

Supplementary Information to Consolidated Financial Results

(January 1, 2016–June 30, 2016)

I. Consolidated business results for the six months ended June 30, 2016

(Billions of yen, %)

	2Q of FY ended December 31, 2015 Restated basis*1	2Q of FY ending December 31, 2016	Year-on year change (Restated basis)		2Q of FY ending December 31, 2016 Forecast	Difference (forecast/ actual)
			Amount	%		
Net sales	76.3	81.0	4.7	6.2	83.0	(2.0)
Domestic	60.1	61.3	1.2	2.0	64.8	(3.5)
Overseas	16.2	19.7	3.5	21.8	18.2	1.5
Gross profit	23.2	23.3	0.1	0.3	23.9	(0.6)
Gross profit margin	30.5%	28.8%	(1.7%)	—	28.8%	0
Selling, general and administrative expenses	22.6	21.6	(1.0)	(4.6)	22.5	(0.9)
Operating income	0.6	1.7	1.1	174.6	1.4	0.3
Balance of financial income	(0.3)	(0.3)	0	—	(0.3)	0
Other non-operating income	0.3	(0.1)	(0.4)	—	0.2	(0.3)
Ordinary income	0.6	1.3	0.7	107.0	1.3	0
Extraordinary income	0.4	1.0	0.6	—	0.1	0.9
Extraordinary losses	(0.4)	(1.3)	(0.9)	—	(0.2)	(1.1)
Income before income taxes	0.6	1.0	0.4	68.7	1.2	(0.2)
Income taxes		(0.4)	—	—	(0.5)	0.1
Profit attributable to owners of parent		0.6	—	—	0.7	(0.1)

(Sales breakdown)

(Billions of yen)

	2Q of FY ended December 31, 2015 Restated basis*1	2Q of FY ending December 31, 2016	Year-on-year change (Restated basis)	2Q of FY ending December 31, 2016 Forecast	Difference (forecast/ actual)
Agricultural machinery	29.1	28.2	(0.9)	31.4	(3.2)
Farming implements	9.6	10.6	1.0	10.2	0.4
Spare parts	6.3	6.6	0.3	6.5	0.1
Repair fees	2.2	2.4	0.2	2.4	0
Total agricultural machinery related	47.2	47.8	0.6	50.5	(2.7)
Construction of facilities	1.4	2.8	1.4	2.6	0.2
Others	11.5	10.7	(0.8)	11.7	(1.0)
Domestic sales total	60.1	61.3	1.2	64.8	(3.5)
North America	6.2	6.4	0.2	5.6	0.8
Europe	6.6	6.2	(0.4)	7.0	(0.8)
China	0.9	2.2	1.3	2.1	0.1
ASEAN	0.3	2.1	1.8	0.7	1.4
Others	1.0	1.2	0.2	1.3	(0.1)
Product sales total	15.0	18.1	3.1	16.7	1.4
Spare parts	1.0	1.0	0	1.5	(0.5)
Engines and others	0.2	0.6	0.4	0	0.6
Overseas sales total	16.2	19.7	3.5	18.2	1.5
Total net sales	76.3	81.0	4.7	83.0	(2.0)

*1 "2Q of FY ended December 31, 2015 Restated basis" indicates results from January 2015 to June 2015.

For details, please refer to the Reference on pages 5-6.

1) Net sales

- **Domestic net sales** ¥61.3 billion (+¥1.2 billion year on year; ¥3.5 billion short of the forecast)

Although sales of agricultural machinery decreased ¥0.9 billion compared with the same period last year due to the slow recovery of demand, agricultural machinery-related sales in general rose ¥0.6 billion owing to the strength of farming implements, parts and repair fees. Sales from the construction of facilities increased ¥1.4 billion, others decreased ¥0.8 billion. Overall domestic sales increased ¥1.2 billion.

Sales of agricultural machinery were ¥3.2 billion below the forecast due to weak demand. Domestic sales in general were ¥3.5 billion short of the forecast.

- **Overseas net sales** ¥19.7 billion (+¥3.5 billion year on year; ¥1.5 billion above the forecast)

Sales in North America increased ¥0.2 billion year on year, reflecting robust shipments mainly of compact tractors. Sales were ¥0.8 billion above the forecast.

Sales in Europe decreased ¥0.4 billion year on year and were ¥0.8 billion short of the forecast mainly due to a decline in demand for lawn mowers owing to bad weather.

Sales in China increased ¥1.3 billion year on year, due to an increase in shipments of semi-finished rice transplanters on the back of a recovery of the Chinese market, as well as strong shipments of semi-finished tractors, the full-scale sale of which started from this fiscal year.

Sales in ASEAN increased ¥1.8 billion year on year as a result of the increase in shipments of tractors to Indonesia and Thailand.

Sales were ¥1.4 billion above the forecast as the Company won an Indonesian government bid.

The impact of the appreciation of the yen was -¥0.4 billion year on year for overseas net sales in general, and -¥0.5 billion against the forecast.

2) Operating income / Ordinary income

- **Operating income: ¥1.7 billion (+¥1.1 billion year on year; ¥0.3 billion above the forecast)**

Operating income increased ¥1.1 billion year on year due to the increase in gross profit resulting from an increase in sales compensating for the impact of the stronger yen and the drop in gross profit margin owing to a change in the sales mix, in addition to the reduction of fixed costs including personnel expenses and through full enforcement of low-cost operations.

It was ¥0.3 billion above the forecast as the decrease in gross profit due to the drop in sales was more than offset by a reduction in fixed costs.

- **Ordinary income: ¥1.3 billion (+¥0.7 billion year on year; the same as the forecast)**

Although there was a recording of foreign exchange losses, ordinary income increased ¥0.7 billion year on year due to the contribution of the increase in operating income.

It was in line with the forecast, reflecting the increase in operating income, despite the recording of foreign exchange losses.

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

- **Income before income taxes: ¥1.0 billion (+¥0.4 billion year on year; ¥0.2 billion short of the forecast)**

Although there was a recording of extraordinary losses of ¥1.1 billion in loss on disaster following the Kumamoto Earthquake, income before income taxes increased ¥0.4 billion year on year, reflecting a recording of extraordinary income of ¥1.0 billion in gain on sales of investment securities and the exclusion of surcharges recorded last year.

It was ¥0.2 billion short of the forecast due to the recording of a gain on sales of investment securities and a loss on disaster.

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

Profit attributable to owners of parent was in line with the forecast.

II. Revision of the business performance forecast for the fiscal year ending December 31, 2016

The business performance forecast for the fiscal year ending December 31, 2016 announced on February 12, 2016 was revised as below. The dividend forecast was not revised.

- Domestic net sales were revised ¥3.5 billion downward from the initial forecast, mainly reflecting the progress of business performance for the second quarter of the fiscal year ending December 31, 2016.
- The overseas net sales forecast was unchanged from the initial forecast, since the drop in net sales due to the stronger yen is expected to be compensated for by shipments of semi-finished rice transplinters to China and an increase in sales of tractors in ASEAN.
- Profit forecasts were not changed on the back of a reduction of expenses and fixed costs due to thorough low-cost operations, despite factors that could lead to a drop in profits, such as the downward revision of domestic sales and the appreciation of the yen.

[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	Initial forecast	Latest Forecast	Year-on-year change	Change from initial forecast
Net sales	156.8	165.0	161.5	4.7	(3.5)
Domestic	125.4	131.3	127.8	2.4	(3.5)
Overseas	31.4	33.7	33.7	2.3	—
Operating income	0.2	3.5	3.5	3.3	—
Ordinary income	0.4	3.2	3.2	2.8	—
Profit attributable to owners of parent		1.9	1.9		—

Note: With respect to foreign exchange rates, the rate assumption used for the second half of the fiscal year ending December 31, 2016 is ¥105 to the US dollar (revised from ¥120) and ¥115 to the Euro (revised from ¥130).

[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.

*2 The full year result of the fiscal year ended December 31, 2015 has been restated for a year-on-year comparison of forecasts between these periods. For details, please refer to the Reference.

<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 March are posted for the second quarter).

1. Business results comparison of second 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 September 30, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to June 30, 2015
- Fiscal year ending December 31, 2016: Companies that previously adopted March 31 as their fiscal year-end: Results from January 1, 2016 to June 30, 2016; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2016 to June 30, 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 June 30, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to June 30, 2015
- Fiscal year ending December 31, 2016: Companies that previously adopted March 31 as their fiscal year-end: Results from January 1, 2016 to June 30, 2016; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2016 to June 30, 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 full year

■ Financial report basis

- 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 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