

## Supplementary Information to Consolidated Financial Results

(January 1, 2016–September 30, 2016)

## I. Consolidated business results for the nine months ended September 30, 2016 (Billions of yen, %)

	3Q of FY ended December 31, 2015 Restated basis*1	3Q of FY ending December 31, 2016	Year-on-year change (Restated basis)		FY ending December 31, 2016 Forecast Announced on August 10
			Amount	%	
Net sales	117.7	<b>118.4</b>	0.7	0.6	161.5
Domestic	93.0	<b>91.9</b>	(1.1)	(1.2)	127.8
Overseas	24.7	<b>26.5</b>	1.8	7.4	33.7
Gross profit	34.7	<b>34.6</b>	(0.1)	(0.3)	—
Gross profit margin	29.5%	<b>29.2%</b>	(0.3%)	—	—
Selling, general and administrative expenses	33.6	<b>31.8</b>	(1.8)	(5.2)	—
Operating income	1.1	<b>2.8</b>	1.7	151.0	3.5
Balance of financial income	(0.5)	<b>(0.5)</b>	0	—	—
Other non-operating income	0.3	<b>(0.7)</b>	(1.0)	—	—
Ordinary income	0.9	<b>1.6</b>	0.7	82.0	3.2
Extraordinary income	0.4	<b>1.2</b>	0.8	—	—
Extraordinary losses	(0.6)	<b>(1.3)</b>	(0.7)	—	—
Income before income taxes	0.7	<b>1.5</b>	0.8	100.5	3.2
Income taxes		<b>(0.8)</b>	—	—	—
Profit attributable to owners of parent		<b>0.7</b>	—	—	1.9

(Sales breakdown)				(Billions of yen)
	3Q of FY ended December 31, 2015 Restated basis*1	<b>3Q of FY ending December 31, 2016</b>	Year-on-year change (Restated basis)	FY ending December 31, 2016 Forecast Announced on August 10
Agricultural machinery	44.7	<b>43.0</b>	(1.7)	62.0
Farming implements	13.8	<b>14.9</b>	1.1	18.7
Spare parts	10.5	<b>10.9</b>	0.4	14.4
Repair fees	3.6	<b>3.9</b>	0.3	5.3
Total agricultural machinery related	72.6	<b>72.7</b>	0.1	100.4
Construction of facilities	4.6	<b>4.3</b>	(0.3)	7.0
Others	15.8	<b>14.9</b>	(0.9)	20.4
<b>Domestic sales total</b>	<b>93.0</b>	<b>91.9</b>	<b>(1.1)</b>	<b>127.8</b>
North America	9.6	<b>9.4</b>	(0.2)	11.9
Europe	9.3	<b>7.5</b>	(1.8)	9.8
China	1.0	<b>2.4</b>	1.4	3.7
ASEAN	1.0	<b>2.5</b>	1.5	3.3
Others	1.4	<b>1.6</b>	0.2	2.1
<b>Product sales total</b>	<b>22.3</b>	<b>23.4</b>	<b>1.1</b>	<b>30.8</b>
Spare parts	1.7	<b>1.5</b>	(0.2)	2.5
Engines and others	0.7	<b>1.6</b>	0.9	0.4
<b>Overseas sales total</b>	<b>24.7</b>	<b>26.5</b>	<b>1.8</b>	<b>33.7</b>
<b>Total net sales</b>	<b>117.7</b>	<b>118.4</b>	<b>0.7</b>	<b>161.5</b>

\*1 The figures in "3Q of FY ended December 31, 2015" have been restated for a year-on-year comparison.  
For details, please refer to the Reference on page 5.

## 1) Net sales

- **Net sales: ¥118.4 billion (up ¥0.7 billion or 0.6% year on year)**

- **Domestic net sales: ¥91.9 billion (down ¥1.1 billion or 1.2% year on year)**

Although sales of agricultural machinery decreased ¥1.7 billion due to the slow recovery of demand, agricultural machinery-related sales in general, including farming implements, parts and repair fees, rose ¥0.1 billion.

Sales from the construction of facilities decreased ¥0.3 billion, others decreased ¥0.9 billion. Overall domestic sales decreased ¥1.1 billion.

- **Overseas net sales: ¥26.5 billion (up ¥1.8 billion or 7.4% year on year)**

Sales in North America decreased ¥0.2 billion mainly due to a drop in sales of utility tractors and the impact of the strong yen, despite growth in sales of compact tractors.

Sales in Europe declined ¥1.8 billion, mainly due to a decline in demand for lawn mowers owing to bad weather and the strong yen.

Sales in China increased ¥1.4 billion due to an increase in shipments of semi-finished rice transplanters, as well as strong shipments of semi-finished tractors, the full-scale sale of which started from this fiscal year.

Sales in ASEAN increased ¥1.5 billion as a result of the increase in shipments of tractors to Indonesia and Thailand.

The impact of the appreciation of the yen was -¥1.9 billion for overseas net sales in general.

## 2) Operating income / Ordinary income

- **Operating income: ¥2.8 billion (up ¥1.7 billion or 151.0% year on year)**

The effect of the increase in revenue was reduced by the impact of the strong yen. Although gross profit decreased, operating income increased ¥1.7 billion due to a significant reduction in expenses owing to full enforcement of low-cost operations, as well as a cut in personnel expenses.

- **Ordinary income: ¥1.6 billion (up ¥0.7 billion or 82.0% year on year)**

Ordinary income increased ¥0.7 billion, as the rise in operating income was reduced due to the recording of foreign exchange losses and deterioration of share of (profit) loss of entities accounted for using equity method of affiliated companies in China (the recording of foreign exchange losses and an increase in development cost burden).

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

- **Income before income taxes: ¥1.5 billion (up ¥0.8 billion or 100.5% year on year)**

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 ¥0.8 billion, reflecting a recording of extraordinary income of ¥1.1 billion in gain on sales of investment securities.

- **Profit attributable to owners of parent: ¥0.7 billion**

## 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 August 10, 2016 was revised as below, in light of the actual consolidated business performance for the nine months ended September 30, 2016, as well as recent order-intake and exchange rate movements. The dividend forecast was not revised.

### 1) Net sales: **–¥6.0 billion (domestic: –¥4.3 billion; overseas: –¥1.7 billion)**

- Domestic net sales were revised ¥4.3 billion downward, reflecting declines in sales of agricultural machinery and construction of facilities.
- Overseas net sales were revised ¥1.7 billion downward, reflecting the impact of the strong yen in addition to part of sales being posted in the next fiscal year due to partial amendments to the terms of business with a North American OEM supplier, and a change in the shipment timing of semi-finished rice transplanters to China.

### 2) Operating income: **–¥0.7 billion / Ordinary income: –¥1.2 billion**

- Operating income was revised ¥0.7 billion downward, reflecting a drop in gross profit due to a decrease in net sales, despite endeavors to reduce expenses through full enforcement of low-cost operations, as well as a cut in personnel expenses.
- Ordinary income was revised ¥1.2 billion downward, reflecting the downward revision of the operating income as well as the deterioration of share of (profit) loss of entities accounted for using equity method.

### [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	Previous forecast (Announced on August 10)	Latest forecast (Announced on November 11)	Year-on-year change	Change from previous forecast
Net sales	156.8	161.5	<b>155.5</b>	(1.3)	(6.0)
Domestic	125.4	127.8	<b>123.5</b>	(1.9)	(4.3)
Overseas	31.4	33.7	<b>32.0</b>	0.6	(1.7)
Operating income	0.2	3.5	<b>2.8</b>	2.6	(0.7)
Ordinary income	0.4	3.2	<b>2.0</b>	1.6	(1.2)
Profit attributable to owners of parent		1.9	<b>0.7</b>		(1.2)

Note: The average foreign exchange rate assumptions for the fiscal year ending December 31, 2016 are ¥109 per U.S. dollar and ¥121 per euro. (The foreign exchange rate assumptions for the fourth quarter are unchanged at ¥105 per U.S. dollar and ¥115 per 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.

\*2 The figures in “FY ended December 31, 2015” has been restated for a year-on-year comparison. 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 June are posted for the third quarter).

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

■ **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 September 30, 2015; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2015 to September 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 September 30, 2016; Companies that adopt December 31 as their fiscal year-end: Results from January 1, 2016 to September 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