

Summary of Consolidated Financial Results For the Third Quarter Ended November 30, 2014 [Japan GAAP]

Name of Company: Takeuchi Mfg. Co., Ltd.
 Stock Code: 6432
 Stock Exchange Listing: Tokyo Stock Exchange, JASDAQ
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 Date of quarterly securities report (tentative): January 14, 2015
 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 2015 (March 1, 2014 – November 30, 2014)

(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. 2014	54,090	29.6	7,959	155.7	9,320	95.9	5,824	64.7
First three quarters ended Nov. 2013	41,728	26.8	3,112	90.5	4,758	153.9	3,535	124.7

Note: Comprehensive income: First three quarters of FY2/2015: 6,131 million yen (34.2%),
 First three quarters of FY2/2014: 4,570 million yen (188.7 %)

	Net income per share		Net income per share fully diluted	
	Yen		Yen	
First three quarters ended Nov. 2014	356.66		-	
First three quarters ended Nov. 2013	216.49		-	

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of November 30, 2014	61,199		42,801		69.9	
As of February 28, 2014	52,472		36,931		70.4	

Notes: Shareholders' equity

As of November 30, 2014: 42,801 million yen As of February 28, 2014 36,931 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen				
Fiscal year ended February 2014	-	0.00	-	16.00	16.00
Fiscal year ending February 2015	-	0.00	-		
Fiscal year ending February 2015 (est.)			-	22.00	22.00

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

3. Forecast for the fiscal year ending February 2015 (Consolidated, March 1, 2014 - February 28, 2015)

(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	67,000	25.0	9,640	117.3	9,640	49.0	5,910	27.8	361.87

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

* Notes

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): 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

(a) Changes due to revision of accounting standards: None

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of November 30, 2014: 16,333,000 As of February 28, 2014: 16,333,000

(b) Treasury stock

As of November 30, 2014: 1,209 As of February 28, 2014: 1,135

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

Period ended November 30, 2014: 16,331,791 Period ended November 30, 2013: 16,331,865

* 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

In the first three quarters of the current fiscal year (from March 1 to November 30, 2014), the economies of the group's mainstay markets Europe and the U.S. saw gradual recovery. In the U.S. the trend was one of expansion, supported by large gains in consumption backed by gradual growth in employment and income and by improvement in the financial environment, as well as firm capital and housing investment. In the United Kingdom as well, strong consumption, unemployment rate improvement and favorable housing and capital investment were among the factors bolstering domestic demand, and the economic comeback was extended in time. In other European countries, economies followed a gradual recovery path, driven by consumption.

In this environment first three-quarter sales increased 29.6% from one year earlier to 54,090 million yen for compact excavators, hydraulic excavators and track loaders. Growth was attributable to measures to strengthen sales activities and increase in demand backed by strong economies in the U.S. and Europe.

Operating income rose by 155.7% to 7,959 million yen. Earnings benefitted from an improvement in profit margin resulting from a lower fixed cost ratio due to higher sales, cost cutting that reduced cost prices and the weaker yen that boosted yen-converted foreign currency denominated sales. Ordinary income increased 95.9% to 9,320 million yen, driven by currency exchange gains of 1,258 million yen which were down 18.7%. Net income rose 64.7% to 5,824 million yen after posting of tax expenses of 3.5 billion yen.

Geographic segment performance was as follows:

(a) Japan

Sales increased 26.7% to 19,070 million yen because of higher sales volume. Segment income increased 115.4% to 7,906 million yen, driven by sales gains in Europe and improved margins on sales to subsidiaries as the yen weakened.

(b) United States

Sales increased 34.0% to 23,959 million yen, boosted by sales volume gains and weak yen-driven conversion of dollar denominated sales. Segment income was up 362.0% to ¥1,506 million yen.

(c) United Kingdom

Sales increased 59.0% to 7,336 million yen, boosted by sales volume gains and weak yen-driven conversion of pound denominated sales. Segment income increased 121.6% to 427 million yen.

(d) France

Sales increased 16.4% to 2,386 million yen, boosted by small increase in the sales volume and weak yen-driven conversion of euro denominated sales. Segment income was 124 million yen compared with 3 million yen in the same period one year earlier.

(e) China

Sales decreased 37.2% to 1,337 million yen because of lower sales volume. The segment recorded a loss of 164 million yen compared with a 78 million yen profit one year earlier.

(2) Overview of financial condition

Assets were 61,199 million yen at the end of third quarter 8,727 million yen more than at the end of the previous third quarter. The main reason was an increase of 2,693 million yen in cash and deposits, and an increase of 4,666 million yen notes and accounts receivable-trade reflecting higher receivables resulting from rising sales volume.

Liabilities increased 2,857 million yen to 18,398 million yen. The main reason was a 1,317 million yen increase in notes and accounts payable-trade in association with growth in production to meet the higher volume of orders and to an increase of 587 million yen in income taxes payable.

Net assets increased 5,869 million yen to 42,801 million yen. This was primarily due to a 5,563 million yen increase in retained earnings resulting from period income.

(3) Forecast for the current fiscal year

There is no change in the forecast announced on October 7, 2014 for consolidated results of operations in the fiscal year ending in February 2015. For more information, please see the October 7 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 104 yen to the US dollar, 172 yen to the British pound, 135 yen to the euro and 16.8 yen to the yuan after the third quarter.

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:

None

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 2014 (As of February 28, 2014)	Third quarter ended November 2014 (As of November 30, 2014)
ASSETS		
Current assets		
Cash and deposits	9,734,405	12,427,734
Notes and accounts receivable-trade	17,872,088	22,538,861
Merchandise and finished goods	11,920,464	10,424,411
Work in process	1,336,667	1,383,346
Raw materials and supplies	1,989,618	3,755,131
Deferred tax assets	1,635,569	2,183,154
Other	1,158,592	1,660,554
Allowance for doubtful accounts	(1,073,222)	(1,214,349)
Total current assets	44,574,183	53,158,843
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,316,009	3,231,141
Machinery, equipment and vehicles, net	775,254	933,935
Land	2,150,055	2,156,581
Other, net	368,543	391,722
Total property, plant and equipment	6,609,862	6,713,382
Intangible assets	801,339	889,170
Investments and other assets		
Other	646,019	600,742
Allowance for doubtful accounts	(159,039)	(162,551)
Total investments and other assets	486,980	438,191
Total noncurrent assets	7,898,182	8,040,743
Total assets	52,472,366	61,199,587

(Thousand yen)

	Fiscal year ended February 2014 (As of February 28, 2014)	Third quarter ended November 2014 (As of November 30, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	10,317,932	11,635,040
Short-term loans payable	300,000	-
Income taxes payable	1,938,148	2,525,946
Provision for bonuses	150,685	25,371
Provision for product warranties	718,621	873,708
Other	1,449,588	2,649,870
Total current liabilities	14,874,976	17,709,937
Noncurrent liabilities		
Provision for retirement benefits	138,597	97,208
Provision for directors' retirement benefits	244,580	252,679
Provision for loss on guarantees	88,598	144,107
Other	193,652	194,183
Total noncurrent liabilities	665,429	688,178
Total liabilities	15,540,406	18,398,116
NET ASSETS		
Shareholder's equity		
Capital stock	3,632,948	3,632,948
Capital surplus	3,631,665	3,631,665
Retained earnings	30,027,593	35,591,208
Treasury stock	(3,250)	(3,479)
Total shareholder's equity	37,288,956	42,852,341
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	12,506	29,506
Foreign currency translation adjustments	(369,502)	(80,376)
Total accumulated other comprehensive income	(356,996)	(50,870)
Total net assets	36,931,960	42,801,470
Total liabilities and net assets	52,472,366	61,199,587

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
For the first three quarters (March 1, 2014 – November 30, 2014)

(Thousand yen)

	First three quarters ended November 2013 (March 1, 2013 – November 30, 2013)	First three quarters ended November 2014 (March 1, 2014 – November 30, 2014)
Net sales	41,728,473	54,090,419
Cost of sales	34,560,807	40,946,633
Gross profit	7,167,665	13,143,786
Selling, general and administrative expenses		
Haulage expenses	1,059,300	1,578,299
Provision for product warranties	376,621	371,519
Provision of allowance for doubtful accounts	26,511	115,386
Provision for loss on guarantees	-	49,283
Directors' compensations	136,239	146,967
Salaries and bonuses	991,468	1,065,517
Provision for bonuses	5,194	6,188
Retirement benefit expenses	25,407	11,442
Provision for directors' retirement benefits	8,008	8,098
Other	1,426,390	1,831,231
Total selling, general and administrative expenses	4,055,142	5,183,934
Operating income	3,112,522	7,959,851
Non-operating income		
Interest income	13,627	16,898
Dividends income	1,435	2,538
Foreign exchange gains	1,546,432	1,258,002
Other	105,308	100,092
Total non-operating income	1,666,804	1,377,530
Non-operating expenses		
Interest expenses	9,496	4,855
Depreciation of assets for rent	8,811	-
Other	2,162	11,824
Total non-operating expenses	20,470	16,680
Ordinary income	4,758,857	9,320,702
Extraordinary income		
Gain on sales of noncurrent assets	12,730	780
Gain on sales of investment securities	-	3,991
Total extraordinary income	12,730	4,771
Extraordinary loss		
Impairment loss	11,187	-
Total extraordinary loss	11,187	-
Income (loss) before income taxes and minority interests	4,760,399	9,325,474
Income, inhabitants and enterprise taxes	1,491,457	3,936,081
Income tax adjustment	(266,712)	(435,531)
Total income taxes	1,224,744	3,500,550
Income (loss) before minority interests	3,535,655	5,824,924
Net income (loss)	3,535,655	5,824,924

(Quarterly consolidated statements of comprehensive income)
For the first three quarters (March 1, 2014 – November 30, 2014)

(Thousand yen)

	First three quarters ended November 2013 (March 1, 2013 – November 30, 2013)	First three quarters ended November 2014 (March 1, 2014 – November 30, 2014)
Income (loss) before minority interests	3,535,655	5,824,924
Other comprehensive income		
Valuation difference on available-for-sale securities	11,628	16,999
Foreign currency translation adjustment	1,022,837	289,125
Total other comprehensive income	1,034,465	306,125
Comprehensive income	4,570,121	6,131,049
Comprehensive income attributable to owners of the parent	4,570,121	6,131,049
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, 2013 – November 30, 2013)

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)	15,050,528	17,882,644	4,614,121	2,050,088	2,131,089	41,728,473	-	41,728,473
(of which inter- segment)	18,500,634	34	7,886	19,273	353,261	18,881,089	(18,881,089)	-
Total	33,551,163	17,882,678	4,622,007	2,069,361	2,484,351	60,609,562	(18,881,089)	41,728,473
Segment income (loss)	3,670,088	326,118	192,944	3,126	78,836	4,271,113	(1,158,591)	3,112,522

- Notes:
1. Adjustment in segment income of -1,158,591 thousand yen includes -585,815 thousand yen for elimination of inter-segment trade and -572,775 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, 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.