

Summary of Consolidated Financial Results For the First Half Ended August 31, 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):	October 14, 2015
Date of commencement of dividend payment (tentative):	-
Quarterly earnings supplementary explanatory documents:	Yes
Quarterly earnings presentation:	Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the first half of the fiscal year ending February 2016 (March 1, 2015 – August 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 half ended August 2015	46,866	24.2	9,428	55.7	9,745	63.4	6,172	69.6
First half ended August 2014	37,743	34.5	6,055	240.7	5,965	97.7	3,640	50.2

Note: Comprehensive income: First half of FY2/2016: 6,316 million yen (+96.6%), First half of FY2/2015: 3,213 million yen (-7.8%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended August 2015	125.98	-
First half ended August 2014	74.30	-

Note: There was a 3-for-1 stock split on September 1, 2015. First half 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 August 31, 2015	73,231	51,889	70.9
As of February 28, 2015	66,311	46,093	69.5

Notes: Shareholders' equity

As of August 31, 2015: 51,889 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: Yes

* 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 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
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 August 31, 2015: 48,999,000 As of February 28, 2015: 48,999,000

(b) Treasury shares

As of August 31, 2015: 3,627 As of February 28, 2015: 3,627

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

Period ended August 31, 2015: 48,995,373 Period ended August 31, 2014: 48,995,478

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

In the first half 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 briefly slowed because of unfavorable weather. However, the economy is supported by solid growth in consumer spending as the number of jobs rebounds 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 growth in jobs. In the eurozone, economies were healthy in some countries and weaker in others. In general, the eurozone economy recovered slowly as monetary easing and the weaker euro supported growth in consumer spending.

In the fiscal year's first half, 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, first half sales increased 24.2% from one year earlier to 46,866 million yen.

Operating income increased 55.7% to 9,428 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 238 million yen and other items, ordinary income increased 63.4% to 9,745 million yen. Income taxes were 3,573 million yen and net income was up 69.6% to 6,172 million yen. All earnings figures are new records for the first half of a fiscal year.

Geographic segment performance was as follows.

(a) Japan

Sales increased 17.8% to 15,695 million yen because of the larger number of compact excavators and hydraulic excavators for sale in Europe. Segment income increased 66.7% to 8,517 million yen mainly because of growth in sales to sales subsidiaries and a higher profit margin.

(b) United States

Sales increased 42.5% to 23,466 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 25.6% to 1,252 million yen.

(c) United Kingdom

Sales increased 11.6% to 5,833 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 up 0.4% to 317 million yen.

(d) France

Sales decreased 16.1% to 1,319 million yen because of the low sales volume of compact excavators and hydraulic excavators. Segment income was down 81.9% to 15 million yen..

(e) China

Segment sales decreased 52.1% to 550 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 406 million yen compared with a loss of 154 million yen one year earlier.

(2) Overview of financial condition

(a) Assets, liabilities and net assets

Assets were 73,231 million yen at the end of the first half, 6,919 million yen more than at the end of the previous fiscal year. The major changes in assets were decreases of 2,663 million yen in cash and deposits and 1,772 million yen in inventories and an increase of 11,222 million yen in notes and accounts receivable.

Liabilities increased 1,124 million yen to 21,342 million yen. There was a 1,131 million yen decrease in income taxes payable because of tax payments and a 2,779 million yen increase in notes and accounts payable due to growth in production volume.

Net assets increased 5,795 million yen to 51,889 million yen. This was primarily the result of a 5,651 million yen increase in retained earnings because of first half net income.

(b) Cash flows

There was a decrease of 2,668 million yen in cash and cash equivalents from the end of the previous fiscal year to 10,562 million yen. The following is a summary of first half cash flows.

(Operating activities)

Net cash used in operating activities was 107 million yen compared with a positive cash flow of 1,345 million yen in the first half of the previous fiscal year. Income before income taxes was 9,745 million yen but cash was used by a 10,847 million yen increase in notes and accounts receivable and other items.

(Investing activities)

Cash used in investing activities increased 699 million yen to 1,305 million yen. The main reasons were payments of 1,039 million yen for the purchase of property, plant and equipment and 282 million yen for the purchase of intangible assets.

(Financing activities)

Cash used in financing activities decreased 119 million yen to 447 million yen. The main use of cash was cash dividends paid of 439 million yen.

(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 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 half is included in retained earnings.

As a result, at the beginning of the first half, net defined benefit asset decreased 118,370 thousand yen and retained earnings decreased 80,221 thousand yen. However, effects on first half 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 half ended August 2015 (As of August 31, 2015)
ASSETS		
Current assets		
Cash and deposits	13,809,154	11,146,072
Notes and accounts receivable-trade	19,448,975	30,671,219
Merchandise and finished goods	15,769,843	14,943,453
Work in process	1,159,106	1,117,382
Raw materials and supplies	3,861,154	2,956,468
Deferred tax assets	2,881,257	2,811,778
Other	1,991,571	1,780,412
Allowance for doubtful accounts	(1,170,848)	(1,372,822)
Total current assets	57,750,215	64,053,965
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,340,902	3,342,925
Machinery, equipment and vehicles, net	980,975	927,566
Land	2,209,326	2,224,351
Other, net	318,935	1,164,738
Total property, plant and equipment	6,850,139	7,659,581
Intangible assets	904,419	849,727
Investments and other assets		
Other	956,541	820,299
Allowance for doubtful accounts	(149,477)	(151,737)
Total investments and other assets	807,063	668,561
Total noncurrent assets	8,561,622	9,177,870
Total assets	66,311,838	73,231,835

(Thousand yen)

	Fiscal year ended February 2015 (As of February 28, 2015)	First half ended August 2015 (As of August 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	11,878,869	14,658,377
Income taxes payable	4,036,651	2,905,180
Provision for bonuses	167,501	185,867
Provision for product warranties	1,072,345	1,118,320
Other	2,313,651	1,721,934
Total current liabilities	19,469,019	20,589,681
Noncurrent liabilities		
Provision for directors' retirement benefits	255,460	261,601
Provision for loss on guarantees	114,977	184,559
Other	378,721	306,623
Total noncurrent liabilities	749,158	752,784
Total liabilities	20,218,177	21,342,465
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	43,111,452
Treasury shares	(3,479)	(3,479)
Total shareholders' equity	44,721,482	50,372,586
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,708	41,046
Foreign currency translation adjustment	1,070,493	1,242,244
Remeasurements of defined benefit plans	255,976	233,492
Total accumulated other comprehensive income	1,372,177	1,516,783
Total net assets	46,093,660	51,889,370
Total liabilities and net assets	66,311,838	73,231,835

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

(Thousand yen)

	First half ended August 2014 (March 1, 2014 – August 31, 2014)	First half ended August 2015 (March 1, 2015 – August 31, 2015)
Net sales	37,743,570	46,866,385
Cost of sales	28,253,137	33,298,143
Gross profit	9,490,432	13,568,241
Selling, general and administrative expenses		
Haulage expenses	1,001,214	1,365,507
Provision for product warranties	258,043	323,539
Provision of allowance for doubtful accounts	105,140	180,621
Provision for loss on guarantees	87,242	67,105
Directors' compensations	96,050	116,448
Salaries and bonuses	666,775	734,148
Provision for bonuses	38,271	39,032
Retirement benefit expenses	7,723	5,279
Provision for directors' retirement benefits	5,318	6,141
Other	1,168,758	1,301,461
Total selling, general and administrative expenses	3,434,539	4,139,285
Operating income	6,055,893	9,428,955
Non-operating income		
Interest income	10,881	22,334
Dividends income	1,781	2,498
Foreign exchange gains	-	238,881
Other	40,535	60,406
Total non-operating income	53,199	324,121
Non-operating expenses		
Interest expenses	3,902	2,932
Foreign exchange losses	134,823	-
Other	4,855	4,984
Total non-operating expenses	143,580	7,917
Ordinary income	5,965,511	9,745,159
Extraordinary income		
Gain on sales of non-current assets	672	-
Gain on sales of investment securities	3,991	260
Total extraordinary income	4,663	260
Income before income taxes and minority interests	5,970,175	9,745,419
Income taxes - current	2,311,846	3,490,095
Income taxes - deferred	18,064	83,039
Total income taxes	2,329,911	3,573,135
Income before minority interests	3,640,264	6,172,284
Net income	3,640,264	6,172,284

(Quarterly consolidated statements of comprehensive income)

(Thousand yen)

	First half ended August 2014 (March 1, 2014 – August 31, 2014)	First half ended August 2015 (March 1, 2015 – August 31, 2015)
Income before minority interests	3,640,264	6,172,284
Other comprehensive income		
Valuation difference on available-for-sale securities	7,968	(4,661)
Foreign currency translation adjustment	(434,716)	171,751
Remeasurements of defined benefit plans	-	(22,483)
Total other comprehensive income	(426,747)	144,605
Comprehensive income	3,213,516	6,316,889
Comprehensive income attributable to owners of the parent	3,213,516	6,316,889
Comprehensive income attributable to minority interests	-	-

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	First half ended August 2014 (March 1, 2014 – August 31, 2014)	First half ended August 2015 (March 1, 2015 – August 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	5,970,175	9,745,419
Depreciation	422,537	475,611
Increase (decrease) in allowance for doubtful accounts	105,021	180,621
Increase (decrease) in provision for bonuses	6,883	18,366
Increase (decrease) in provision for product warranties	86,731	35,788
Increase (decrease) in provision for retirement benefits	(28,142)	-
Decrease (increase) in net defined benefit asset	-	(61,776)
Increase (decrease) in provision for directors' retirement benefits	5,318	6,141
Increase (decrease) in provision for loss on guarantees	87,242	67,105
Interest and dividend income	(12,663)	(24,833)
Interest expenses	3,902	2,932
Foreign exchange losses (gains)	170,627	835,888
Loss (gain) on valuation of investment securities	-	(240)
Loss (gain) on sales of investment securities	(3,991)	(260)
Loss (gain) on sales of non-current assets	259	184
Loss on retirement of non-current assets	3,498	4,800
Decrease (increase) in notes and accounts receivable - trade	(7,805,217)	(10,847,937)
Decrease (increase) in inventories	364,274	1,980,296
Increase (decrease) in notes and accounts payable - trade	4,561,474	2,346,017
Decrease (increase) in other assets	(464,631)	44,438
Increase (decrease) in other liabilities	141,529	(510,513)
Other, net	(2,104)	(2,447)
Subtotal	3,612,726	4,295,604
Interest and dividend income received	12,663	24,833
Interest expenses paid	(4,033)	(2,762)
Income taxes paid	(2,275,642)	(4,425,397)
Cash flows from operating activities	1,345,714	(107,721)
Cash flows from investing activities		
Decrease (increase) in time deposits	2,540	(5,459)
Purchase of property, plant and equipment	(508,501)	(1,039,135)
Proceeds from sales of property, plant and equipment	3,360	914
Purchase of intangible assets	(106,139)	(282,819)
Proceeds from sales of investment securities	3,991	20,450
Payments of loans receivable	(700)	(550)
Collection of loans receivable	383	582
Other, net	(842)	455
Cash flows from investing activities	(605,907)	(1,305,560)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(300,000)	-
Purchase of treasury shares	(229)	-
Cash dividends paid	(259,168)	(439,951)
Repayments of lease obligations	(7,915)	(7,920)
Cash flows from financing activities	(567,313)	(447,872)
Effect of exchange rate change on cash and cash equivalents	(322,929)	(807,385)
Net increase (decrease) in cash and cash equivalents	(150,436)	(2,668,540)
Cash and cash equivalents at beginning of period	9,139,378	13,231,052
Cash and cash equivalents at end of period	8,988,941	10,562,512

- (4) Notes to quarterly consolidated financial statement
(Notes to going concern assumptions)
None

(Significant change in shareholders' equity)
None

(Segment information)

- I. For the first half ended August 2014 (March 1, 2014 – August 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)	13,329,007	16,468,299	5,225,617	1,572,220	1,148,425	37,743,570	-	37,743,570
(of which inter- segment)	18,332,575	1,126	3,821	1,716	422,687	18,761,927	(18,761,927)	-
Total	31,661,583	16,469,426	5,229,438	1,573,936	1,571,113	56,505,498	(18,761,927)	37,743,570
Segment income (loss)	5,110,545	996,937	316,396	86,623	(154,410)	6,356,093	(300,199)	6,055,893

- Notes: 1. Adjustment in segment income of -300,199 thousand yen includes 97,542 thousand yen for elimination of inter-segment trade and -397,742 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 half ended August 2015 (March 1, 2015 – August 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)	15,695,292	23,466,973	5,833,954	1,319,634	550,529	46,866,385	-	46,866,385
(of which inter- segment)	23,856,092	88	29,434	18,717	566,577	24,470,911	(24,470,911)	-
Total	39,551,385	23,467,062	5,863,389	1,338,352	1,117,107	71,337,296	(24,470,911)	46,866,385
Segment income (loss)	8,517,140	1,252,069	317,668	15,651	(406,947)	9,695,582	(266,626)	9,428,955

- Notes: 1. Adjustment in segment income of -266,626 thousand yen includes 258,519 thousand yen for elimination of inter-segment trade and -525,146 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)

There was a stock split on September 1, 2015 in accordance with a resolution approved by the board of directors on July 10, 2015.

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 was Monday, August 31, 2015. Each share of common stock held by shareholders as of the record date was 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) Effective Date of stock split

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 half ended August 2014 (March 1, 2014 – August 31, 2014)	First half ended August 2015 (March 1, 2015 – August 31, 2015)
Net income per share for the period	74.30 yen	125.98 yen

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