

**Supplementary Information to the Three Months of Financial Results**  
(Apr.1, 2014-June 30, 2014)

	(Billions of yen, %)						
	1 <sup>st</sup> Quarter FY2013	1 <sup>st</sup> Quarter FY2014	1 <sup>st</sup> Quarter FY2015	Variance		1 <sup>st</sup> Quarter Plan	Variance Amount
				Amount	%		
Net Sales	34.0	34.8	<b>49.2</b>	14.4	41.4	49.0	0.2
Domestic	29.7	29.1	<b>43.5</b>	14.4	49.3	43.6	(0.1)
Overseas	4.3	5.7	<b>5.7</b>	-	0.7	5.4	0.3
Gross Profit on Sales	11.4	11.4	<b>13.3</b>	1.9	16.5	13.1	0.2
Gross Profit Margin	33.6%	32.9%	<b>27.1%</b>	(5.8%)	-	27.1%	-
Selling, General and Administrative Expenses	10.2	10.5	<b>11.3</b>	0.8	7.9	11.2	0.1
Operating Income	1.2	0.9	<b>2.0</b>	1.1	114.4	1.9	0.1
Balance of Financial Income	(0.2)	(0.2)	<b>(0.2)</b>	0	-	(0.2)	-
Other Non-operating Income	0.2	0.6	<b>0</b>	(0.6)	-	0.1	(0.1)
Ordinary Income	1.2	1.3	<b>1.8</b>	0.5	38.3	1.8	-
Extraordinary Gains	0.2	0	<b>0.6</b>	0.6	-	0.7	(0.1)
Extraordinary Losses	(0.1)	0	<b>0</b>	-	-	0	-
Income Before Income Taxes and Minority Interests	1.3	1.3	<b>2.4</b>	1.1	83.0	2.5	(0.1)
Income taxes	0.2	0.3	<b>(1.1)</b>	(1.4)	-	(1.3)	0.2
Net Income	1.5	1.6	<b>1.3</b>	(0.3)	(20.4)	1.2	0.1

\* Three months consolidated business results of the company have consolidated Jan. to Mar. performance of December settlement companies mainly domestic sales companies, and Apr. to Jun. performance of ISEKI CO., Ltd. and other March settlement companies.

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

**A. Net Sales: Increased ¥14.4 billion (up 41.4 %) to ¥49.2 billion.**

• **Domestic sales increased ¥14.4 billion (up 49.3%) to ¥43.5 billion.**

Sales of agricultural machinery increased ¥6.0 billion as a whole due to an increase in revenues from Jan. to Mar. mainly on the last-minute demand in preparation for the consumption tax hike starting from April. Sales of farming implements also increased ¥2.8 billion linked with higher sales of tractors. Sales of construction of facilities increased ¥2.1 billion due to completion of major construction works. Sales of others increased ¥2.7 billion due to last-minute demand for agricultural materials, etc.

• **Overseas sales remained the same at ¥5.7 billion (up 0.7%)**

By area, sales for European market increased ¥1.2 billion mainly due to recovery in the demand. Sales for North American market decreased ¥0.6 billion mainly because the effect of launching the new product, utility tractor, whose shipment has been started since the year before last, was weakened. And sales in China decreased ¥0.6 billion due to reduced local subsidy and flood, etc. Sales for other Asia and Australia remained unchanged from the previous period.

**B. Operating income: Increased ¥1.1 billion (up 114.4%) to ¥2.0 billion.****Ordinary income: Increased ¥0.5 billion (up 38.3%) to ¥1.8 billion.**

- Operating income increased ¥1.1 billion to ¥2.0 billion mainly due to higher gross income by expanded revenues that exceeded increase of selling, general and administrative expenses.
- Ordinary income increased ¥0.5 billion to ¥1.8 billion due to posting of foreign exchange losses, while operating income grew.

**C. Income before tax: Increased ¥1.1 billion (up 83.0%) to ¥2.4 billion.****Quarterly net income: Decreased ¥0.3 billion (down 20.4%) to ¥1.3 billion.**

- Income before tax increased ¥1.1 to ¥2.4 billion mainly due to posting of gain on change in equity from investment in kind in our subsidiary in China.
- Quarterly net income decreased ¥0.3 billion to ¥1.3 billion due to increased tax payment.

**2) Comparison with the plan****A. Net sales: Increased ¥0.2 billion to ¥49.2 billion**

- Both domestic and overseas sales shifted almost in line with our original plan. Domestic sales decreased ¥0.1 billion to ¥43.5 billion and overseas sales increased ¥0.3 to ¥5.7 billion.

**B. Operating income, ordinary income and net income**

- Each income shifted almost in line with our original plan. Operating income improved ¥0.1 billion to ¥2.0 billion compared with the plan, and ordinary income was the same as the plan at ¥1.8 billion. Net income improved ¥0.1 billion to ¥1.3 billion.

(Sales Breakdown)

					(Billions of yen)	
	1 <sup>st</sup> Quarter FY2013	1 <sup>st</sup> Quarter FY2014	1 <sup>st</sup> Quarter FY2015	Variance	1 <sup>st</sup> Quarter Plan	Variance
Agricultural Machinery	15.2	15.9	<b>21.9</b>	6.0	22.0	(0.1)
Farming implement	3.8	4.3	<b>7.1</b>	2.8	7.1	-
Parts	2.5	2.5	<b>3.3</b>	0.8	3.3	-
Construction of Facilities	2.7	0.6	<b>2.7</b>	2.1	2.7	-
Others	5.5	5.8	<b>8.5</b>	2.7	8.5	-
<b>Domestic Sales Total</b>	<b>29.7</b>	<b>29.1</b>	<b>43.5</b>	<b>14.4</b>	<b>43.6</b>	<b>(0.1)</b>
North America	1.4	2.7	<b>2.1</b>	(0.6)	2.4	(0.3)
Europe	0.9	0.9	<b>2.1</b>	1.2	1.8	0.3
China	1.1	1.2	<b>0.6</b>	(0.6)	0.6	-
Other Asia	0.2	0.3	<b>0.2</b>	(0.1)	0.1	0.1
Oceania and Others	0.1	0.1	<b>0.1</b>	-	0.1	-
<b>Product Sales Total</b>	<b>3.7</b>	<b>5.2</b>	<b>5.1</b>	<b>(0.1)</b>	<b>5.0</b>	<b>0.1</b>
Repair Parts	0.3	0.3	<b>0.4</b>	0.1	0.3	0.1
Engines and others	0.3	0.2	<b>0.2</b>	-	0.1	0.1
<b>Overseas Sales Total</b>	<b>4.3</b>	<b>5.7</b>	<b>5.7</b>	<b>-</b>	<b>5.4</b>	<b>0.3</b>
<b>Total</b>	<b>34.0</b>	<b>34.8</b>	<b>49.2</b>	<b>14.4</b>	<b>49.0</b>	<b>0.2</b>

## II. Business performance forecast for the fiscal year ending March 31, 2015

- Since the business performance during the first quarter has shifted almost in line with our original plan, we have not made revisions to the business performance forecasts announced on May 14, 2014 on the grounds that there will be no significant changes to the future prospect at this point in time.  
Although overseas sales forecast will be decreased sales on consolidated settlement as our subsidiary in China has been eliminated from consolidation since the end of the first quarter due to the business integration, we expect overseas sales of ISEKI Group in total to be increased if the sales of equity method affiliates are included.
- While we are examining the impact on the consolidated business performance of share acquisition of our distributor in France, YB Holding and YVAN BEAL, of which we announced on July 22, 2014, it is expected approximately ¥0.8 billion worth negative goodwill will be incurred according to a trial calculation as of July 24, 2014. We will judge the impact to the consolidated business performance of the current period based on our study of the assets assessment and tax burden, etc. until settlement of the six month results.

### [Forecasts of the consolidated business performance for the second quarter (cumulative) of the fiscal year ending March 31, 2015]

(April 1, 2014-September 30, 2014)

(Billions of yen)

	2 <sup>nd</sup> Quarter FY2013	2 <sup>nd</sup> Quarter FY2014	2 <sup>nd</sup> Quarter Forecast	Variance	
				Amount	%
Net Sales	80.4	82.5	<b>83.0</b>	0.5	0.6
Domestic	69.4	69.4	<b>72.0</b>	2.6	3.7
Overseas	11.0	13.1	<b>11.0</b>	(2.1)	(15.9)
Operating Income	4.1	4.2	<b>2.8</b>	(1.4)	(32.8)
Ordinary Income	3.8	4.9	<b>2.6</b>	(2.3)	(46.9)
Net Income	3.0	3.2	<b>1.3</b>	(1.9)	(59.0)

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

(April 1, 2014-March 31, 2015)

(Billions of yen)

	FY2013	FY2014	FY2015 Forecast	Variance	
				Amount	%
Net Sales	155.7	169.1	<b>165.0</b>	(4.1)	(2.4)
Domestic	133.0	142.9	<b>142.0</b>	(0.9)	(6.9)
Overseas	22.7	26.2	<b>23.0</b>	(3.2)	(13.7)
Operating Income	5.1	7.4	<b>5.5</b>	(1.9)	(25.4)
Ordinary Income	5.4	8.3	<b>5.1</b>	(3.2)	(38.4)
Net Income	4.0	6.4	<b>2.6</b>	(3.8)	(59.7)

\* With respect to company forex rates of the company, we have assumed ¥101 against the US dollar (unchanged) and ¥137 against Euro (changed from ¥140).

(Reference)

Overseas sales forecast of ISEKI Group as a whole including equity method affiliates

(Billions of yen)

	FY2014	FY2015 Forecast	Variance	
			Amount	%
Overseas sales of ISEKI Group as a whole	26.8	<b>31.5</b>	4.7	17.5
Consolidated overseas sales	26.2	<b>23.0</b>	-	-
Equity method affiliates sales	0.6	<b>8.5</b>	-	-
Overseas sales ratio	15.8%	<b>18.2%</b>	-	-

\*Performance forecasts announced on May 14 have not been changed.