May 14, 2014

ISEKI＆CO., LTD.

Supplementary Information to Financial Results

For the Fiscal Year Ended March 31, 2014

(Apr.1, 2013-Mar. 31, 2014)

I. Consolidated Business Results

(Billions of yen, %)

	FY2013	**FY2014**	Variance		FY2014 Forecast	Variance Amount
			Amount	%		
Net Sales	155.7	**169.1**	13.4	8.6	170.0	(0.9)
Domestic	133.0	**142.9**	9.9	7.5	144.0	(1.1)
Overseas	22.7	**26.2**	3.5	15.5	26.0	0.2
Gross Profit on Sales	48.1	**52.7**	4.6	9.5	52.1	0.6
Gross Profit Margin	30.9%	**31.2%**	0.3%	-	30.6%	0.6%
Selling, General and Administrative Expenses	43.0	**45.3**	2.3	5.4	45.4	(0.1)
Operating Income	5.1	**7.4**	2.3	43.3	6.7	0.7
Balance of Financial Income	(0.7)	**(0.8)**	(0.1)	-	(0.7)	(0.1)
Other Non-operating Income	1.0	**1.7**	0.7	-	1.6	0.1
Ordinary Income	5.4	**8.3**	2.9	53.0	7.6	0.7
Extraordinary Gains	0.4	**0.1**	(0.3)	-	0.1	0
Extraordinary Losses	(0.3)	**(0.5)**	(0.2)	-	(0.3)	(0.2)
Income Before Income Taxes and Minority Interests	5.5	**7.9**	2.4	44.3	7.4	0.5
Income taxes	(1.5)	**(1.5)**	0	-	(1.9)	0.4
Net Income	4.0	**6.4**	2.4	62.0	5.5	0.9

1) Comparison with the previous fiscal year

A. Net Sales: Increased ¥13.4 billion (up 8.6 %) to ¥169.1 billion.

・ **Domestic sales increased ¥9.9 billion (up 7.5 %) to ¥142.9 billion.**

Sales of agricultural machinery increased ¥5.4 billion as a whole centering on tractors due to active demand on the back of improved farm income by firmly established governmental stabilization measures, increased budget for agriculture as well as last-minute demand for the consumption tax hike starting from April, this year. Sales of farming implements also increased ¥4.1 billion linked with the move.

・ **Overseas sales increased ¥3.5 billion (up 15.5%) to ¥26.2 billion.**

By area, sales for North American market increased ¥3.6 billion mainly due to effect of launching a new product line of utility tractors whose shipment started from the year before. And sales in China increased ¥0.3 billion centering on rice transplanters. Sales for European market decreased ¥0.1 billion affected by continued sluggish demand in the first half of the fiscal year, while sales for Australia increased ¥0.1 billion.

B. Operating income: Increased ¥2.3 billion (up 43.3%) to ¥7.4 billion.

Ordinary income: Increased ¥2.9 billion (up 53.0%) to ¥8.3 billion.

・ Operating income increased ¥2.3 billion to ¥7.4 billion mainly due to the effect of sales and earnings improvement, which was propelled by increased revenue and modified strong yen, exceeded the increase of fixed expenses such as development and facility cost, as well as the increase of selling, general and administrative expenses.

・ Ordinary income increased ¥2.9 billion to ¥8.3 billion mainly due to foreign exchange gains and increased operating income.

C. Income before tax: Increased ¥2.4 billion (up 44.3%) to ¥7.9 billion.

Net income: Increased ¥2.4 billion (up 62.0%) to ¥6.4 billion.

・ Income before tax increased ¥2.4 billion to ¥7.9 billion mainly due to receipt of the insurance payment for the fire that broke out last year at Iseki Matsuyama Mfg. Co., Ltd., reduced earthquake-related compensation from Tokyo Electric Power Company and appropriation of impairment loss of noncurrent assets.

・ Net income increased ¥2.4 billion to ¥6.4 billion.

2) Comparison with the forecast

A. Net sales: Decreased ¥0.9 billion (Domestic down ¥1.1 billion, Overseas up ¥0.2 billion)

・ Both domestic and overseas sales were almost in line with the forecast, except that the construction of large facilities was delayed in the domestic sales segment.

B. Operating income: Increased ¥0.7 billion compared with the forecast.

Ordinary income: Increased ¥0.7billion compared with the forecast.

・ Ordinary Operating income increased ¥0.7 billion mainly due to increased gross income driven by favorable turn of profit from sales and manufacturing subsidiaries, and due to reduced selling, general and administrative expenses.

・ Ordinary income increased ¥0.7 billion.

C. **Income before income taxes: Increased ¥0.5 billion compared with the forecast**

Net income: Increased ¥0.9billion compared with the plan

・ Income before income taxes increased ¥0.5 billion.

・ Net income increased ¥0.9billion.

3) Dividend: Year-end dividend of ¥4 per share is planned.

・ As announced on February 7, 2014 by "Notice on revision of the dividend forecast for the fiscal year ending March 31, 2014".

(Reference: Sales Breakdown) (Billions of yen)

	FY2013	**FY2014**	Variance	FY2014 Forecast	Variance
Agricultural Machinery	67.1	**72.5**	5.4	72.2	0.3
Farming implement	17.5	**21.6**	4.1	21.3	0.3
Repair Parts	14.6	**14.5**	(0.1)	14.7	(0.2)
Construction of Facilities	7.8	**7.7**	(0.1)	8.8	(1.1)
Other Agriculture Related	25.9	**26.6**	0.7	27.0	(0.4)
Agriculture Related Total	132.9	**142.9**	10.0	144.0	(1.1)
Other Business	0.1	**0**	(0.1)	0	0
Domestic Sales Total	133.0	**142.9**	9.9	144.0	(1.1)
North America	6.5	**10.1**	3.6	10.1	0
Europe	5.3	**5.2**	(0.1)	5.4	(0.2)
China	6.7	**7.0**	0.3	7.1	(0.1)
Other Asia	1.5	**1.5**	0	1.4	0.1
Oceania and Others	0.5	**0.6**	0.1	0.5	0.1
Product Sales Total	20.5	**24.4**	3.9	24.5	(0.1)
Repair Parts	1.2	**1.3**	0.1	1.2	0.1
Engines and others	1.0	**0.5**	(0.5)	0.3	0.2
Overseas Sales Total	22.7	**26.2**	3.5	26.0	0.2
Total	155.7	**169.1**	13.4	170.0	(0.9)

(Points of view of the business performance forecast)

- In spite of expectations for economic boost on the back of governmental economic measures and monetary policy as well as improved export environment due to modified strong yen, there are concerns for the domestic economy to stall after the consumption tax hike in April, 2014. In overseas, in spite of a trend for economic recovery in the US, the recovery in Europe and China has been delayed longer than expected. Thus, the world economy as a whole has been in weak trend, and our business environment still remains difficult and uncertain.
- Domestically, while there is a concern for reactionary contraction after the consumption tax hike and some reduction in the domestic demand for agricultural machinery is assumed, engagements towards revitalization of agriculture such as large agriculture-related budgets are expected. We will try to expand our sales by strengthening agribusiness support and proposals suitable for agricultural management of our customers, in addition to strengthening sales of low cost/energy saving machinery and its services.
- In overseas, we will try to expand our markets by launching strategic products that meet the requirements of customers in European and North American market. Since our Chinese subsidiary becomes an equity method affiliated company by business integration, overseas sales on consolidated accounting base will turn out to be decreased. However, we expect to achieve increased overseas sales in entire Iseki Group if the sales of the above company are included.
- In terms of earnings, we expect decreased profit in spite of the forex effect by weaker yen, mainly due to decreased sales and decreased gross profit by incurred initial costs related to start of operation of the Indonesian manufacturing subsidiary, as well as extinction of foreign exchange gains that were incurred in the previous period.

[Forecasts of the consolidated business performance for the fiscal year ending March 31, 2015]

(Billons of yen)

	FY2014 Actual	**FY2015 Forecast**	Variance		FY2013 Actual	Variance	
			Amount	%		Amount	%
Net Sales	169.1	**165.0**	(4.1)	(2.4)	155.7	9.3	6.0
Domestic	142.9	**142.0**	(0.9)	(6.9)	133.0	9.0	6.7
Overseas	26.2	**23.0**	(3.2)	(13.7)	22.7	0.3	1.6
Operating Income	7.4	**5.5**	(1.9)	(25.4)	5.1	0.4	6.9
Ordinary Income	8.3	**5.1**	(3.2)	(38.4)	5.4	(0.3)	(5.8)
Net Income	6.4	**2.6**	(3.8)	(59.7)	4.0	(1.4)	(34.7)

The company forex rates are ¥101 against the US dollar and ¥140 against Euro.

With respect to the dividend for the fiscal year ending March 31, 2015, we plan year-end dividend of ¥3 to ¥4 per share.

(Reference)

Forecast of overseas sales of the entire group including equity method affiliated companies

(Billions of yen, %)

	FY2014 Actual	**FY2015 Forecast**	Variance	
			Amount	%
Overseas Sales	26.8	**31.5**	4.7	17.5
Overseas Sales Ratio	15.8%	**18.2%**		