

## Summary of Consolidated Financial Results For the First Quarter Ended May 31, 2016 [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): July 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 quarter of the fiscal year ending February 2017 (March 1, 2016 – May 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended May 31 2016	21,330	(0.7)	4,849	6.5	4,432	(10.0)	2,854	(8.0)
First quarter ended May 31 2015	21,485	20.4	4,553	51.6	4,925	72.2	3,102	80.6

Note: Comprehensive income: 1Q FY2/2017: 1,996 million yen (-30.6%), 1Q FY2/2016: 2,878 million yen (99.7%)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended May 31 2016	59.01		-	
First quarter ended May 31 2015	63.32		-	

Note: There was a 3-for-1 stock split on September 1, 2015. Earnings 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 May 31, 2016	73,367		54,067		73.7	
As of February 29, 2016	77,216		55,043		71.3	

(Reference) Shareholders' equity

As of May 31, 2016: 54,067 million yen As of February 29, 2016: 55,043 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 2016	-	0.00	-	22.00	22.00
Fiscal year ending February 2017	-	-	-	-	-
Fiscal year ending February 2017 (est.)	-	0.00	-	26.00	26.00

Note: Change in the estimation of dividend from the latest announcement: None

### 3. Forecast for the fiscal year ending February 2017 (Consolidated, March 1, 2016 to February 28, 2017)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	42,700	(8.9)	7,600	(19.4)	7,100	(27.1)	4,600	(25.5)	95.72
Full year	80,500	(5.5)	12,300	(24.2)	11,800	(22.8)	7,700	(20.7)	160.74

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 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, 2016: 48,999,000 As of February 29, 2016: 48,999,000

(b) Treasury shares

As of May 31, 2016: 1,253,858 As of February 29, 2016: 3,858

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

Period ended May 31, 2016: 48,373,530 Period ended May 31, 2015: 48,995,373

Note: There was a 3-for-1 stock split on September 1, 2015. Number of shares outstanding (common stock) 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

(1) 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.

(2) Change in monetary unit

In previous earnings announcements, figures denominated in yen have been shown in units of thousands. Starting with the first quarter of the current fiscal year, these figures are instead shown in units of millions. To facilitate comparisons, figures for the first quarter of the previous fiscal year and the entire fiscal year have been revised to units of millions.

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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 one of the Takeuchi Group's major markets, remained healthy as housing investments increased faster. But U.S. economic growth slowed somewhat because of weaker growth in consumer spending and a continuation of the downturn in capital expenditures. In Europe, the group's other major market, the U.K. economy remained firm with the support of solid consumer spending. In other areas of Europe, the economy continued to expand slowly as consumer spending grew faster along with improvements in jobs and personal income. However, there were differences in economic strength among eurozone countries.

First quarter performance of the Takeuchi Group benefited from heightened marketing activities as well as growth in demand in the United States and Europe. The sales volume of compact excavators and track loaders was higher than in the first quarter of the previous fiscal year. However, monetary sales were about the same because of the yen's strength, decreasing 0.7% to 21,330 million yen.

Despite the negative impact of the stronger yen on yen conversions of foreign currency sales, operating income increased 6.5% to 4,849 million yen because of a decline in the elimination of unrealized earnings for consolidation. Ordinary income decreased 10.0% to 4,432 million yen mainly because of a 423 million yen foreign exchange loss. After taxes of 1,582 million yen and other items, profit attributable to owners of parent decreased 8.0% to 2,854 million yen.

Geographic segment performance was as follows.

#### (a) Japan

Sales increased 8.8% to 7,627 million yen because of the larger number of compact excavators and hydraulic excavators for sale in Europe. Although sales to sales subsidiaries were higher, segment income decreased 16.8% to 3,380 million yen because the stronger yen reduced yen conversions of sales denominated in foreign currencies.

#### (b) United States

Sales decreased 2.0% to 9,878 million yen despite growth in the sales volume of track loaders due to the negative effect of the yen's strength on yen conversions of U.S. dollar-denominated sales. Segment income was up 19.0% to 691 million yen because of higher sales of replacement parts.

#### (c) United Kingdom

Sales decreased 23.2% to 2,734 million yen. The sales volume of compact excavators was about the same as one year earlier but yen conversions of sales in British pound were lower due to the yen's strength. Segment income fell 53.4% to 102 million yen.

#### (d) France

Sales increased 61.5% to 848 million yen because of higher sales volumes of compact excavators and hydraulic excavators. Segment income was up 879.5% to 44 million yen.

#### (e) China

Segment sales decreased 21.4% to 240 million yen because of a decline in the sales volume of compact excavators caused mainly by slower economic growth in China. Segment income was down 1.6% to 18 million yen.

### (2) Overview of financial condition

Assets were 73,367 million yen at the end of the first quarter, 3,848 million yen less than at the end of the previous fiscal year. The major changes in assets were an increase of 2,647 million yen in notes and accounts receivable and decreases of 3,624 million yen in cash and deposits, the result of the payment of income taxes and the repurchase of stock, and 1,656 million yen in inventories.

Liabilities decreased 2,872 million yen to 19,299 million yen. This was attributable mainly to a decrease of 2,567 million yen in notes and accounts payable.

Net assets decreased 976 million yen to 54,067 million yen. Retained earnings increased by 2,854 million yen because of first quarter profit attributable to owners of parent but were reduced by 1,077 million yen because of dividend payments. There was also a 1,894 million yen increase in treasury shares, which are deducted from net assets, due to the repurchase of stock.

(3) Forecast for the current fiscal year

There is no change in the forecast announced on April 8, 2016 for consolidated results of operations for the first half and full year of the fiscal year ending in February 2017.

The forecast for the current fiscal year is based on exchange rates of 107 yen to the US dollar, 153 yen to the British pound, 123 yen to the euro and 16.7 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 business combinations, etc.)

Beginning with the current fiscal year, the Company is using Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Standard No. 22, September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). There are revisions to the presentation of net income and other items. To reflect these changes in the presentation of the financial statements, the first quarter consolidated financial statements for the previous fiscal year have been revised.

(Application of practical solution on a change in depreciation method due to tax reform 2016)

In association with amendments to Japan's Corporate Income Tax Act, the Company is applying Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (ASBJ PITF No. 32, June 17, 2016) beginning with the first quarter of the fiscal year ending in February 2017. As a result, the depreciation method for facilities attached to buildings acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

These changes had negligible effect on the financial statements for the first quarter of the current fiscal year.

## 3. Material Events Related to Going Concern Assumptions

None

#### 4. Quarterly Consolidated Financial Statements

##### (1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended February 2016 (As of February 29, 2016)	First quarter ended May 2016 (As of May 31, 2016)
<b>ASSETS</b>		
Current assets		
Cash and deposits	20,580	16,956
Notes and accounts receivable-trade	21,281	23,929
Merchandise and finished goods	15,975	14,896
Work in process	1,346	851
Raw materials and supplies	3,051	2,967
Deferred tax assets	2,694	2,254
Other	2,812	2,056
Allowance for doubtful accounts	(1,731)	(1,613)
Total current assets	66,010	62,299
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,208	5,401
Machinery, equipment and vehicles, net	1,426	1,391
Land	2,178	2,118
Other, net	924	666
Total property, plant and equipment	9,737	9,577
Intangible assets	812	751
Investments and other assets		
Other	679	762
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	655	738
Total noncurrent assets	11,205	11,068
Total assets	77,216	73,367

(Million yen)

	Fiscal year ended February 2016 (As of February 29, 2016)	First quarter ended May 2016 (As of May 31, 2016)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	16,366	13,798
Income taxes payable	1,586	988
Provision for bonuses	173	315
Provision for product warranties	1,058	1,036
Other	1,602	1,752
Total current liabilities	20,787	17,890
Noncurrent liabilities		
Provision for directors' retirement benefits	267	-
Provision for loss on guarantees	119	161
Other	997	1,248
Total noncurrent liabilities	1,384	1,409
Total liabilities	22,172	19,299
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,632	3,632
Capital surplus	3,631	3,631
Retained earnings	46,647	48,424
Treasury shares	(3)	(1,898)
Total shareholders' equity	53,907	53,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	6
Foreign currency translation adjustment	931	89
Remeasurements of defined benefit plans	194	181
Total accumulated other comprehensive income	1,136	277
Total net assets	55,043	54,067
Total liabilities and net assets	77,216	73,367

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
(Quarterly consolidated statements of income)  
For the first quarter (March 1, 2016 – May 31, 2016)

(Million yen)

	First quarter ended May 2015 (March 1, 2015 – May 31, 2015)	First quarter ended May 2016 (March 1, 2016 – May 31, 2016)
Net sales	21,485	21,330
Cost of sales	15,022	14,558
Gross profit	6,463	6,771
Selling, general and administrative expenses		
Haulage expenses	650	580
Provision for product warranties	140	170
Provision of allowance for doubtful accounts	18	-
Provision for loss on guarantees	-	21
Directors' compensations	53	62
Salaries and allowances	341	366
Provision for bonuses	34	29
Retirement benefit expenses	2	3
Provision for directors' retirement benefits	2	3
Other	666	683
Total selling, general and administrative expenses	1,910	1,921
Operating income	4,553	4,849
Non-operating income		
Interest income	11	5
Dividend income	0	0
Foreign exchange gains	376	-
Other	12	14
Total non-operating income	401	21
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	-	423
Loss on valuation of derivatives	23	-
Other	3	13
Total non-operating expenses	28	438
Ordinary income	4,925	4,432
Extraordinary income		
Gain on sales of investment securities	-	5
Total extraordinary income	-	5
Profit before income taxes	4,925	4,437
Income taxes - current	1,753	1,202
Income taxes - deferred	69	379
Total income taxes	1,823	1,582
Profit	3,102	2,854
Profit attributable to owners of parent	3,102	2,854

## (Quarterly consolidated statements of comprehensive income)

(Million yen)

	First quarter ended May 2015 (March 1, 2015 – May 31, 2015)	First quarter ended May 2016 (March 1, 2016 – May 31, 2016)
Profit	3,102	2,854
Other comprehensive income		
Valuation difference on available-for-sale securities	5	(4)
Foreign currency translation adjustment	(223)	(841)
Remeasurements of defined benefit plans, net of tax	(6)	(12)
Total other comprehensive income	(224)	(858)
Comprehensive income	2,878	1,996
Comprehensive income attributable to owners of parent	2,878	1,996
Comprehensive income attributable to non-controlling interests	-	-

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

(Significant change in shareholders' equity)

The Board of Directors approved a resolution on April 8, 2016 to repurchase 1,250,000 shares of stock. The repurchase of this stock resulted in a 1,894 million yen increase in treasury shares during the first quarter to 1,898 million yen at the end of the first quarter. The repurchase of stock in accordance with the April 8, 2016 resolution was completed on April 18.

(Segment information)

I. For the first quarter ended May 2015 (March 1, 2015 – May 31, 2015)

Information about sales and income (loss) by reporting segments

(Million 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	10,084	3,558	525	306	21,485	-	21,485
(of which inter- segment)	12,260	0	15	16	273	12,566	(12,566)	-
Total	19,270	10,084	3,574	542	580	34,052	(12,566)	21,485
Segment income	4,061	580	219	4	18	4,884	(330)	4,553

- Notes: 1. Adjustment in segment income of -330 million yen includes -55 million yen for elimination of inter-segment trade and -274 million 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 is adjusted for operating income on the quarterly consolidated statements of income.

II. For the first quarter ended May 2016 (March 1, 2016 – May 31, 2016)

Information about sales and income (loss) by reporting segments

(Million 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)	7,627	9,878	2,734	848	240	21,330	-	21,330
(of which inter- segment)	12,444	-	28	1	269	12,743	(12,743)	-
Total	20,072	9,878	2,762	849	510	34,073	(12,743)	21,330
Segment income	3,380	691	102	44	18	4,236	612	4,849

- Notes: 1. Adjustment in segment income of 612 million yen includes 923 million yen for elimination of inter-segment trade and -310 million 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 is adjusted for operating income on the quarterly consolidated statements of income.

(Subsequent events)

None