

Supplementary Information to the Six Months of Financial Results

(Apr.1, 2013-Sep. 30, 2013)

I. Six Months Consolidated Business Results

(Billions of yen, %)

	2 nd Quarter FY2013	2 nd Quarter FY2014	Variance		2 nd Quarter Forecast	Variance Amount
			Amount	%		
Net Sales	80.4	82.5	2.1	2.6	83.5	(1.0)
Domestic	69.4	69.4	0	-	68.0	1.4
Overseas	11.0	13.1	2.1	19.1	15.5	(2.4)
Gross Profit on Sales	25.3	25.8	0.5	2.0	25.0	0.8
Gross Profit Margin	31.5%	31.3%	(0.2%)	-	29.9%	1.4%
Selling, General and Administrative Expenses	21.2	21.6	0.4	2.1	21.8	(0.2)
Operating Income	4.1	4.2	0.1	1.6	3.2	1.0
Balance of Financial Income	(0.4)	(0.4)	0	-	(0.4)	0
Other Non-operating Income	0.1	1.1	1.0	-	0.4	0.7
Ordinary Income	3.8	4.9	1.1	28.0	3.2	1.7
Extraordinary Gains	0.2	0.1	(0.1)	-	0	0.1
Extraordinary Losses	(0.2)	(0.1)	0.1	-	(0.1)	0
Income Before Income Taxes and Minority Interests	3.8	4.9	1.1	28.0	3.1	1.8
Income taxes	(0.8)	(1.7)	(0.9)	-	(1.2)	(0.5)
Net Income	3.0	3.2	0.2	4.4	1.9	1.3

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

A. Net Sales: Increased ¥2.1 billion (up 2.6 %) to ¥82.5 billion.

• **Domestic sales was the same as the same period of the previous fiscal year with ¥69.4 billion**

Sales of construction of facilities decreased ¥3.3 billion due to absence of major construction works of facilities in the period that had been completed in the same period of the previous year. However, domestic sales remained the same as the same period of the previous year with ¥69.4 billion due to ¥0.8 billion increase of the sales of agricultural machinery as well as ¥2.1 billion increase of farming implements/parts, due to active demand on the back of improved farm income by firmly established stabilization measures of farm income, and large budget for reconstruction business and aid business.

• **Overseas sales increased ¥2.1 billion (up 19.1%) to ¥13.1 billion**

By area, while sales for European market decreased ¥0.2 billion due to continued sluggish demand, sales for North American market increased ¥2.2 billion mainly due to effect of injection of new product utility tractor of which shipment started from last year and sales in China increased ¥0.4 billion centering on rice transplanters. Thus, overseas sales increased ¥2.1 billion to ¥13.1 billion.

B. Operating income: Increased ¥0.1 billion (up 1.6%) to ¥4.2 billion.

Ordinary income: Increased ¥1.1 billion (up 28.0%) to ¥4.9 billion.

- Operating income increased ¥0.1 billion to ¥4.2 billion mainly due to increased sales and earnings

improvement effect of modified strong yen in spite of increased fixed expenses such as development cost and facility cost as well as increased selling, general and administrative expenses such as distribution cost and personnel expenses.

- Ordinary income increased ¥1.1 billion to ¥4.9 billion due to occurrence of foreign exchange gains, etc.

C. Quarterly net income: Increased ¥0.2 billion (up 4.4%) to ¥3.2 billion.

- Quarterly net income increased ¥0.2 billion to ¥3.2 billion.

2) Comparison with the forecast

A. Net sales: Decreased ¥1.0 billion (Domestic: Increased ¥1.4 billion, Overseas: Decreased ¥2.4 billion)

- Domestic sales as a whole increased ¥1.4 billion due to sales of agricultural machinery that shifted almost in line with the plan as well as ¥2.2 billion increase of farming implements/parts, in spite of ¥1.0 billion decrease in the sales of construction of facilities due to difference of completion period of major construction works of facilities.
- Overseas sales as a whole decreased ¥2.4 billion. Sales in Chinese market decreased ¥1.9 billion compared with the forecast due to delayed announcement of subsidy policy and reduced subsidy for some products. Sales for European market decreased ¥0.6 billion due to continued sluggish demand, while sales for North American market shifted almost in line with the forecast.

B. Operating income: Increased ¥1.0 billion, Ordinary income: Increased ¥1.7 billion

Net income: Increased ¥1.3 billion

- Operating income increased ¥1.0 billion by increased gross margin from production/shipment due to increased domestic effective sales (Apr.~Sep.) and reduced selling, general and administrative expenses, etc. , in spite of delayed sales of overseas subsidiaries and construction of facilities.
- Ordinary income increased ¥1.7 billion due to increased foreign exchange gains coupled with increased operating income.
- Net income increased ¥1.3 billion.

(Reference: Sales Breakdown)

	2 nd Quarter FY2013	2 nd Quarter FY2014	Variance	(Billions of yen)	
				2 nd Quarter Forecast	Variance
Agricultural Machinery	33.7	34.5	0.8	34.4	0.1
Parts & Farming implement	16.5	18.6	2.1	16.4	2.2
Construction of Facilities	5.5	2.2	(3.3)	3.2	(1.0)
Other Agriculture Related	13.6	14.1	0.5	13.9	0.2
Agriculture Related Total	69.3	69.4	0.1	67.9	1.5
Other Business	0.1	0	(0.1)	0.1	(0.1)
Domestic Sales Total	69.4	69.4	0	68.0	1.4
North America	2.7	4.9	2.2	5.0	(0.1)
Europe	2.1	1.9	(0.2)	2.5	(0.6)
China	4.3	4.7	0.4	6.6	(1.9)
Other Asia	0.6	0.5	(0.1)	0.2	0.3
Oceania and Others	0.3	0.2	(0.1)	0.4	(0.2)
Product Sales Total	10.0	12.2	2.2	14.7	(2.5)
Repair Parts	0.6	0.6	0	0.7	(0.1)
Engines and others	0.4	0.3	(0.1)	0.1	0.2
Overseas Sales Total	11.0	13.1	2.1	15.5	(2.4)
Total	80.4	82.5	2.1	83.5	(1.0)

II. Business performance forecast for the fiscal year ending March 31, 2014

- During the second quarter consolidated period, while sales decreased compared with the forecast due to decreased sales in China and Europe as well as delayed completion of construction work of facilities, profit increased compared with the forecast mainly due to reduced selling, general and administrative expenses and foreign exchange gains. For future prospect, we have not made revisions to the business performance forecasts announced on May 13, 2013 in view of existence of many uncertain factors such as economic trend of both domestic and overseas, concern for downward pressure on earnings such as foreign exchange fluctuation and rising prices of raw materials.

Regarding sales forecasts, we have reviewed the breakdown on the basis of actual performance in the second quarter as well as the condition of orders received at this point in time.

[Forecasts of the consolidated business performance for the fiscal year ending March 31, 2014] (April 1, 2013 – March 31, 2014)

	Previous Forecast	Latest Forecast	Variance		(Billions of yen)	
			Amount	%	FY2013	Variance Amount
			Net Sales	163.0	163.0	-
Operating Income	5.5	5.5	-	-	5.1	0.4
Ordinary Income	5.0	5.0	-	-	5.4	(0.4)
Net Income	3.4	3.4	-	-	4.0	(0.6)

(Sales Breakdown)

	Previous Forecast	Latest Forecast	Variance		(Billions of yen)	
			Amount	%	FY2013	Variance Amount
			Net Sales	163.0	163.0	-
Domestic	135.0	137.5	2.5	1.9	133.0	4.5
Overseas	28.0	25.5	(2.5)	(8.9)	22.7	2.8

*With respect to company forex rate, we have assumed ¥95 against the US dollar (unchanged) and ¥125 against Euro (unchanged).