

Summary of Consolidated Financial Results For the First Quarter Ended May 31, 2015 [Japan GAAP]

Name of Company:	Takeuchi Mfg. Co., Ltd.
Stock Code:	6432
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	http://www.takeuchi-mfg.co.jp/
Representative	Title: President & Representative Director
	Name: Akio Takeuchi
Contact Person	Title: Director, Business Management Department
	Name: Teruo Kamiyama
Phone:	+81-(0)268-81-1100
Date of quarterly securities report (tentative):	July 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 quarter of the fiscal year ending February 2016 (March 1, 2015 – May 31, 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 quarter ended May 31 2015	21,485	20.4	4,553	51.6	4,925	72.2	3,102	80.6
First quarter ended May 31 2014	17,842	53.0	3,004	-	2,861	122.2	1,718	76.6

Note: Comprehensive income: 1Q FY2/2016: 2,878 million yen (+99.7%), 1Q FY2/2015: 1,441 million yen (-7.4%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
First quarter ended May 31 2015	189.97	-
First quarter ended May 31 2014	105.19	-

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2015	69,054	48,450	70.2
As of February 28, 2015	66,311	46,093	69.5

Notes: Shareholders' equity

As of May 31, 2015: 48,450 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	-				
Fiscal year ending February 2016 (est.)		0.00	-	14.00	14.00

Note: Change in the estimation of dividend from the latest announcement: Yes

* A one-to-three stock split with a record date of September 1, 2015 is planned. The forecast for the year-end dividend for the fiscal year ending in February 2016 incorporates this stock split. Without adjusting for this stock split, the year-end dividend forecast is 42 yen, which is 6 yen higher than one year earlier.

3. Forecast for the fiscal year ending February 2016 (Consolidated, March 1, 2015 to 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
First half	42,700	13.1	7,800	28.8	7,800	30.8	4,950	36.0	101.03
Full year	75,000	7.3	12,500	18.0	12,500	2.0	7,900	2.7	161.24

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

* A one-to-three stock split with a record date of September 1, 2015 is planned. The net income per share forecast for the fiscal year ending in February 2016 incorporates this stock split. Without adjusting for this stock split, the forecasts for net income per share are 303.09 yen for the first half and 483.72 yen for the fiscal year.

* 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 May 31, 2015: 16,333,000 As of February 28, 2015: 16,333,000

(b) Treasury shares

As of May 31, 2015: 1,209 As of February 28, 2015: 1,209

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

Period ended May 31, 2015: 16,331,791 Period ended May 31, 2014: 16,331,857

* 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 quarter of the current fiscal year, the economy of the United States, which is a major market for the Takeuchi Group, was temporarily impacted by unfavorable weather and the strike at West Coast harbors. But the U.S. economy continued to recover slowly backed by faster growth in housing investments and solid growth in consumer spending as the labor market recovered. In Europe, which is another major market for the Takeuchi Group, growth of the U.K. economy continued, although at a slower pace, with improving labor market. In other areas of Europe, the breadth of the gradual economic recovery broadened despite the Greek debt problem as consumer spending benefited from falling interest rates and the weaker euro.

In the first quarter, the sales volume of compact excavators, hydraulic excavators and track loaders was higher than one year earlier due to heightened sales promotion activities in the United States and Europe and to growth in demand.

First quarter sales were 21,485 million yen, 20.4% higher than in the first quarter of the previous fiscal year. Earnings increased because of a lower fixed cost ratio as the cost of sales decreased while sales increased. Higher yen conversions of foreign currency-denominated sales due to the weaker yen also contributed to the improvement in profitability. As a result, operating income increased 51.6% to 4,553 million yen and ordinary income increased 72.2% to 4,925 million yen, which includes a 376 million yen foreign exchange gain. After taxes of 1,823 million yen and other items, net income increased 80.6% to 3,102 million yen.

Geographic segment performance was as follows.

(a) Japan

Sales increased 18.3% to 7,010 million yen because of the increase in the number of compact excavators and hydraulic excavators made for distribution in Europe. Segment income increased 65.7% to 4,061 million yen mainly because of growth in sales to sales subsidiaries and a higher profit margin.

(b) United States

Sales increased 41.6% to 10,084 million yen because of 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 50.6% to 580 million yen.

(c) United Kingdom

Sales increased 17.0% to 3,558 million yen as sales volumes of compact excavators and hydraulic excavators increased and the yen depreciated in relation to the British pound. Segment income increased 10.5% to 219 million yen.

(d) France

Sales fell 46.1% to 525 million yen because of the low sales volume of compact excavators and hydraulic excavators. Segment income was down 92.7% to 4 million yen.

(e) China

Segment sales decreased 60.6% to 306 million yen because of a decline in the sales volume of compact excavators and hydraulic excavators caused mainly by slower economic growth. Segment income was 18 million yen compared with a 70 million yen loss one year earlier.

(2) Overview of financial condition

Assets were 69,054 million yen at the end of the first quarter, 2,742 million yen more than at the end of the previous fiscal year. The primary changes during the first quarter were decreases of 2,575 million yen in cash and deposits, the result of income tax payments, and 1,030 million yen in inventories and an increase of 6,085 million yen in notes and accounts receivable because of the growth in sales.

Liabilities increased 385 million yen to 20,603 million yen. Income taxes payable decreased 2,396 million yen as income taxes were paid and there was a 2,367 million yen increase in notes and accounts payable in association with the growth in production volume.

Net assets increased 2,357 million yen to 48,450 million yen mainly because of a 2,581 million yen increase in retained earnings due to first quarter net income.

(3) Forecast for the current fiscal year

There is no change in the forecast announced on April 10, 2015 for consolidated results of operations for the first half and full year of the fiscal year ending in February 2016.

The forecast for the current fiscal year is based on exchange rates of 115 yen to the US dollar, 173 yen to the British pound, 125 yen to the euro and 18.5 yen to the yuan.

2. Other Information

(1) Changes in significant subsidiaries:

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:

(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 quarter is included in retained earnings.

As a result, at the beginning of the first quarter, net defined benefit asset decreased 118,370 thousand yen and retained earnings decreased 80,221 thousand yen. However, effects on first quarter 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)	First quarter ended May 2015 (As of May 31, 2015)
ASSETS		
Current assets		
Cash and deposits	13,809,154	11,233,734
Notes and accounts receivable-trade	19,448,975	25,534,943
Merchandise and finished goods	15,769,843	15,109,058
Work in process	1,159,106	906,179
Raw materials and supplies	3,861,154	3,744,331
Deferred tax assets	2,881,257	2,798,950
Other	1,991,571	1,816,491
Allowance for doubtful accounts	(1,170,848)	(1,191,833)
Total current assets	57,750,215	59,951,856
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,340,902	3,313,157
Machinery, equipment and vehicles, net	980,975	942,691
Land	2,209,326	2,161,262
Other, net	318,935	1,103,795
Total property, plant and equipment	6,850,139	7,520,906
Intangible assets	904,419	894,022
Investments and other assets		
Other	956,541	839,211
Allowance for doubtful accounts	(149,477)	(151,319)
Total investments and other assets	807,063	687,892
Total noncurrent assets	8,561,622	9,102,822
Total assets	66,311,838	69,054,678

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	First quarter ended May 2015 (As of May 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	11,878,869	14,246,324
Income taxes payable	4,036,651	1,640,257
Provision for bonuses	167,501	309,180
Provision for product warranties	1,072,345	1,073,650
Other	2,313,651	2,636,664
Total current liabilities	19,469,019	19,906,077
Noncurrent liabilities		
Provision for directors' retirement benefits	255,460	258,321
Provision for loss on guarantees	114,977	110,645
Other	378,721	328,705
Total noncurrent liabilities	749,158	697,673
Total liabilities	20,218,177	20,603,750
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	40,041,780
Treasury shares	(3,479)	(3,479)
Total shareholders' equity	44,721,482	47,302,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,708	51,260
Foreign currency translation adjustment	1,070,493	847,438
Remeasurements of defined benefit plans	255,976	249,313
Total accumulated other comprehensive income	1,372,177	1,148,013
Total net assets	46,093,660	48,450,927
Total liabilities and net assets	66,311,838	69,054,678

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
 (Quarterly consolidated statements of income)
 For the first quarter (March 1, 2015 – May 31, 2015)

(Thousand yen)

	First quarter ended May 2014 (March 1, 2014 – May 31, 2014)	First quarter ended May 2015 (March 1, 2015 – May 31, 2015)
Net sales	17,842,583	21,485,870
Cost of sales	13,110,700	15,022,123
Gross profit	4,731,883	6,463,746
Selling, general and administrative expenses		
Haulage expenses	486,906	650,295
Provision for product warranties	134,293	140,431
Provision of allowance for doubtful accounts	89,408	18,610
Provision for loss on guarantees	59,098	-
Directors' compensations	47,031	53,216
Salaries and bonuses	316,160	341,419
Provision for bonuses	31,279	34,704
Retirement benefit expenses	3,810	2,729
Provision for directors' retirement benefits	2,658	2,861
Other	556,707	666,088
Total selling, general and administrative expenses	1,727,356	1,910,357
Operating income	3,004,527	4,553,389
Non-operating income		
Interest income	6,401	11,583
Dividend income	542	635
Foreign exchange gains	-	376,157
Other	21,049	12,980
Total non-operating income	27,993	401,356
Non-operating expenses		
Interest expenses	1,993	1,162
Foreign exchange losses	166,447	-
Loss on valuation of derivatives	-	23,866
Other	3,059	3,765
Total non-operating expenses	171,500	28,795
Ordinary income	2,861,020	4,925,951
Extraordinary income		
Gain on sales of non-current assets	98	-
Total extraordinary income	98	-
Income (loss) before income taxes and minority interests	2,861,118	4,925,951
Income taxes - current	1,097,522	1,753,994
Income taxes - deferred	45,593	69,344
Total income taxes	1,143,116	1,823,339
Income (loss) before minority interests	1,718,002	3,102,611
Net income (loss)	1,718,002	3,102,611

(Quarterly consolidated statements of comprehensive income)

(Thousand yen)

	First quarter ended May 2014 (March 1, 2014 – May 31, 2014)	First quarter ended May 2015 (March 1, 2015 – May 31, 2015)
Income (loss) before minority interests	1,718,002	3,102,611
Other comprehensive income		
Valuation difference on available-for-sale securities	405	5,551
Foreign currency translation adjustment	(276,862)	(223,054)
Remeasurements of defined benefit plans, net of tax	-	(6,662)
Total other comprehensive income	(276,457)	(224,164)
Comprehensive income	1,441,544	2,878,447
Comprehensive income attributable to owners of the parent	1,441,544	2,878,447
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 quarter ended May 2014 (March 1, 2014 – May 31, 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)	5,925,623	7,122,910	3,041,227	975,145	777,677	17,842,583	-	17,842,583
(of which inter- segment)	9,123,445	1,063	1,031	135	195,655	9,321,331	(9,321,331)	-
Total	15,049,068	7,123,974	3,042,258	975,280	973,332	27,163,914	(9,321,331)	17,842,583
Segment income (loss)	2,450,324	385,543	198,352	62,483	(70,617)	3,026,087	(21,559)	3,004,527

- Notes: 1. Adjustment in segment income of -21,559 thousand yen includes 176,178 thousand yen for elimination of inter-segment trade and -197,738 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 quarter ended May 2015 (March 1, 2015 – May 31, 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)	7,010,420	10,084,436	3,558,707	525,697	306,608	21,485,870	-	21,485,870
(of which inter- segment)	12,260,558	58	15,473	16,448	273,735	12,566,273	(12,566,273)	-
Total	19,270,979	10,084,495	3,574,180	542,146	580,343	34,052,144	(12,566,273)	21,485,870
Segment income (loss)	4,061,026	580,582	219,098	4,564	18,788	4,884,060	(330,671)	4,553,389

- Notes: 1. Adjustment in segment income of - 330,671 thousand yen includes - 55,936 thousand yen for elimination of inter-segment trade and - 274,735 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.

(Subsequent events)

The Company's Board of Directors on July 10, 2015 adopted resolutions in relation to implementing a stock split and partially amending the Company's articles of incorporation. Details of the aforementioned stock split are as follows:

1. Objective of stock split

The objective of the stock split is to lower the minimum investment cost per unit, thereby improving the investment environment for its shares, expanding its investor base and enhancing the liquidity of its shares.

2. Outline of stock split

(1) Method of stock split

The record date for the stock split will be Monday, August 31, 2015. Each share of common stock held by shareholders as of the record date will be split into three shares.

(2) Increase in number of shares as a result of stock split

Number of shares outstanding prior to stock split:	16,333,000
Increase in number of shares as a result of stock split:	32,666,000
Number of shares outstanding after stock split:	48,999,000
Number of shares authorized to be issued after stock split:	138,000,000

(3) Stock split schedule

Public Notice date of Record Date	Wednesday, August 12, 2015
Record Date:	Monday, August 31, 2015
Effective Date:	Tuesday, September 1, 2015

(4) Effect on Per-share data

Per-share data for the previous year retroactively adjusted to the beginning of the previous consolidated fiscal year is as follows:

Item	First quarter ended May 2014 (March 1, 2014 – May 31, 2014)	First quarter ended May 2015 (March 1, 2015 – May 31, 2015)
Net income per share for the period	35.06 yen	63.32 yen

Note: Diluted net income per share for the period is not presented as there is no residual potential stock (or dilutive shares).