

Supplementary Information to Consolidated Financial Results

(January 1, 2018 – March 31, 2018)

	I. Consolidated results of operations for the three months ended March 31, 2018					(Billions of yen, %)	
	1Q of FY ended December 31, 2017	1Q of FY ending December 31, 2018	Year-on-year change		1Q of FY ending December 31, 2018 Target	Difference (target /actual)	
			Amount	%			
Net sales	36.7	36.8	0.1	0.4	41.8	(5.0)	
Domestic	28.5	28.4	(0.1)	(0.4)	30.7	(2.3)	
Overseas	8.2	8.4	0.2	3.4	11.1	(2.7)	
Gross profit	10.1	9.9	(0.2)	(1.5)	10.6	(0.7)	
Gross profit margin	27.5%	27.0%	(0.5)%	—	25.4%	1.6%	
Selling, general and administrative expenses	10.4	10.5	0.1	1.7	10.9	(0.4)	
Operating income	(0.3)	(0.6)	(0.3)	—	(0.3)	(0.3)	
Balance of financial income	(0.2)	(0.2)	0.0	—	(0.2)	0.0	
Other non-operating income	0.1	(0.1)	(0.2)	—	0.0	(0.1)	
Ordinary income	(0.4)	(0.9)	(0.5)	—	(0.5)	(0.4)	
Extraordinary income	0.0	0.0	0.0	—	0.0	0.0	
Extraordinary losses	0.0	0.0	0.0	—	(0.1)	0.1	
Income before income taxes	(0.4)	(0.9)	(0.5)	—	(0.6)	(0.3)	
Income taxes	(0.2)	0.6	0.8	—	0.4	0.2	
Profit attributable to owners of parent	(0.6)	(0.3)	0.3	—	(0.2)	(0.1)	

(Sales breakdown)

(Billions of yen)

	1Q of FY ended December 31, 2017	1Q of FY ending December 31, 2018	Year-on-year change	1Q of FY ending December 31, 2018 Target	Difference (target /actual)
Agricultural machinery	12.5	12.2	(0.3)	13.3	(1.1)
Farming implements	4.7	4.9	0.2	5.1	(0.2)
Spare parts	2.7	2.7	0.0	2.8	(0.1)
Repair fees	1.0	1.0	0.0	1.1	(0.1)
Totals agricultural machinery related	20.9	20.8	(0.1)	22.3	(1.5)
Construction of facilities	2.8	2.7	(0.1)	3.3	(0.6)
Others	4.8	4.9	0.1	5.1	(0.2)
Domestic sales total	28.5	28.4	(0.1)	30.7	(2.3)
North America	1.0	2.5	1.5	3.9	(1.4)
Europe	1.9	2.5	0.6	3.7	(1.2)
China	1.7	0.7	(1.0)	0.7	0.0
ASEAN	1.3	1.0	(0.3)	0.9	0.1
Others	1.3	0.9	(0.4)	1.0	(0.1)
Product sales total	7.2	7.6	0.4	10.2	(2.6)
Spare parts	0.6	0.6	0.0	0.5	0.1
Others	0.4	0.2	(0.2)	0.4	(0.2)
Overseas sales total	8.2	8.4	0.2	11.1	(2.7)
Total net sales	36.7	36.8	0.1	41.8	(5.0)

[Overview of financial results for the three months ended March 31, 2018 (January through March)]

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

(1) Net sales: ¥36.8 billion (up ¥0.1 billion (0.4%) year on year) : sales remained almost unchanged from the previous fiscal year both in Japan and overseas.

- Sales in Japan: ¥28.4 billion (down ¥0.1 billion (0.4%) year on year)
Overall sales related to agricultural machinery slightly decreased year on year due to bad weather, in spite of increased sales of rice transplanters thanks to the launch of new products and ongoing favorable sales of farming implements.
- Sales overseas: ¥8.4 billion (up ¥0.2 billion (3.4%) year on year)
Sales in North America increased by ¥1.5 billion due to the disappearance of the effects of partial changes in business terms with an OEM partner in the same period of the previous fiscal year.
Sales in Europe increased by ¥0.6 billion due to the effects of the launch of new products.
Sales in China decreased by ¥1.0 billion due mainly to decreased shipments of semi-finished rice transplanters stemming from local inventory adjustment.
Sales in ASEAN decreased by ¥0.3 billion due mainly to decreased shipments of combine harvesters for Indonesia.

(2) Revenue: recorded losses in all income items from operating income and below, due to the off-demand season during the first quarter (January through March) and worsening performance year on year partly due to temporary factors such as the unprofitable construction of facilities.

- Operating income: ¥(0.6) billion (down ¥0.3 billion (-) year on year)
- Ordinary income: ¥(0.9) billion (down ¥0.5 billion (-) year on year)
- Income before income taxes: ¥(0.3) billion (up ¥0.3 billion (-) year on year)
Operating income decreased by ¥0.3 billion primarily as a result of temporary factors such as unprofitable construction of facilities and expenses resulting from the application of the principle of calculating retirement benefits upon the merger of subsidiaries, as well as increased personnel expenses.
Ordinary income decreased by ¥0.5 billion mainly due to a worsening in foreign exchange gains or losses and in the share of profit or loss of entities using equity method.
Profit increased by ¥0.3 billion due to decreased tax expenses resulting from the application of the consolidated taxation system effective from the fiscal year ending December 31, 2018.

2) Comparison with the target

(1) Net sales: ¥5.0 billion lower than the target (Japan: ¥(2.3) billion, overseas: ¥(2.7) billion)

Overall sales in Japan were ¥2.3 billion lower than the target, as a result of overall agricultural machinery sales that were ¥1.5 billion lower than the target, and construction of facilities sales that were ¥0.6 billion lower than the target.

Overall sales overseas were ¥2.7 billion lower than the target, as a result of sales in the North America that were ¥1.4 billion lower than the target partly because of inventory adjustment in an OEM partner, and sales in Europe that were ¥1.2 billion lower than the target mainly due to deferred sales of the off-demand season in a French subsidiary.

(2) Revenue

- Operating income: ¥0.3 billion lower than the target
- Ordinary income: ¥0.4 billion lower than the target
- Profit: ¥0.1 billion lower than the target
Operating income was ¥0.3 billion lower than the target, as a result of an earlier improvement in profitability in the Indonesian business and a reduction in selling, general, and administrative expenses and other expenses, despite the decrease in gross profit due to the failure to reach the sales target.

Ordinary income was ¥0.4 billion lower than the target mainly due to a worsening in foreign exchange gains or losses and in the share of profit or loss of entities using equity method.

II. Consolidated financial results forecast for the fiscal year ending December 31, 2018

Demand remained weakened in the three months ended March 31, 2018 partly due to the effect of bad weather, in addition to the off-demand season. However, sales in Japan for agricultural machinery and other products currently show signs of recovery upon entry to the on-demand season. Accordingly, we have not revised the consolidated financial results forecast for the first half ending June 30, 2018 and the fiscal year ending December 31, 2018 announced on February 13, 2018.

[Consolidated financial results forecast for the first half ending June 30, 2018]

(January 1, 2018 through June 30, 2018) (Billions of yen, %)

	2Q of FY ended December 31, 2017	2Q of FY ending December 31, 2018 Forecast	Year-on-year change	
			Amount	%
Net sales	80.2	86.0	5.8	7.3
Operating income	2.8	2.0	(0.8)	(29.6)
Ordinary income	3.4	1.8	(1.6)	(46.7)
Profit attributable to owners of parent	2.2	1.6	(0.6)	(27.1)

[Consolidated financial results forecast for the fiscal year ending December 31, 2018]

(January 1, 2018 through December 31, 2018) (Billions of yen, %)

	FY ended December 31, 2017	FY ending December 31, 2018 Forecast	Year-on-year change	
			Amount	%
Net sales	158.4	164.5	6.1	3.9
Operating income	4.0	4.5	0.5	13.8
Ordinary income	4.2	4.3	0.1	1.2
Profit attributable to owners of parent	2.8	3.2	0.4	14.0

Note: With respect to foreign exchange rate, the rate assumption used is ¥110 per U.S. dollar (continued) and ¥130 per euro (continued).

* Explanation on the proper use of financial results forecasts

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 significantly differ from the forecasts, however, as a result of various factors.