

## Supplementary Information to Consolidated Financial Results

(April 1, 2015–June 30, 2015)

	I. Consolidated business results for the three months ended June 30, 2015					
						(Billions of yen, %)
	1Q of FY ended March 31, 2015	1Q of FY ending December 31, 2015	Year-on year change		1Q of FY ending December 31, 2015 Target	Difference (target/ actual)
		Amount	%			
Net sales	49.2	<b>34.2</b>	(15.0)	(30.5)	33.4	0.8
Domestic	43.5	<b>26.5</b>	(17.0)	(39.0)	26.4	0.1
Overseas	5.7	<b>7.7</b>	2.0	34.1	7.0	0.7
Gross profit	13.3	<b>11.4</b>	(1.9)	(14.4)	11.7	(0.3)
Gross profit margin	27.1%	<b>33.3%</b>	6.2%	—	35.1%	(1.8%)
Selling, general and administrative expenses	11.3	<b>11.1</b>	(0.2)	(1.9)	11.3	(0.2)
Operating income	2.0	<b>0.3</b>	(1.7)	(86.5)	0.4	(0.1)
Balance of financial income	(0.2)	<b>(0.2)</b>	—	—	(0.2)	—
Other non-operating income	0.0	<b>0.3</b>	0.3	—	0.1	0.2
Ordinary income	1.8	<b>0.4</b>	(1.4)	(78.0)	0.3	0.1
Extraordinary income	0.6	<b>0.2</b>	(0.4)	—	0.2	—
Extraordinary losses	0.0	<b>0.0</b>	—	—	(0.1)	0.1
Income before income taxes	2.4	<b>0.6</b>	(1.8)	(74.9)	0.4	0.2
Income taxes	(1.1)	<b>(0.5)</b>	0.6	—	(0.3)	(0.2)
Profit attributable to owners of parent	1.3	<b>0.1</b>	(1.2)	(89.2)	0.1	—

Note: The three-months consolidated business results of the Company comprise the consolidated January to March performance of December settlement companies, mainly domestic sales companies, and April to June performance of ISEKI & CO., Ltd. and other March settlement companies.

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

## A. Net sales: Decreased ¥15.0 billion (down 30.5%) to ¥34.2 billion

## • Domestic net sales decreased ¥17.0 billion (down 39.0%) to ¥26.5 billion.

Sales of all agricultural machinery during January to March 2015 decreased ¥9.0 billion year on year compared with sales in the same period last year which jumped because of a last-minute demand surge before the rise in the consumption tax rate, even though it was low-demand season. The domestic sales of agricultural machinery by sales companies from April to June 2015 grew by 27% year on year, showing a recovery trend.

Sales of farming implements decreased ¥3.1 billion alongside the decrease in the sales of agricultural machinery. Sales from the construction of facilities decreased ¥2.4 billion, reflecting the completion of a major project in the same period last year. Other sales also decreased, ¥1.7 billion, reflecting the last-minute demand surge for agricultural materials in the same period last year.

- **Overseas net sales increased ¥2.0 billion (up 34.1%) to ¥7.7 billion.**

With regard to sales by area, sales in Europe increased ¥1.7 billion, thanks to the introduction of new models and the Group's 90th anniversary sales campaigns as well as contributions to sales from ISEKI France S.A.S, a newly consolidated subsidiary.

Sales in North America increased ¥0.3 billion, due to the strong shipment of the newly launched economy compact tractor. Sales in China decreased ¥0.4 billion because a subsidiary, which was included in the consolidated first quarter results of the previous fiscal year, was excluded thereafter. However, sales during high-demand season in spring increased significantly from the same period last year, mainly owing to the sales of rice transplanters.

Sales in the rest of Asia increased ¥0.3 billion mainly as a result of the increase in shipments to Thailand.

**B. Operating income: Decreased ¥1.7 billion (down 86.5%) to ¥0.3 billion**

**Ordinary income: Decreased ¥1.4 billion (down 78.0%) to ¥0.4 billion**

- Operating income decreased ¥1.7 billion, to ¥0.3 billion due to a decrease in gross profit resulting from lower sales while decreases in personnel expenses resulting from the completion of amortization of net retirement benefit obligations at transition and fixed costs.
- Ordinary income decreased ¥1.4 billion, to ¥0.4 billion, mainly due to the posting of foreign exchange gains while operating income decreased ¥1.7 billion.

**C. Income before income taxes: Decreased ¥1.8 billion (down 74.9%) to ¥0.6 billion**

**Profit attributable to owners of parent: Decreased ¥1.2 billion (down 89.2%) to ¥0.1 billion**

- Income before income taxes decreased ¥1.8 billion, to ¥0.6 billion, due mainly to the absence of a gain on change in equity that occurred in relation to the in-kind contribution of a Chinese subsidiary in the same period last year, despite the posting of a gain on sales of investment securities during the period under review.

## 2) Comparison with the target

### A. Net sales: ¥34.2 billion, ¥0.8 billion higher than the target

- Domestic net sales were almost in line with the target.
- Overseas net sales were ¥0.5 billion above the target in the North American market, due to the strong shipment of the newly launched economy compact tractor, ¥0.3 billion above the target in the European market owing to strong demand. Overall overseas net sales were ¥0.7 billion above the target.

### B. Operating income, ordinary income and profit attributable to owners of parent

- Operating income, ordinary income and profit attributable to owners of parent were almost in line with the targets.

(Sales breakdown)

	1Q of FY ended March 31, 2015	1Q of FY ending December 31, 2015	Year-on-year change	(Billions of yen)	
				1Q of FY ending December 31, 2015 Target	Difference (target/ actual)
Agricultural machinery	21.9	<b>12.9</b>	(9.0)	12.8	0.1
Farming implements	7.1	<b>4.0</b>	(3.1)	4.0	—
Spare parts	3.3	<b>2.5</b>	(0.8)	2.5	—
Construction of facilities	2.7	<b>0.3</b>	(2.4)	0.3	—
Others	8.5	<b>6.8</b>	(1.7)	6.8	—
<b>Domestic sales total</b>	<b>43.5</b>	<b>26.5</b>	<b>(17.0)</b>	<b>26.4</b>	<b>0.1</b>
North America	2.1	<b>2.4</b>	0.3	1.9	0.5
Europe	2.1	<b>3.8</b>	1.7	3.5	0.3
China	0.6	<b>0.2</b>	(0.4)	0.1	0.1
Asia except China	0.2	<b>0.5</b>	0.3	0.5	—
Oceania and others	0.1	<b>0.1</b>	—	0.1	—
<b>Product sales total</b>	<b>5.1</b>	<b>7.0</b>	<b>1.9</b>	<b>6.1</b>	<b>0.9</b>
Spare parts	0.4	<b>0.5</b>	0.1	0.9	(0.4)
Engines and others	0.2	<b>0.2</b>	—		0.2
<b>Overseas sales total</b>	<b>5.7</b>	<b>7.7</b>	<b>2.0</b>	<b>7.0</b>	<b>0.7</b>

## II. The business performance forecast for the fiscal year ending December 31, 2015

- The business performance for the first quarter of fiscal year ending December 31, 2015 were in line with the target, we have not made revisions to the previous forecast announced on May 14, 2015.

### [Forecast for the consolidated business performance for the first half of the fiscal year ending December 31, 2015]

	(April 1, 2015–September 30, 2015)		(Billions of yen, %)	
	First Half of FY ended March 31, 2015	First Half of FY ending December 31, 2015 Forecast	Change	
			Amount	%
Net sales	82.4	<b>78.0</b>	(4.4)	(5.4)
Operating income	1.0	<b>1.8</b>	0.8	71.7
Ordinary income	1.5	<b>1.7</b>	0.2	14.4
Profit attributable to owners of parent	1.3	<b>0.9</b>	(0.4)	(32.9)

### [Forecast for the consolidated business performance for the fiscal year ending December 31, 2015]

	(April 1, 2015–December 31, 2015)		(Billions of yen, %)		(Reference)
	FY ended March 31, 2015 Restated*	FY ending December 31, 2015 Forecast	Change		FY ended March 31, 2015 Actual
			Amount	%	
Net sales	145.7	<b>152.0</b>	6.3	4.3	157.4
Operating income	(0.3)	<b>3.9</b>	4.2	—	(0.5)
Ordinary income	1.0	<b>3.7</b>	2.7	270.0	0.5
Profit attributable to owners of parent		<b>2.1</b>			(0.3)

Note: With respect to foreign exchange rates, the rate assumption used is ¥115 to the US dollar and ¥130 to the Euro.

### [Forecast for the year-end dividend for the fiscal year ending December 31, 2015]

Payment of year-end dividends of ¥3 per share is scheduled.

(Reference)

Consolidated overseas net sales forecast including Chinese businesses

	(Billions of yen, %)		(Reference)		
	FY ended March 31, 2015 Restated*	FY ending December 31, 2015 Forecast	Change		FY ended March 31, 2015 Actual (Billions of yen)
			Amount	%	
Overseas net sales	20.1	<b>28.0</b>	7.9	39.3	28.8

\*“FY ended March 31, 2015 Restated” includes results from April 2014 to December 2014. For details, please refer to the Reference on pages 5-6.

<Reference>

## Outline of fiscal year ending December 31, 2015

### 1. Revision of fiscal year

- The fiscal year-end (the last day of a fiscal year) of the Company was changed to December 31 from the former March 31, effective as of fiscal 2015. As a transitional treatment, results in the following period are included in the consolidated accounting for fiscal 2015:
  - Companies that have adopted December 31 as their fiscal year-end: Results from January 1, 2015 to December 31, 2015 (12 months)
  - Companies that have adopted March 31 as their fiscal year-end: Results from April 1, 2015 to December 31, 2015 (9 months)
- Quarterly periods for the consolidated fiscal year 2015

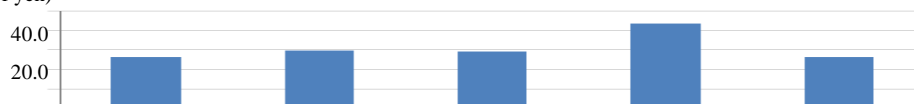
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
a. Companies that have adopted December 31 as their fiscal year-end Domestic sales companies and other companies	1Q			2Q			3Q			4Q		
b. Companies that have adopted March 31 as their fiscal year-end ISEKI & CO., LTD. and other companies				1Q			2Q			3Q		
Consolidated Financial Results (Cumulative)				1Q a. Jan. - Mar. b. Apr. - Jun.			2Q a. Jan. - Jun. b. Apr. - Sep.			Full Year Results a. Jan. - Dec. b. Apr. - Dec.		

### 2. Key points in the consolidated first quarter

- The consolidated business results of the Company for the first quarter of fiscal 2015 include business results from January 2015 to March 2015 of December settlement companies, mainly domestic sales companies, and business results from April 2015 to June 2015 of ISEKI & CO., LTD. and other March settlement companies.
- Additional information on net sales
  - Net sales in Japan grew significantly during the first quarter of the previous year because of the last-minute demand surge before the rise in the consumption tax rate. The absence of this spike in growth during the first quarter of fiscal 2015 resulted in lower sales.

< Domestic first quarter net sales >

(Billions of yen)



Fiscal Year	FY ended March 31, 2012	FY ended March 31, 2013	FY ended March 31, 2014	FY ended March 31, 2015	FY ending December 31, 2015
Net sales (Billions of yen)	26.4	29.7	29.1	43.5	26.5

- Changes in the scope of consolidation since the previous fiscal year affected overseas net sales.

- In Europe, ISEKI France S.A.S became a subsidiary of the Company in July 2014. Accordingly, the consolidated results for the first quarter of fiscal 2015 included business results of ISEKI France S.A.S from January 2015 to March 2015.

- In China, the accounting method for a company which had been a consolidated subsidiary of the Company was changed to the equity method at the end of the first quarter of fiscal 2014. As a result, business results for the Chinese company were not included in the consolidated results for the first quarter of fiscal 2015.

3. Comparison of forecasts for consolidated business results (comparison with restated results for the fiscal year ended March 31, 2015)

- To use the same conditions for the year-to-year comparison, the results for the fiscal year ended March 31, 2015 were restated on the comparable period basis.
  - Companies that have adopted December 31 as their fiscal year-end: Results from January 1, 2014 to December 31, 2014 (12 months)
  - Companies that have adopted March 31 as their fiscal year-end: Results from April 1, 2014 to December 31, 2014 (9 months)