It is possible that in the future actual results may differ from the anticipated figures for a variety of reasons.