

## Supplementary Information to Consolidated Financial Results

(January 1, 2016–March 31, 2016)

## I. Consolidated business results for the three months ended March 31, 2016 (Billions of yen, %)

	1Q of FY ended December 31, 2015 Restated basis*1	1Q of FY ending December 31, 2016	Year-on year change (Restated basis)		1Q of FY ending December 31, 2016 Target	Difference (target/ actual)
			Amount	%		
Net sales	35.6	<b>37.7</b>	2.1	6.0	38.7	(1.0)
Domestic	26.9	<b>28.2</b>	1.3	4.9	29.0	(0.8)
Overseas	8.7	<b>9.5</b>	0.8	9.3	9.7	(0.2)
Gross profit	9.7	<b>10.5</b>	0.8	8.3	10.9	(0.4)
Gross profit margin	27.2%	<b>27.8%</b>	0.6%	—	28.2%	(0.4%)
Selling, general and administrative expenses	11.7	<b>10.9</b>	(0.8)	(6.9)	11.4	(0.5)
Operating income (loss)	(2.0)	<b>(0.4)</b>	1.6	—	(0.5)	0.1
Balance of financial income	(0.1)	<b>(0.2)</b>	(0.1)	—	(0.1)	(0.1)
Other non-operating income	(0.2)	<b>(0.1)</b>	0.1	—	0.1	(0.2)
Ordinary income (loss)	(2.3)	<b>(0.7)</b>	1.6	—	(0.5)	(0.2)
Extraordinary income	0.2	<b>0.4</b>	0.2	—	0.1	0.3
Extraordinary losses	(0.4)	<b>0</b>	0.4	—	(0.1)	0.1
Income (loss) before income taxes	(2.5)	<b>(0.3)</b>	2.2	—	(0.5)	0.2
Income taxes		<b>(0.3)</b>	—	—	0	(0.3)
Profit (loss) attributable to owners of parent		<b>(0.6)</b>	—	—	(0.5)	(0.1)

\*1 “1Q of FY ended December 31, 2015 Restated basis” indicates results from January 2015 to March 2015. For details, please refer to the Reference on pages 6-7.

## 1) Net sales

- **Domestic net sales**    **¥28.2 billion (+¥1.3 billion year on year; ¥0.8 billion short of the target)**

Sales of agricultural machinery decreased slightly compared with the same period last year, ¥0.3 billion lower. Sales were ¥1.6 billion short of the target, due to the impact of the Agri-Seed Leasing program\* which is now expected to be adopted in or after May.

Sales of farming implements increased ¥0.6 billion year on year owing to the strength of large-size products in particular.

Sales from the construction of facilities increased ¥1.2 billion year on year, reflecting the completion of a project between January and March.

Sales were ¥1.1 billion above the target.

\*A leasing support program provided by the JA Group

- **Overseas net sales    ¥9.5 billion (+¥0.8 billion year on year; ¥0.2 billion short of the target)**

Sales in North America decreased ¥1.2 billion as a negative reaction to last year's strong shipments of utility tractors ahead of stricter emissions regulations. Sales were ¥0.5 billion short of the target, reflecting a delay in shipment of tractors.

Sales in Europe increased ¥0.4 billion year on year as the strong sales of last year continued.

Sales in China increased ¥0.7 billion year on year, reflecting the increase in shipments of rice transplanters due to the recovery of the market, as well as of semi-finished tractors, the full-scale sale of which has started this year.

Sales in ASEAN increased ¥0.6 billion year on year as a result of the increase in shipments of tractors to Indonesia and Thailand.

Sales were ¥0.5 billion above the target as the Company won an Indonesian government bid.

## 2) Operating income (loss) / Ordinary income (loss)

- **Operating income (loss): A loss of ¥0.4 billion (+¥1.6 billion year on year; ¥0.1 billion above the target)**

Since the first quarter (January to March) is a low demand period, losses were recorded in all profit stages.

Operating income increased ¥1.6 billion year on year due to the increase in gross profit resulting from an increase in sales, in addition to the reduction of fixed costs including personnel expenses and thorough low-cost operations.

It was ¥0.1 billion above the target as the decrease in gross profit due to the drop in sales was more than offset by a reduction in fixed costs.

- **Ordinary income (loss): A loss of ¥0.7 billion (+¥1.6 billion year on year; ¥0.2 billion short of the target)**

Ordinary income increased ¥1.6 billion year on year, reflecting the increase in operating income.

It was ¥0.2 billion short of the target mainly due to the recording of foreign exchange losses.

## 3) Income (loss) before income taxes / Profit (loss) attributable to owners of parent

- **Income (loss) before income taxes: A loss of ¥0.3 billion (+¥2.2 billion year on year; ¥0.2 billion above the target)**

Income before income taxes increased ¥2.2 billion year on year, as a result of the posting of a surcharge in the same period last year and the posting of a gain on sales of investment securities during the first quarter of the fiscal year ending December 31, 2016.

It was ¥0.2 billion above the target due to the recording of a gain on sales of investment securities.

- **Profit (loss) attributable to owners of parent: A loss of ¥0.6 billion (year on year comparison not applicable; ¥0.1 billion short of the target)**

Loss attributable to owners of parent was in line with the target.

(Sales breakdown)

(Billions of yen)

	1Q of FY ended December 31, 2015 Restated basis*1	<b>1Q of FY ending December 31, 2016</b>	Year-on-year change (Restated basis)	1Q of FY ending December 31, 2016 Target	Difference (target/ actual)
Agricultural machinery	13.4	<b>13.1</b>	(0.3)	14.7	(1.6)
Farming implements	3.8	<b>4.4</b>	0.6	4.5	(0.1)
Spare parts	2.5	<b>2.7</b>	0.2	2.6	0.1
Construction of facilities	0.9	<b>2.1</b>	1.2	1.0	1.1
Others	6.3	<b>5.9</b>	(0.4)	6.2	(0.3)
<b>Domestic sales total</b>	<b>26.9</b>	<b>28.2</b>	<b>1.3</b>	<b>29.0</b>	<b>(0.8)</b>
North America	3.7	<b>2.5</b>	(1.2)	3.0	(0.5)
Europe	2.7	<b>3.1</b>	0.4	3.1	0
China	0.8	<b>1.5</b>	0.7	1.7	(0.2)
ASEAN	0.1	<b>0.7</b>	0.6	0.2	0.5
Others	0.7	<b>1.0</b>	0.3	1.0	0
<b>Product sales total</b>	<b>8.0</b>	<b>8.8</b>	<b>0.8</b>	<b>9.0</b>	<b>(0.2)</b>
Spare parts	0.5	<b>0.5</b>	0	0.7	(0.2)
Engines and others	0.2	<b>0.2</b>	0	0	0.2
<b>Overseas sales total</b>	<b>8.7</b>	<b>9.5</b>	<b>0.8</b>	<b>9.7</b>	<b>(0.2)</b>
<b>Total net sales</b>	<b>35.6</b>	<b>37.7</b>	<b>2.1</b>	<b>38.7</b>	<b>(1.0)</b>

## II. The business performance forecast for the fiscal year ending December 31, 2016

- We have not made revisions to the previous forecasts announced on February 12, 2016 since the business performance for the first quarter of the fiscal year ending December 31, 2016 was in line with the target, and since market and exchange rate trends as well as improvements in revenues have limited impact on business performance.

We are currently assessing the impact of the 2016 Kumamoto Earthquake. Any impact on business performance in the future will be promptly disclosed as needed.

### [Forecast for the consolidated business performance for the six months ending December 31, 2016]

(January 1, 2016–June 30, 2016)

(Billions of yen, %)

	2Q of FY ended December 31, 2015 Restated basis*2	2Q of FY ending December 31, 2016 Forecast	Year-on-year change (Restated basis)	
			Amount	%
Net sales	76.3	83.0	6.7	8.8
Operating income	0.6	1.4	0.8	133.3
Ordinary income	0.6	1.3	0.7	116.7
Profit attributable to owners of parent		0.7		

### [Forecast for the consolidated business performance for the fiscal year ending December 31, 2016]

(January 1, 2016–December 31, 2016)

(Billions of yen, %)

	FY ended December 31, 2015 Restated basis*2	FY ending December 31, 2016 Forecast	Year-on-year change (Restated basis)	
			Amount	%
Net sales	156.8	165.0	8.2	5.2
Operating income	0.2	3.5	3.3	—
Ordinary income	0.4	3.2	2.8	700.0
Profit attributable to owners of parent		1.9		

Note: With respect to foreign exchange rates, the rate assumption used is ¥120 to the US dollar and ¥130 to the Euro.

### [Forecast for the year-end dividend for the fiscal year ending December 31, 2016]

We plan to pay a year-end dividend of between ¥1.5 to ¥3 per share.

(Reference)

Consolidated overseas net sales forecast including Chinese businesses

(Billions of yen, %)

	FY ended December 31, 2015 Restated basis*2	<b>FY ending December 31, 2016 Forecast</b>	Year-on-year change (Restated basis)	
			Amount	%
Overseas net sales	38.2	<b>43.5</b>	5.3	13.9
Ratio of overseas net sales	23.3%	<b>24.9%</b>	—	1.6

\*2 The first half and full year results of the fiscal year ended December 31, 2015 have been restated for a year-on-year comparison of forecasts between these periods. For details, please refer to the Reference on pages 6-7.

<Reference>

**Comparison of business results with the previous fiscal year (comparison with restated results for the fiscal year ended December 31, 2015)**

- The fiscal year-end (the last day of the fiscal year) of the Company was changed to December 31 from March 31, effective as of fiscal 2015. Since the fiscal year ended December 31, 2015 is an irregular, nine-month results period as a transitional treatment, the comparison of business results uses financial reports that were restated on a comparable period basis.

The fiscal year of the Company’s French subsidiary alone ends in September (results for October to December are posted for the first quarter).

**1. Business results comparison of first quarter results**

**■ Financial report basis**

- Fiscal year ended December 31, 2015: Companies that previously adopted March 31 as their fiscal year-end: Results from April 1, 2015 to June 30, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to March 31, 2015
- Fiscal year ending December 31, 2016: Companies that previously adopted March 31 as their fiscal year-end: Results from January 1, 2016 to March 31, 2016; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2016 to March 31, 2016

	Fiscal year ended December 31, 2015				Fiscal year ending December 31, 2016			
	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.
a. Companies that previously adopted March 31 as their fiscal year-end ISEKI & CO., LTD. and other companies								
b. Companies that adopt December 31 as their fiscal year-end Domestic sales companies and other companies								

**■ Restated basis**

- Fiscal year ended December 31, 2015: Companies that previously adopted March 31 as their fiscal year-end: Results from January 1, 2015 to March 31, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to March 31, 2015
- Fiscal year ending December 31, 2016: Companies that previously adopted March 31 as their fiscal year-end: Results from January 1, 2016 to March 31, 2016; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2016 to March 31, 2016

	Fiscal year ended December 31, 2015				Fiscal year ending December 31, 2016			
	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.
a. Companies that previously adopted March 31 as their fiscal year-end ISEKI & CO., LTD. and other companies								
b. Companies that adopt December 31 as their fiscal year-end Domestic sales companies and other companies								

**2. The restated basis for the forecasts for the first half and full year**

**■ Financial report basis**

- Forecast for the first half: Companies that previously adopted March 31 as their fiscal year-end: Results from April 1, 2015 to September 30, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to June 30, 2015
- Forecast for the full year: Companies that previously adopted March 31 as their fiscal year-end: Results from April 1, 2015 to December 31, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to December 31, 2015

■ **Restated basis**

- Forecast for the first half: Companies that previously adopted March 31 as their fiscal year-end: Results from January 1, 2015 to June 30, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to June 30, 2015
- Forecast for the full year: Companies that previously adopted March 31 as their fiscal year-end: Results from January 1, 2015 to December 31, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to December 31, 2015