

August 10, 2017

ISEKI & CO., LTD.**Supplementary Information to Consolidated Financial Results****(January 1, 2017 – June 30, 2017)**

	I. Consolidated results of operations for the six months ended June 30, 2017					
						(Billions of yen, %)
	2 Q of FY ended December 31, 2016	2 Q of FY ending December 31, 2017	Year-on-year change		2Q of FY ending December 31, 2017 Forecast*	Difference (forecast /actual)
		Amount	%			
Net sales	81.0	80.2	(0.8)	(1.1)	81.2	(1.0)
Domestic	61.3	62.8	1.5	2.4	63.0	(0.2)
Overseas	19.7	17.4	(2.3)	(11.8)	18.2	(0.8)
Gross profit	23.3	23.7	0.4	1.8	23.9	(0.2)
Gross profit margin	28.8%	29.6%	0.8%	—	29.4%	0.2%
Selling, general and administrative expenses	21.6	20.9	(0.7)	(3.1)	22.0	(1.1)
Operating income	1.7	2.8	1.1	62.2	1.9	0.9
Balance of financial income	(0.3)	(0.3)	0.0	—	(0.4)	0.1
Other non-operating income	(0.1)	0.9	1.0	—	0.7	0.2
Ordinary income	1.3	3.4	2.1	167.0	2.2	1.2
Extraordinary income	1.0	0.0	(1.0)	—	0.0	0.0
Extraordinary losses	(1.3)	(0.1)	1.2	—	(0.1)	0.0
Income before income taxes	1.0	3.3	2.3	244.5	2.1	1.2
Income taxes	(0.4)	(1.1)	(0.7)	—	(0.8)	(0.3)
Profit attributable to owners of parent	0.6	2.2	1.6	296.8	1.3	0.9

(Sales breakdown)

				(Billions of yen)	
	2 Q of FY ended December 31, 2016	2Q of FY ending December 31, 2017	Year-on-year change	2 Q of FY ending December 31, 2017 Forecast*	Difference (forecast /actual)
Agricultural machinery	28.2	28.1	(0.1)	28.0	0.1
Farming implements	10.6	11.3	0.7	10.9	0.4
Spare parts	6.6	6.8	0.2	6.7	0.1
Repair fees	2.4	2.5	0.1	2.6	(0.1)
Totals agricultural machinery related	47.8	48.7	0.9	48.2	0.5
Construction of facilities	2.8	3.3	0.5	3.6	(0.3)
Others	10.7	10.8	0.1	11.2	(0.4)
Domestic sales total	61.3	62.8	1.5	63.0	(0.2)
North America	6.4	3.5	(2.9)	3.2	0.3
Europe	6.2	5.6	(0.6)	5.6	0.0
China	2.2	2.6	0.4	2.6	0.0
ASEAN	2.1	1.8	(0.3)	2.3	(0.5)
Others	1.2	1.7	0.5	1.9	(0.2)
Product sales total	18.1	15.2	(2.9)	15.6	(0.4)
Spare parts	1.0	1.2	0.2	1.7	(0.5)
Others	0.6	1.0	0.4	0.9	0.1
Overseas sales total	19.7	17.4	(2.3)	18.2	(0.8)
Total net sales	81.0	80.2	(0.8)	81.2	(1.0)

* the forecast released on February 14, 2017

1) Year-on-year change

(1) Net sales: a recovery trend in sales in Japan and decreased sales overseas partly due to temporary factors

- Net sales: ¥80.2 billion (down ¥0.8 billion (1.1%) year on year)
- Sales in Japan: ¥62.8 billion (up ¥1.5 billion (2.4%) year on year)
Overall sales related to agricultural machinery increased by ¥0.9 billion thanks to favorable sales of tractors and increased sales of farming implements, spare parts and repair fees. Sales of construction of facilities increased by ¥0.5 billion.
- Sales overseas: ¥17.4 billion (down ¥2.3 billion (11.8%) year on year)
Sales in North America decreased by ¥2.9 billion mainly due to partial changes in business terms with an OEM partner.
Sales in Europe decreased by ¥0.6 billion mainly due to decreased sales at ISEKI France S.A.S. (a local subsidiary) in yen terms after foreign exchange translation into yen.
Sales in China increased by ¥0.4 billion thanks to increased shipments of semi-finished rice transplanters.
Sales in ASEAN decreased by ¥0.3 billion primarily due to delays in shipment schedules for Indonesia.

(2) Revenue: increased owing mainly to improvements in the revenue-expenditure structure in domestic direct dealers, a return to profitability in a production subsidiary in Indonesia, improved profitability in an equity-method affiliate in China, and ongoing cost reductions.

- Operating income: ¥2.8 billion (up ¥1.1 billion (62.2%) year on year)
- Ordinary income: ¥3.4 billion (up ¥2.1 billion (167.0%) year on year)
Operating income increased by ¥1.1 billion primarily as a result of improvements in the revenue-expenditure structure in domestic direct dealers and improved revenue in the Indonesian business.
Ordinary income increased by ¥2.1 billion due to an upturn in the share of profit or loss of entities using equity method and a favorable turn in foreign exchange gains or losses, etc.
- Income before income taxes: ¥3.3 billion (up ¥2.3 billion (244.5%) year on year)
- Profit: ¥2.2 billion (up ¥1.6 billion (296.8%) year on year)
Income before income taxes increased by ¥2.3 billion due to the lack of gain on sales of investment securities and loss on disaster attributable to the Kumamoto Earthquake recorded in the same period of the previous fiscal year.

2) Difference (forecast/actual)

(1) Net sales: down ¥1.0 billion as compared to the forecast (domestic sales in Japan: down ¥0.2 billion, overseas sales: down ¥0.8 billion)

- Sales in Japan were almost in line with the forecast.
- Sales overseas decreased by ¥0.8 billion in total mainly due to delays in shipment schedules.

(2) Revenue:

- Operating income: up ¥0.9 billion as compared to the forecast
- Ordinary income: up ¥1.2 billion as compared to the forecast
Operating income increased by ¥0.9 billion primarily as a result of improvements in the revenue-expenditure structure in domestic direct dealers and improved revenue in the Indonesian business.
Ordinary income increased by ¥1.2 billion mainly due to an upturn in the share of profit or loss of entities using equity method from an affiliate in China and a favorable turn in foreign exchange gains or losses.
- Income before income taxes: up ¥1.2 billion as compared to the forecast
- Profit: up ¥0.9 billion as compared to the forecast

II. Revision to the consolidated financial results forecast for the fiscal year ending December 31, 2017 and year-end dividend forecast

- We have revised the consolidated financial results forecast for the fiscal year ending December 31, 2017 announced on February 14, 2017 and the dividend forecast announced on February 27, 2017 as follows.

[Consolidated financial results forecast for the fiscal year ending December 31, 2017]

(January 1, 2017 through December 31, 2017)

(Billions of yen, %)

	FY ended December 31, 2016	Previous forecast for FY ending December 31, 2017	Latest forecast for FY ending December 31, 2017	Year-on-year change	Difference (previous/latest)
Net sales	153.1	161.5	160.5	7.4	(1.0)
Domestic	121.0	125.3	124.3	3.3	(1.0)
Overseas	32.1	36.2	36.2	4.1	–
Operating income	2.5	3.5	4.0	1.5	0.5
Ordinary income	1.6	3.7	4.1	2.5	0.4
Profit attributable to owners of parent	0.9	2.7	2.9	2.0	0.2

(Reasons for the revision)

We have made a downward revision of net sales in the amount of ¥1 billion and an upward revision of operating income in the amount of ¥0.5 billion from the previous forecast, in consideration of the actual financial results for the six months ended June 30, 2017, the current trends of orders received, foreign exchange rates, and other factors. In addition, we have made upward revisions of ordinary income and profit attributable to owners of parent in accordance with the upward revision of operating income.

- * The assumed foreign exchange rates for the second half: ¥112 per U.S. dollar (changed from ¥115)
 ¥128 per euro (changed from ¥120)

[Year-end dividend forecast for the fiscal year ending December 31, 2017]

	Dividend per Share (yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Previous Forecast (February 27, 2017)	–	–	–	15.00 - 30.00	15.00 - 30.00
Latest Forecast	–	–	–	30.00	30.00
(Ref.) Results for the Fiscal Year Ended December 31, 2016	–	–	–	1.50	1.50

Note: The Company has consolidated shares of its common stock (one-for-ten share consolidation), effective July 1, 2017. The amount stated for the year-end dividends per share for the fiscal year ending December 31, 2017 (Forecast) is determined in consideration of the effect of the said share consolidation. The year-end dividends per share for the fiscal year ending December 31, 2017 (Forecast) not considering the share consolidation will be ¥3.00.

(Reasons for the revision)

The Company recognizes that the method for determining dividends to be paid to shareholders is one of the most important policies to be made. The Company's basic policy is to continue making and increase our dividend distribution, taking into consideration, not just consolidated financial results, but the Group's financial position and future business developments as well as changes in the managerial environment.

With respect to the year-end dividend forecast for the fiscal year ending December 31, 2017, which was announced as ¥15.00 through ¥30.00 per share, we plan to pay ¥30.00 per share in consideration of the trends of Group's financial results based on the above policy.

* 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.