

Summary of Consolidated Financial Results For the Third Quarter Ended November 30, 2015 [Japan GAAP]

Name of Company:	Takeuchi Mfg. Co., Ltd.
Stock Code:	6432
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
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Date of quarterly securities report (tentative):	January 14, 2016
Date of commencement of dividend payment (tentative):	-
Quarterly earnings supplementary explanatory documents:	No
Quarterly earnings presentation:	No

(Yen in millions, rounded down)

1. Financial results for the first three quarters of the fiscal year ending February 2016 (March 1, 2015 – November 30, 2015)

(1) Result of operations (Consolidated, year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three quarters ended Nov. 2015	67,988	25.7	12,724	59.9	12,887	38.3	8,036	38.0
First three quarters ended Nov. 2014	54,090	29.6	7,959	155.7	9,320	95.9	5,824	64.7

Note: Comprehensive income: First three quarters of FY2/2016: 7,794 million yen (27.1%),
First three quarters of FY2/2015: 6,131 million yen (34.2 %)

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First three quarters ended Nov. 2015	164.02		-	
First three quarters ended Nov. 2014	118.89		-	

Note: There was a 3-for-1 stock split on September 1, 2015. Net income per share is presented as if this split had taken place at the beginning of the previous fiscal year.

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of November 30, 2015	74,146		53,366		72.0	
As of February 28, 2015	66,311		46,093		69.5	

Notes: Shareholders' equity

As of November 30, 2015: 53,366 million yen As of February 28, 2015 46,093 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2015	-	0.00	-	27.00	27.00
Fiscal year ending February 2016	-	0.00	-	-	-
Fiscal year ending February 2016 (est.)	-	-	-	18.00	18.00

Note: Change in the estimation of dividend from the latest announcement: No

* There was a 3-for-1 stock split on September 1, 2015. Before adjusting for this split, the year-end dividend forecast for the fiscal year ending in February 2016 was 54 yen, which is 27 yen higher than the year-end dividend for the previous fiscal year.

3. Forecast for the fiscal year ending February 2016 (Consolidated, March 1, 2015 - February 29, 2016)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	82,000	17.3	14,500	36.9	14,100	15.1	8,800	14.4	179.61

Note: Change in the forecast from the latest announcement: None

* There was a 3-for-1 stock split on September 1, 2015. Before adjusting for this split, net income per share forecast for the fiscal year ending in February 2016 is 538.83 yen.

* Notes

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: Please see 2. Other information (3) Changes in accounting principles and estimates, and retrospective restatement on page 3

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of November 30, 2015: 48,999,000 As of February 28, 2015: 48,999,000

(b) Treasury shares

As of November 30, 2015: 3,858 As of February 28, 2015: 3,627

(c) Average number of shares (quarterly consolidated cumulative period)

Period ended November 30, 2015: 48,995,304 Period ended November 30, 2014: 48,995,442

Note: There was a 3-for-1 stock split on September 1, 2015. The number of shares outstanding (common stocks) at the end of the first half of the current and previous fiscal years is presented as if this split had taken place at the beginning of the previous fiscal year

* Description of quarterly review procedure implementation status

The rule mandating a review of quarterly financial statements (under the Financial Instruments and Exchange Act) does not apply to this Summary of Financial Results.

It has been completed the quarterly review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

* Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "(3) Forecast for the current fiscal year" on page 3.

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1. Results of Operations

(1) Overview on consolidated business performance

During the first three quarters of the current fiscal year, the economy of the United States, which is one of the Takeuchi Group's major markets, continued to grow at a moderate pace. The growth rate slowed at the beginning of the year because of unfavorable weather. Thereafter, however, the economy was supported by solid growth in consumer spending as the number of jobs rebounded and by a recovery in housing investments. In Europe, the Group's other major market, solid economic growth continued in the United Kingdom as consumer spending recovered along with steady improvements in the employment situation. In general, the Eurozone economy recovered slowly as monetary easing and the weaker euro supported growth in consumer spending.

In the first nine months of the year, the sales volume of compact excavators, hydraulic excavators and track loaders was higher than one year earlier. Growth was attributable to heightened sales activities in the United States and Europe and to an increase in demand. As a result, sales in the first nine months increased 25.7% from one year earlier to 67,988 million yen.

Operating income increased 59.9% to 12,724 million yen. This was the result of a lower fixed cost ratio as the cost of sales decreased and sales increased and the positive effect on profit margins as the weaker yen increased yen translations of foreign currency-denominated sales. After a foreign exchange gain of 74 million yen and other items, ordinary income increased 38.3% to 12,887 million yen. Income taxes were 4,851 million yen and net income was up 38.0% to 8,036 million yen.

Geographic segment performance was as follows:

(a) Japan

Sales increased 21.6% to 23,195 million yen because of the larger number of compact excavators and hydraulic excavators for sale in Europe. Segment income increased 50.7% to 11,912 million yen mainly because of growth in sales to sales subsidiaries and a higher profit margin.

(b) United States

Sales increased 42.7% to 34,185 million yen along with growth in the sales volume of hydraulic excavators and track loaders and higher yen conversions of U.S. dollar-denominated sales as the yen weakened. Segment income was up 22.2% to 1,841 million yen.

(c) United Kingdom

Sales increased 8.0% to 7,922 million yen. Growth was attributable to the higher sales volume of compact excavators and an increase in yen translations of British pound-denominated sales because of the weaker yen. Segment income was down 9.3% to 387 million yen.

(d) France

Sales decreased 15.5% to 2,016 million yen because of the low sales volume of compact excavators and hydraulic excavators. Segment income was down 71.3% to 35 million yen.

(e) China

Segment sales decreased 50.0% to 668 million yen because of a decline in the sales volume of compact excavators and hydraulic excavators caused mainly by slower economic growth. There was a loss of 662 million yen compared with a loss of 164 million yen one year earlier.

(2) Overview of financial condition

Assets were 74,146 million yen at the end of the third quarter, 7,835 million yen more than at the end of the previous fiscal year. The major changes in assets were a decrease of 2,754 million yen in inventories, an increase of 2,586 million yen in cash and deposits, and an increase of 7,325 million yen in notes and accounts receivable, stemming from higher sales.

Liabilities increased 562 million yen to 20,780 million yen. There was a 2,296 million yen decrease in income taxes payable because of tax payments and a 3,495 million yen increase in notes and accounts payable due to growth in production volume.

Net assets increased 7,272 million yen to 53,366 million yen. This was primarily the result of a 7,515 million yen increase in retained earnings because of net income in the first nine months.

(3) Forecast for the current fiscal year

There is no change in the forecast announced on October 9, 2015 for consolidated results of operations in the fiscal year ending in February 2016. For more information, please see the October 9 news release concerning revisions to the forecast for the first half and fiscal year.

The forecast for the current fiscal year is based on exchange rates of 115 yen to the US dollar, 176 yen to the British pound, 128 yen to the euro and 18.3 yen to the yuan

2. Other Information

(1) Changes in significant subsidiaries:

None

(2) Use of of accounting methods specifically for the preparation of the quarterly consolidated financial statements:

None

(3) Changes in accounting principles and estimates, and retrospective restatement:

(Changes in accounting principle)

(Application of accounting standard for retirement benefits)

Beginning at the start of the first quarter of the fiscal year ending on February 29, 2016, the Company is using Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015) as prescribed in paragraph 35 of this accounting standard and paragraph 67 of this guidance. The method for setting the discount rate has been changed from a method based on determining a base value for the number of years approximating to employees' average remaining service period to a method using a simple weighted average discount rate that reflects the anticipated payment period for accrued retirement benefits and the amounts to be paid in for each period.

For the application of the accounting standard for retirement benefits, in accordance with the transitional handling prescribed in paragraph 37 of this standard, the effect of the change in the method for calculating retirement benefit liabilities and service cost as of the beginning of the first three quarters is included in retained earnings.

As a result, at the beginning of the period, net defined benefit asset decreased 118,370 thousand yen and retained earnings decreased 80,221 thousand yen. However, effects on the first three quarters operating income, ordinary income and income before income taxes and minority interests were negligible.

3. Material Events Related to Going Concern Assumptions

None

4. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	Third quarter ended November 2015 (As of November 30, 2015)
ASSETS		
Current assets		
Cash and deposits	13,809,154	16,395,488
Notes and accounts receivable-trade	19,448,975	26,774,102
Merchandise and finished goods	15,769,843	13,534,034
Work in process	1,159,106	971,864
Raw materials and supplies	3,861,154	3,529,744
Deferred tax assets	2,881,257	2,750,883
Other	1,991,571	1,754,865
Allowance for doubtful accounts	(1,170,848)	(1,600,959)
Total current assets	57,750,215	64,110,023
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,340,902	3,261,435
Machinery, equipment and vehicles, net	980,975	983,861
Land	2,209,326	2,190,084
Other, net	318,935	2,110,270
Total property, plant and equipment	6,850,139	8,545,652
Intangible assets	904,419	806,396
Investments and other assets		
Other	956,541	830,763
Allowance for doubtful accounts	(149,477)	(145,925)
Total investments and other assets	807,063	684,837
Total noncurrent assets	8,561,622	10,036,886
Total assets	66,311,838	74,146,909

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	Third quarter ended November 2015 (As of November 30, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	11,878,869	15,374,235
Income taxes payable	4,036,651	1,739,885
Provision for bonuses	167,501	25,254
Provision for product warranties	1,072,345	1,111,882
Other	2,313,651	1,785,323
Total current liabilities	19,469,019	20,036,581
Noncurrent liabilities		
Provision for directors' retirement benefits	255,460	264,619
Provision for loss on guarantees	114,977	148,004
Other	378,721	331,606
Total noncurrent liabilities	749,158	744,230
Total liabilities	20,218,177	20,780,811
NET ASSETS		
Shareholders' equity		
Capital stock	3,632,948	3,632,948
Capital surplus	3,631,665	3,631,665
Retained earnings	37,460,349	44,975,361
Treasury shares	(3,479)	(3,992)
Total shareholders' equity	44,721,482	52,235,982
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,708	34,287
Foreign currency translation adjustment	1,070,493	878,157
Remeasurements of defined benefit plans	255,976	217,670
Total accumulated other comprehensive income	1,372,177	1,130,115
Total net assets	46,093,660	53,366,098
Total liabilities and net assets	66,311,838	74,146,909

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
For the first three quarters (March 1, 2015 – November 30, 2015)

(Thousand yen)

	First three quarters ended November 2014 (March 1, 2014 – November 30, 2014)	First three quarters ended November 2015 (March 1, 2015 – November 30, 2015)
Net sales	54,090,419	67,988,756
Cost of sales	40,946,633	49,146,221
Gross profit	13,143,786	18,842,535
Selling, general and administrative expenses		
Haulage expenses	1,578,299	1,955,783
Provision for product warranties	371,519	456,608
Provision of allowance for doubtful accounts	115,386	459,235
Provision for loss on guarantees	49,283	37,334
Directors' compensations	146,967	179,636
Salaries and bonuses	1,065,517	1,167,237
Provision for bonuses	6,188	5,303
Retirement benefit expenses	11,442	8,119
Provision for directors' retirement benefits	8,098	9,158
Other	1,831,231	1,839,702
Total selling, general and administrative expenses	5,183,934	6,118,118
Operating income	7,959,851	12,724,416
Non-operating income		
Interest income	16,898	34,001
Dividends income	2,538	3,238
Foreign exchange gains	1,258,002	74,310
Other	100,092	68,501
Total non-operating income	1,377,530	180,052
Non-operating expenses		
Interest expenses	4,855	4,439
Other	11,824	12,503
Total non-operating expenses	16,680	16,943
Ordinary income	9,320,702	12,887,525
Extraordinary income		
Gain on sales of non-current assets	780	-
Gain on sales of investment securities	3,991	260
Total extraordinary income	4,771	260
Income before income taxes and minority interests	9,325,474	12,887,785
Income taxes - current	3,936,081	4,676,121
Income taxes - deferred	(435,531)	175,471
Total income taxes	3,500,550	4,851,592
Income before minority interests	5,824,924	8,036,192
Net income	5,824,924	8,036,192

(Quarterly consolidated statements of comprehensive income)
For the first three quarters (March 1, 2015 – November 30, 2015)

(Thousand yen)

	First three quarters ended November 2014 (March 1, 2014 – November 30, 2014)	First three quarters ended November 2015 (March 1, 2015 – November 30, 2015)
Income before minority interests	5,824,924	8,036,192
Other comprehensive income		
Valuation difference on available-for-sale securities	16,999	(11,421)
Foreign currency translation adjustment	289,125	(192,335)
Remeasurements of defined benefit plans	-	(38,305)
Total other comprehensive income	306,125	(242,062)
Comprehensive income	6,131,049	7,794,130
Comprehensive income attributable to owners of the parent	6,131,049	7,794,130
Comprehensive income attributable to minority interests	-	-

(3) Notes to quarterly consolidated financial statement

(Notes to going concern assumptions)

None

(Significant change in shareholders' equity)

None

(Segment information)

I. For the first three quarters (March 1, 2014 – November 30, 2014)

Information about sales and income (loss) by reporting segments

(Thousand yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	19,070,639	23,959,756	7,336,059	2,386,493	1,337,470	54,090,419	-	54,090,419
(of which inter- segment)	29,656,233	1,182	17,069	10,179	664,540	30,349,205	(30,349,205)	-
Total	48,726,872	23,960,938	7,353,128	2,396,673	2,002,011	84,439,624	(30,349,205)	54,090,419
Segment income (loss)	7,906,030	1,506,559	427,514	124,644	(164,388)	9,800,359	(1,840,507)	7,959,851

- Notes:
1. Adjustment in segment income of -1,840,507 thousand yen includes -1,223,426 thousand yen for elimination of inter-segment trade and -617,081 thousand yen for corporate expenses which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.
 2. Segment income (loss) is adjusted for operating income (loss) on the quarterly consolidated statements of income.

II. For the first three quarters (March 1, 2015 – November 30, 2015)

Information about sales and income (loss) by reporting segments

(Thousand yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	23,195,461	34,185,073	7,922,911	2,016,910	668,399	67,988,756	-	67,988,756
(of which inter- segment)	33,590,374	314	40,442	21,528	907,301	34,559,960	(34,559,960)	-
Total	56,785,836	34,185,387	7,963,353	2,038,438	1,575,700	102,548,717	(34,559,960)	67,988,756
Segment income (loss)	11,912,041	1,841,572	387,777	35,736	(662,620)	13,514,507	(790,091)	12,724,416

- Notes:
1. Adjustment in segment income of -790,091 thousand yen includes -26,903 thousand yen for elimination of inter-segment trade and -763,188 thousand yen for corporate expenses which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.
 2. Segment income (loss) is adjusted for operating income (loss) on the quarterly consolidated statements of income.