November 11, 2015

ISEKI & CO., LTD.

Supplementary Information to Consolidated Financial Results

(April 1, 2015–September 30, 2015)

I. Consolidated business results for the six months ended September 30, 2015

(Billions of yen, %)

	Six months of FY ended March 31, 2015	**Six months of FY ending December 31, 2015**	Year-on year change		Six months of FY ending December 31, 2015 Forecast	Difference (forecast/ actual)
			Amount	%		
Net sales	82.4	**77.6**	(4.8)	(5.9)	78.0	(0.4)
Domestic	71.4	**61.5**	(9.9)	(14.0)	64.5	(3.0)
Overseas	11.0	**16.1**	5.1	46.6	13.5	2.6
Gross profit	23.5	**23.0**	(0.5)	(2.5)	24.3	(1.3)
Gross profit margin	28.6%	**29.6%**	1.0%	—	31.2%	(1.6%)
Selling, general and administrative expenses	22.5	**22.1**	(0.4)	(1.9)	22.5	(0.4)
Operating income	1.0	**0.9**	(0.1)	(15.5)	1.8	(0.9)
Balance of financial income	(0.3)	**(0.4)**	(0.1)	—	(0.4)	—
Other non-operating income	0.8	**0.8**	—	—	0.3	0.5
Ordinary income	1.5	**1.3**	(0.2)	(14.5)	1.7	(0.4)
Extraordinary income	1.4	**0.2**	(1.2)	—	0.1	0.1
Extraordinary losses	(0.2)	**(0.1)**	0.1	—	(0.2)	0.1
Income before income taxes	2.7	**1.4**	(1.3)	(49.9)	1.6	(0.2)
Income taxes	(1.4)	**(2.1)**	(0.7)	—	(0.7)	(1.4)
Profit (loss) attributable to owners of parent	1.3	**(0.7)**	(2.0)	—	0.9	(1.6)

Note: The six-months consolidated business results of the Company comprise the consolidated January to June performance of December settlement companies, mainly domestic sales companies, and April to September performance of ISEKI & CO., LTD. and other March settlement companies.

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

A. Net sales: Decreased ¥4.8 billion (down 5.9%) to ¥77.6 billion

・ **Domestic net sales decreased ¥9.9 billion (down 14.0%) to ¥61.5 billion.**

Sales of all agricultural machinery decreased ¥5.4 billion year on year, due to the significant increase in sales at our domestic sales companies in the period from January to March last year, owing to the last-minute surge in demand before the rise in the consumption tax rate, and the inability to offset the decrease in sales in the period from January to March this year with sales in the period from April to June, despite showing an increase from the same period last year. The domestic sales of agricultural machinery by sales companies from April to September 2015 grew by 11% year on year.

Sales of farming implements decreased ¥1.4 billion alongside the decrease in the sales of agricultural machinery. Sales from the construction of facilities decreased ¥1.6 billion, reflecting the completion of a major project in the same period last year.

・ **Overseas net sales increased ¥5.1 billion (up 46.6%) to ¥16.1 billion.**

With regard to sales by area, sales in Europe increased ¥3.0 billion, thanks to the introduction of new models and the Group's 90th anniversary sales campaigns as well as contributions to sales from ISEKI France S.A.S, a newly consolidated subsidiary.

Sales in North America increased ¥1.2 billion, due to the strong shipment of the newly launched economy compact tractor. Sales in China decreased ¥0.5 billion because a subsidiary, which was included in the consolidated first quarter results of the previous fiscal year, was excluded thereafter. However, sales at Dongfeng Iseki Agricultural Machinery Co., Ltd., a local equity method affiliated company, increased significantly from the same period last year, mainly owing to sales of rice transplanters. Sales in the rest of Asia increased ¥1.0 billion mainly as a result of the increase in shipments to Indonesia and Thailand.

B. Operating income: Decreased ¥0.1 billion (down 15.5%) to ¥0.9 billion
Ordinary income: Decreased ¥0.2 billion (down 14.5%) to ¥1.3 billion

・ Operating income decreased ¥0.1 billion, to ¥0.9 billion, due to a decrease in gross profit resulting from lower sales, while personnel expenses decreased resulting from the completion of amortization of net retirement benefit obligations at transition and a reduction in fixed costs.

・ Ordinary income decreased ¥0.2 billion, to ¥1.3 billion, due mainly to a deterioration in the balance of financial income.

C. Income before income taxes: Decreased ¥1.3 billion (down 49.9%) to ¥1.4 billion
Profit (Loss) attributable to owners of parent: Decreased ¥2.0 billion to ¥ (0.7) billion

・ Income before income taxes decreased ¥1.3 billion, to ¥1.4 billion, due mainly to the absence of a gain on change in equity and negative goodwill as occurred in the same period last year, despite the posting of a gain on sales of investment securities during the period under review.

・ Loss attributable to owners of parent of ¥0.7 billion was recorded, a decrease of ¥2.0 billion from profit attributable to owners of parent, due mainly to the disposal of deferred tax assets of ¥1.4 billion owing to tax effect accounting.

The Company decided to dispose of deferred tax assets to reflect the deterioration of business results against initial plans caused by the fact that earnings for the period from January to March, when the shipment value was high, will not be posted at non-consolidated ISEKI & CO., LTD., due to its nine-month results (transitional period), and that shipments to sales companies were restrained to reduce inventory at stores.

2) Comparison with the forecast

A. Net sales: ¥77.6 billion, ¥0.4 billion short of the forecast

・ Domestic net sales were ¥3.0 billion short of the forecast in total, with a ¥2.2 billion overall shortage in agricultural machinery, due to the inability to see a full-fledged recovery in domestic sales of agricultural machinery during the high-demand season in spring.

・ Overseas net sales were ¥1.1 billion above the forecast in the North American market, due to the strong shipment of the newly launched economy compact tractor; ¥1.3 billion above the forecast in the European market owing to strong demand.

Sales in Asia except China were ¥0.5 billion above the forecast mainly due to the increase in shipments to Indonesia and Thailand. Overall overseas net sales were ¥2.6 billion above the forecast.

B. Operating income, ordinary income and profit attributable to owners of parent

・ Operating income was ¥0.9 billion short of the forecast due mainly to a decrease in gross profit as a result of decreased sales of agricultural machinery in Japan (April to September), despite a steady ¥1.8 billion reduction in expenses, excluding the effect of changes in consolidation segments, against the plan of a ¥2.6 billion reduction for the full year. Ordinary income was ¥0.4 billion short of the forecast due to the decrease in operating income, despite the posting of foreign exchange gains and others.

Profit attributable to owners of parent was ¥1.6 billion short of the forecast due mainly to a ¥1.4 billion disposal of deferred tax assets owing to tax effect accounting.

(Sales breakdown) (Billions of yen)

	Six months of FY ended March 31, 2015	**Six months of FY ending December 31, 2015**	Year-on-year change	Six months of FY ending December 31, 2015 Forecast	Difference (forecast/ actual)
Agricultural machinery	34.5	**29.1**	(5.4)	31.3	(2.2)
Farming implements	11.1	**9.7**	(1.4)	9.4	0.3
Spare parts	7.1	**6.5**	(0.6)	6.9	(0.4)
Construction of facilities	4.0	**2.4**	(1.6)	2.6	(0.2)
Others	14.7	**13.8**	(0.9)	14.3	(0.5)
Domestic sales total	71.4	**61.5**	(9.9)	64.5	(3.0)
North America	4.7	**5.9**	1.2	4.8	1.1
Europe	3.8	**6.8**	3.0	5.5	1.3
China	0.7	**0.2**	(0.5)	0.6	(0.4)
Asia except China	0.3	**1.3**	1.0	0.8	0.5
Oceania and others	0.4	**0.4**	—	0.3	0.1
Product sales total	9.9	**14.6**	4.7	12.0	2.6
Spare parts	0.7	**1.2**	0.5	1.5	(0.3)
Engines and others	0.4	**0.3**	(0.1)	0.0	0.3
Overseas sales total	11.0	**16.1**	5.1	13.5	2.6

II. The business performance forecast for the fiscal year ending December 31, 2015

- Domestic net sales are expected to be ¥5.9 billion short of the previous forecast, as sales in and after April failed to see a full-fledged recovery, despite recovering rice prices.

  Of domestic net sales, sales of agricultural machinery during August and September declined to the same level as in the previous year, since the application for the Agri-Seed Leasing program (a leasing support program provided by The Norinchukin Bank) was carried out in July and agricultural practitioners were chosen to receive the grants in October and later. Sales of agricultural machinery increased 22% year on year in October, when the grant recipients were chosen, and are expected to remain robust in November and December.
- Overseas net sales are expected to be ¥2.4 billion above the previous forecast, due mainly to continued strength in the North American and European markets, as well as the effects of strategic products that were newly launched and increases in sales in focus regions such as Southeast Asia.
- Operating income is expected to be ¥2.9 billion short of the previous forecast due mainly to a decrease in gross profit as a result of decreased sales of agricultural machinery in Japan and the deterioration in profitability mainly owing to changes in the product mix. Ordinary income and profit attributable to owners of parent were revised from the previous forecast to reflect the lower operating income forecast.

[Forecast for the consolidated business performance for the fiscal year ending December 31, 2015]

(April 1, 2015–December 31, 2015) (Billions of yen, %) (Reference)

	Previous Forecast	**Latest Forecast**	Difference	FY ended March 31, 2015 Restated*	Difference (latest forecast/ actual)
Net sales	152.0	**148.5**	(3.5)	145.7	2.8
Operating income	3.9	**1.0**	(2.9)	(0.3)	1.3
Ordinary income	3.7	**0.7**	(3.0)	1.0	(0.3)
Profit (loss) attributable to owners of parent	2.1	**(1.8)**	(3.9)		

(Sales Breakdown) (Billions of yen, %) (Reference)

	Previous Forecast	**Latest Forecast**	Difference	FY ended March 31, 2015 Restated*	Difference (latest forecast/ actual)
Net sales	152.0	**148.5**	(3.5)	145.7	2.8
Domestic	131.5	**125.6**	(5.9)	129.0	(3.4)
Overseas	20.5	**22.9**	2.4	16.7	6.2

Note: With respect to foreign exchange rates, the rate assumption used is ¥120 to the US dollar (revised from ¥115) and ¥133 to the Euro (revised from ¥130).

*"FY ended March 31, 2015 Restated" includes results from April 2014 to December 2014. For details, please refer to the Reference on pages 6-7.

[Forecast for the year-end dividend for the fiscal year ending December 31, 2015]

(Yen)

	Dividend per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
Previous forecast (Announced on May 14, 2015)	—	—	—	3.00	3.00
Latest forecast	**—**	**—**	**—**	**1.50**	**1.50**
(Reference) FY2015 actual	—	—	—	3.00	3.00

(Reason for revision)

We recognize that the payout of dividends is one of the most important policies to be determined. Our basic policy is to continue executing and increase our dividend distribution on a steady basis, taking into consideration not just consolidated financial results but the Group's financial position and future business developments as well as changes in our managerial environment.

With respect to the forecast for the year-end dividend for the fiscal year ending December 31, 2015, which was ¥3 per share in the dividend forecast announced on May 14, 2015, we have revised it down to ¥1.5 per share, in view of the net loss forecast.

(Reference)

Consolidated overseas net sales forecast including Chinese businesses

(Billions of yen, %)

	Previous Forecast	**Latest Forecast**	Difference		(Reference) FY ended March 31, 2015 Restated*	Difference (latest forecast/ actual)
			Amount	%		
Overseas net sales	28.0	**31.2**	3.2	11.4	20.1	11.1

<Reference>

Outline of fiscal year ending December 31, 2015

1. Revision of fiscal year

- The fiscal year-end (the last day of a fiscal year) of the Company has been changed to December 31 from the former March 31, effective as of fiscal 2015. As a transitional treatment, results in the following period are included in the consolidated accounting for fiscal 2015:
  - Companies that have adopted December 31 as their fiscal year-end: Results from January 1, 2015 to December 31, 2015 (12 months)
  - Companies that have adopted March 31 as their fiscal year-end: Results from April 1, 2015 to December 31, 2015 (9 months)
- Quarterly periods for the consolidated fiscal year ending December 31, 2015

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
a. Companies that have adopted December 31 as their fiscal year-end Domestic sales companies and other companies	1Q			2Q			3Q			4Q		
b. Companies that have adopted March 31 as their fiscal year-end ISEKI & CO., LTD. and other companies				1Q			2Q			3Q		
Consolidated Financial Results (Cumulative)				**1Q** a. Jan. - Mar. b. Apr. - Jun.			**2Q** a. Jan. - Jun. b. Apr. - Sep.			**Full Year Results** a. Jan. - Dec. b. Apr. - Dec.		

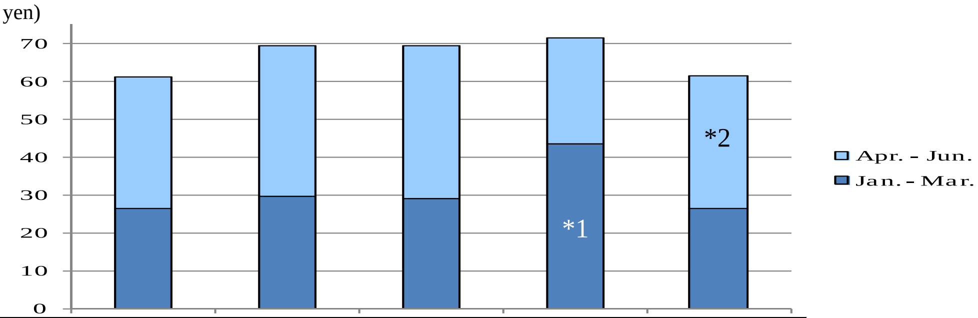
2. Key points in the consolidated business results for the six months ended September 30, 2015

- The consolidated business results of the Company for the six months ended September 30, 2015 include business results from January 2015 to June 2015 of December settlement companies, mainly domestic sales companies, and business results from April 2015 to September 2015 of ISEKI & CO., LTD. and other March settlement companies.
- Additional information on net sales

  (1) Domestic net sales grew significantly in the period from January to March last year, owing to the last-minute surge in demand before the rise in the consumption tax rate (*1). Sales in the period from April to June this year increased (*2), but was unable to offset the decrease in sales in the period from January to March.

< Domestic net sales for the six months ended September 30, 2015 >

(Billions of yen)



Fiscal year	FY ended March 31, 2012	FY ended March 31, 2013	FY ended March 31, 2014	FY ended March 31, 2015	FY ending December 31, 2015
Cumulative net sales (Billions of yen)	61.1	69.4	69.4	71.4	61.5
Jan. – Mar.	26.4	29.7	29.1	43.5	26.5

(2) Changes in the scope of consolidation since the previous fiscal year affected overseas net sales.

- In Europe, ISEKI France S.A.S became a subsidiary of the Company in July 2014. Accordingly, the consolidated results for the six months of the fiscal year ending December 31, 2015 included business results of ISEKI France S.A.S from January 2015 to June 2015.
- In China, the accounting method for a company which had been a consolidated subsidiary of the Company was changed to the equity method at the end of the first quarter of the fiscal year ending March 31, 2015. As a result, business results for the Chinese company were not included in the consolidated results for the fiscal year ending December 31, 2015.

3. Comparison of forecasts for consolidated business results (comparison with restated results for the fiscal year ended March 31, 2015)

- To use the same conditions for the year-to-year comparison, the results for the fiscal year ended March 31, 2015 were restated on the comparable period basis.
  - Companies that have adopted December 31 as their fiscal year-end: Results from January 1, 2014 to December 31, 2014 (12 months)
  - Companies that have adopted March 31 as their fiscal year-end: Results from April 1, 2014 to December 31, 2014 (9 months)