April 11, 2017

Summary of Consolidated Financial Results
For the Fiscal Year Ended February 28, 2017 [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:	Executive Officer & Manager of Business Management Department
	Name:	Osamu Miyagawa
Phone:		+81-(0)268-81-1200
Date of regular general meeting of shareholders (tentative):		May 25, 2017
Date of commencement of dividend payment (tentative):		May 26, 2017
Date of securities report (tentative):		May 25, 2017
Supplementary explanatory documents:		Yes
Earnings presentation:		Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

1. Financial results for the fiscal year ended February 2017 (March 1, 2016 – February 28, 2017)

(1) Result of operations (Consolidated) (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	%
Fiscal year ended February 2017	83,000	(2.6)	13,404	(17.4)	11,722	(23.3)	7,757	(20.1)
Fiscal year ended February 2016	85,218	21.9	16,222	53.1	15,291	24.8	9,708	26.2

Note: Comprehensive income: FY2/2017: 8,088 million yen (-14.6 %), FY2/2016: 9,472 million yen (3.3 %)

	Earnings per share	Earnings per share fully diluted	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended February 2017	162.07	-	13.5	14.6	16.1
Fiscal year ended February 2016	198.14	-	19.2	21.3	19.0

(Reference) Equity in income/losses of affiliates: FY2/2017 - million yen FY2/2016 - million yen

Note: There was a 3-for-1 stock split on September 1, 2015. Earnings per share are 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	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2017	83,085	60,080	72.3	1,259.86
As of February 29, 2016	77,216	55,043	71.3	1,123.46

(Reference) Shareholders' equity As of February 28, 2017: 60,080 million yen As of February 29, 2016: 55,043 million yen

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

(3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended February 2017	6,823	(1,442)	(3,066)	23,633
Fiscal year ended February 2016	12,275	(4,011)	(456)	20,002

2. Dividends

	Dividend per share					Annual total amount	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended February 2016	-	0.00	-	22.00	22.00	1,077	11.1	2.1
Fiscal year ended February 2017	-	0.00	-	26.00	26.00	1,241	16.0	2.2
Fiscal year ending February 2018 (estimated)	-	0.00	-	29.00	29.00		17.5	

3. Forecast for the fiscal year ending February 2018 (Consolidated, March 1, 2017 to February 28, 2018)

(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	49,700	6.6	7,900	(19.1)	7,700	(7.9)	5,300	(2.9)	111.14
Full year	85,700	3.3	11,700	(12.7)	11,500	(1.9)	7,900	1.8	165.66

*** Notes**

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

(2) 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 refer Application of accounting standard for business combinations, etc. in Changes in accounting principles on page 20.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of February 28, 2017: 48,999,000 As of February 29, 2016: 48,999,000

(b) Treasury shares

As of February 28, 2017: 1,311,158 As of February 29, 2016: 3,858

(c) Average number of shares

Period ended February 28,2017: 47,868,522 Period ended February 29,2016: 48,995,264

Note: There was a 3-for-1 stock split on September 1, 2015. The number of shares outstanding (common stocks) at the of the current fiscal year is presented as if this split had taken place at the beginning of the previous fiscal year.
Treasury shares include 57,300 shares held by the Board Incentive Plan Trust at the end of the current fiscal year.

(Reference) Non-consolidated Financial Results

Financial results for the current fiscal year (March 1, 2016 – February 28, 2017)

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 2017	78,944	4.2	10,389	(28.0)	10,021	(32.3)	7,226	(29.7)
Fiscal year ended February 2016	75,733	13.7	14,422	34.2	14,813	18.3	10,287	28.5

	Earnings per share	Earnings share fully diluted
	Yen	Yen
Fiscal year ended February 2017	150.97	-
Fiscal year ended February 2016	209.96	-

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 (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2017	71,470	50,607	70.8	1,061.21
As of February 29, 2016	64,112	46,417	72.4	947.39

(Reference) Shareholders' equity As of February 28, 2017: 50,607 million yen As of February 29, 2016: 46,417 million yen

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

* The rule mandating audit procedures does not apply to 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 "Outlook for fiscal year ending in February 2018" 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 current fiscal year, these figures are instead shown in units of millions. To facilitate comparisons, figures for the previous fiscal year have been revised to units of millions.

(3) To receive supplementary explanatory documents and contents of earnings presentation
The earnings presentation for institutional investors and analysts will be held on April 18, 2017. Supplementary explanatory documents will be posted promptly on the company's website after the earnings presentation.

Index for Supplementary Information

1. Results of Operations

(1) Overview on consolidated business performance

(Business performance)
In the fiscal year that ended in February 2017, economies expanded slowly in both the United States and Europe, which are the major markets for the Takeuchi Group. The U.S. economy posted moderate growth as consumer spending remained firm with the support of a recovery in the labor market. In Europe, Britain avoided an economic downturn associated with the decision to leave the European Union. Backed by solid consumer spending, the British economy remained healthy. In other areas of Europe, there was slow economic growth along with increasing consumer spending due to a gradual improvement in jobs.

The Takeuchi Group increased sales activities in the United States and Europe and benefited from growth in demand. The result was an increase in the volume of compact excavators, hydraulic excavators and track loaders sold during the fiscal year compared with the previous fiscal year. However, monetary sales decreased because of the stronger yen, declining 2.6% to 83,000 million yen.

Although sales volume was higher, the decline in yen conversions of foreign currency-denominated sales caused by the yen's strength had a negative impact on earnings. Operating income decreased 17.4% to 13,404 million yen and, after a 1,657 million yen foreign exchange loss and other items, ordinary income was down 23.3% to 11,722 million yen. After taxes of 3,969 million yen and other items, profit attributable to owners of parent decreased 20.1% to 7,757 million yen.

Geographic segment performance was as follows.

(a) Japan
Sales decreased 1.6% to 30,934 million yen as there was almost no change in the number of compact excavators and hydraulic excavators for sale in Europe. Segment income fell 25.0% to 11,597 million yen. Although sales to sales subsidiaries increased, there was a negative impact on earnings from lower yen conversions of foreign currency-denominated sales as the yen appreciated.

(b) United States

Sales decreased 2.6% to 39,684 million yen as growth in the sales volume of compact excavators and track loaders was offset by lower yen conversions of U.S. dollar-denominated sales due to the yen's appreciation. Segment income increased 5.9% to 2,347 million yen.

(c) United Kingdom

Sales decreased 11.8% to 8,312 million yen. The sales volume of compact excavators increased but yen translations of British pound-denominated sales were lower because of the stronger yen. Segment income decreased 14.8% to 320 million yen.

(d) France

Sales were up 23.0% to 3,558 million yen because of an increase in the sales volume of compact excavators and hydraulic excavators. Segment income increased 130.3% to 194 million yen.

(e) China

Sales decreased 28.4% to 510 million yen because of a decline in the sales volume of compact excavators caused mainly by slower economic growth. Segment income was 90 million yen compared with a loss of 898 million yen one year earlier.

(Outlook for fiscal year ending in February 2018)

The United States and Europe are the largest markets for the Takeuchi Group. In the United States, although there is uncertainty about the outlook for government policies, the outlook is for growth in personal income, a recovery in exports and capital expenditures, and a continuation of the gradual pace of interest rate hikes. The housing market is expected to remain firm as the environment for jobs and personal income improve. Consequently, the slow expansion of the U.S. economy is expected to continue. Based on this outlook, we forecast our U.S. sales to increase. In Britain, slower economic growth is foreseen as uncertainty about negotiations to leave the European Union hold down domestic demand. But the British economy will probably be supported to some degree by external demand as the weaker pound contributes to export growth. In other regions of Europe, we expect the economy to continue recovering primarily because of sound internal demand. Falling unemployment as the labor supply tightens, higher corporate earnings and an increase in capacity utilization rates will probably be the main contributors to internal demand. Overall, the outlook for Europe is for the economy to continue expanding slowly. We therefore forecast higher sales in Europe.

Based on this outlook, we forecast a 3.3% increase in sales to 85,700 million yen along with growth in sales volume. The earnings forecasts reflect the expected negative effects of the higher cost of steel and other raw materials, an increase in marine shipping expenses, an increase in expenses to upgrade R&D capabilities, and the depreciation of the British pound and euro compared with exchange rates in the previous fiscal year. We therefore forecast a 12.7% decrease in operating income to 11,700 million yen. Based on the outlook for a foreign exchange loss of 239 million yen compared with the 1,657 million yen loss in the previous fiscal year, we forecast a 1.9% decrease in ordinary income to 11,500 million yen and a 1.8% increase in profit attributable to owners of parent to 7,900 million yen.

In sum, the forecast for the fiscal year ending in February 2018 is as follows.

Sales	85,700 million yen (up 3.3% year on year)
Operating income	11,700 million yen (down 12.7%)
Ordinary income	11,500 million yen (down 1.9%)
Profit attributable to owners of parent	7,900 million yen (up 1.8%)

The exchange rate assumptions for this forecast are 110 yen to the U.S. dollar, 137 yen to the British pound, 118 yen to the euro and 16 yen to the yuan.

(2) Overview of financial condition

(a) Assets, liabilities and net assets

Assets were 83,085 million yen at the end of the fiscal year, 5,868 million yen more than at the end of the previous fiscal year. The main reasons were a 3,630 million yen increase in cash and deposits and a 3,233 million yen increase in inventories because of strong sales in the United States.

Liabilities increased 832 million yen to 23,005 million yen primarily because of a 631 million yen increase in notes and accounts payable in association with growth in production volume.

Net assets increased 5,036 million yen to 60,080 million yen. While retained earnings increased 7,757 million yen in association with profit attributable to owners of parent, there was a decrease of 1,077 million yen due to dividends paid and treasury shares, which is deducted from net assets, increased 1,975 million yen.

(b) Cash flows

Cash and cash equivalents increased 3,630 million yen from the end of the previous fiscal year to 23,633 million yen. Major uses of cash were income taxes paid and the purchase of treasury shares, and cash was provided by profit before income taxes and other items. The following is a summary of fiscal year cash flows.

(Operating activities)

Net cash provided by operating activities decreased 5,451 million yen to 6,823 million yen. Major uses of cash were income taxes paid, which decreased 2,866 million yen to 4,327 million yen, and a 4,014 million yen increase in inventories compared with a 77 million yen decrease in the previous fiscal year. Major sources of cash were profit before income taxes of 11,727 million yen, 3,564 million yen less than one year earlier, and an increase of 2,535 million yen in notes and accounts payable-trade compared with a decrease of 2,380 million yen in the previous fiscal year.

(Investing activities)

Cash used in investing activities decreased 2,568 million yen to 1,442 million yen mainly because the purchase of property, plant and equipment decreased 2,473 million yen to 1,191 million yen.

(Financing activities)

Cash used in financing activities increased 2,609 million yen to 3,066 million yen. The main uses of cash were 1,975 million yen for the purchase of treasury shares, 1,974 million yen more than one year earlier, and cash dividends paid of 1,076 million yen, 636 million yen more than one year earlier.

(Reference) Cash flow indices

	FY2013	FY2014	FY2015	FY2016	FY2017
Equity ratio (%)	59.9	70.4	69.5	71.3	72.3
Market capitalization equity ratio (%)	55.0	87.7	113.8	86.8	129.0
Cash flow to debt ratio (years)	-	0.0	-	-	-
Interest coverage ratio (times)	-	554.0	827.0	2,178.9	1,293.4

Equity ratio = Shareholders' equity/Total assets
Market capitalization equity ratio = Market capitalization/Total assets
Cash flow to debt ratio = Interest-bearing liabilities/Operating cash flows
Interest coverage ratio = Operating cash flows/Interest paid
Notes:

1. Consolidated financial data are used for all ratios.
2. Market capitalization is based on the number of shares issued after deducting treasury shares.
3. Interest-bearing debt is all balance sheet liabilities on which interest is paid.
4. Operating cash flows and interest paid are the corresponding figures on the statements of cash flows.
5. No cash flow to debt ratio and interest coverage ratio are shown for the fiscal year ended in February 2013 because operating cash flows were negative.

(3) Fundamental policy for distributing earnings and dividends for current and next fiscal years

Distributing earnings to shareholders is one of our highest priorities. The fundamental policy is to pay a stable and consistent dividend while retaining sufficient earnings to strengthen operations and make investments for upcoming activities. Our policy is to pay a dividend only at the end of each fiscal year. For the fiscal year that ended in February 2017, based on this policy and results of operations, we plan to pay a dividend of 26 yen per share.
For the fiscal year ending in February 2018, we plan to pay a year-end dividend of 29 yen per share.

(4) Business risk factors

This section presents risk factors that may have an effect on the Takeuchi Group's results of operations, financial condition, stock price and other items.

(a) Foreign exchange rates
Foreign exchange rate movements have an effect on overseas sales, which account for more than 97% of consolidated sales. We use foreign exchange forward contracts and other measures to hedge this risk. However, foreign exchange rate movements that exceed our assumptions may have an effect on results of operations. In addition, these movements may cause a foreign exchange loss or other losses associated with yen conversions of amounts receivable and payable at the end of a fiscal year.

(b) Cost of raw materials
Steel sheets and other types of steel products are the primary raw material at the Takeuchi Group. If there is a significant increase in the price of steel products, we would respond by cutting costs, such as by streamlining production lines, raising prices of our products and taking other actions. However, if these measures do not produce the expected benefits or if the cost of raw materials remains high for a long time, there may be an impact on results of operations.

(c) The economy and market conditions
In the developed nations where we operate, construction machinery is an industry linked to economic cycles. Consequently, demand for our products is vulnerable to changes in public works expenditures, private-sector capital expenditures and other factors. Significantly, the housing construction sector accounts for a large share of the demand for our products. As a result, changes in the economy and market conditions may have an impact on results of operations.

(d) Competition
There are many manufacturers of construction machinery and competition is intense worldwide. For sales activities, the Takeuchi Group highlights the superiority of its products with respect to quality, performance and other aspects. However, a competitor may develop and start selling a product that is better in terms of quality, performance or other characteristic. If this causes a drop in our market share, there may be an impact on results of operations.

(e) Receivables
To reduce risk associated with business transactions, we collect financial and other information about customers, establish credit lines based on the soundness of their operations, and manage outstanding credit. However, if a decline in the financial condition of a customer makes it difficult or impossible to receive amounts due, there may be an impact on results of operations.

(f) Recruiting and training activities
To continue to grow, the Takeuchi Group must constantly add new products. Developing these products requires strong R&D capabilities, especially the recruiting and training of people with outstanding technical skills. We also need to recruit and train skilled people who can strengthen sales and administrative operations. If we are unable to recruit a sufficient number of these people or provide the necessary training, there may be an impact on results of operations.

(g) Environmental regulations
Countries around the world are increasingly enacting stricter restrictions on exhaust gas, noise levels and other items affecting the environment. The Takeuchi Group's products must comply with these regulations. R&D expenditures and new capital expenditures will probably be required for this compliance. The resulting expenses may have an impact on results of operations.

(h) Other laws and regulations
North America and Europe are the primary markets for the Takeuchi Group and our operations must comply with a large number of laws, regulations and tax systems. If we are unable to comply, there may be restrictions on our operations as well as additional expenses to achieve compliance. In addition, new or revised laws and regulations in the future may have a similar effect on our operations. Any of these events may have an impact on results of operations.

(i) Geographic concentration of manufacturing
Most manufacturing operations of the Takeuchi Group are located in the northern part of Nagano prefecture in Japan. If an earthquake, fire or other natural disaster severely damages manufacturing equipment, we may be forced to temporarily stop operations. The resulting delays in manufacturing and shipments could cause a drop in sales. If this happens, there may be an impact on results of operations.

2. The Takeuchi Group

The Takeuchi Group consists of Takeuchi Mfg. Co., Ltd. and four consolidated subsidiaries. The main business is the manufacture and sale of construction machinery. This business accounted for 99.3% of sales in the fiscal year that ended in February 2017. Other businesses are primarily the manufacture and sale of agitators. The activities and positioning of Takeuchi Mfg. and its subsidiaries are as follows.

(1) Construction machinery

The Takeuchi Group manufactures and sells construction machinery. Sales are mainly outside Japan with most sales in North America and Europe. In regions other than China, products are manufactured by Takeuchi Mfg. and there are three sales channels. First is sales to consolidated subsidiaries Takeuchi Mfg. (U.S.), Ltd., Takeuchi Mfg. (U.K.) Ltd., and Takeuchi France S.A.S., which then sell construction machinery to local rental companies and dealers (see note 1). Second is direct sales by Takeuchi Mfg. to local distributors, mainly in Europe (see note 2). Third is sales by Takeuchi Mfg. through trading companies to overseas distributors. Most construction machinery sold in China is manufactured by Takeuchi Qingdao Mfg. Co., Ltd., which sells its products to dealers in China. In addition, Takeuchi Mfg. produces some construction machinery under OEM agreements for manufacturers in Japan and sells some of our products in Japan.

Major products: Compact excavators, hydraulic excavators, track loaders (see note 3)

Consolidated subsidiaries

Sales:

Takeuchi Mfg. (U.S.) Ltd. (United States)

Takeuchi Mfg. (U.K.) Ltd. (United Kingdom)

Takeuchi France S.A.S. (France)

Manufacturing and sales:

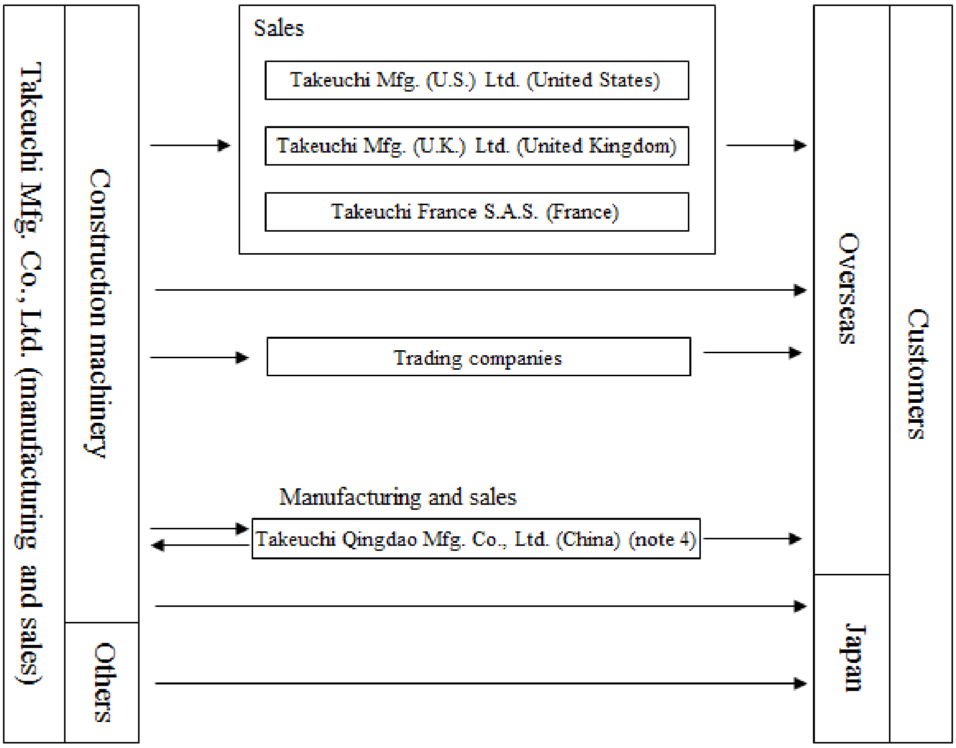
Takeuchi Qingdao Mfg. Co., Ltd. (China)

(2) Others

The main product in this category is agitators. Takeuchi Mfg. produces agitators and sells them primarily for use at waste water treatment facilities and by manufacturers of chemicals, food and other products in Japan.

Flow chart

The diagram below shows the operations of the Takeuchi Group.



Notes

1. The term dealer is used for retail companies that sell products mainly to end users.
2. The term distributor is used for wholesale companies that sell products mainly to dealers.
3. Compact excavators are defined as excavators with a weight of 0.5 tons or more and less than 6 tons.
Hydraulic excavators are defined as excavators with a weight of at least 6 tons.
Track loaders are transport and excavation machines for use on uneven terrain.
4. The movement of products from Takeuchi Mfg. to Takeuchi Qingdao Mfg. consists of parts used by this subsidiary for manufacturing construction machinery. The movement of products from Takeuchi Qingdao Mfg. to Takeuchi Mfg. consists of parts that were made in China.

3. Management Policies

(1) Core policies

The Takeuchi Group is guided by the following Mission and Corporate Philosophy.

Our Mission

Creation	We pledge to develop need responsive products; making the most of our awareness of, and relationship with, our customers.
Challenge	We pledge to aim high and boldly take up challenges with imagination and youthful vigor.
Cooperation	We pledge to thrive in conjunction with society, cultivating a mindset based on harmony and thoughtfulness.

Business Philosophy

TAKEUCHI From World First to World Leader

- We will pursue the TAKEUCHI-way manufacturing activities while working together and sharing the spirit of Creation, Challenge and Cooperation.
- With a global perspective and sensitivity, we will provide our customers with truly reliable products and services.
- By exerting our individual abilities to the fullest, we will contribute to the creation of a society that is environment-friendly as well as comfortable and attractive.

(2) Medium and long-term strategies, targeted performance indicators and important issues

In April 2016, Takeuchi started a three-year medium-term business plan ending in February 2019 that has the following goals.

(a) Market development and higher customer satisfaction

i. Add more dealers to build an extensive sales network consisting of outstanding dealers

Takeuchi added 10 dealers in the United States and France during the fiscal year that ended in February 2017. The new dealers were one reason for the solid growth in sales volume in these countries.

Activities to increase the number of U.S. dealers will continue. In France, we have established a dealer network to cover all areas of the country and are now focusing on further improving the performance of these dealers.

ii. Reinforce the global infrastructure for serving customers by strengthening the capabilities of overseas bases and increasing cooperation among group companies

During the past fiscal year, Takeuchi Mfg. (U.S.) Ltd. implemented a unified global brand strategy and the Global Marketing Center was established for the purpose of supplying sales promotion tools and other materials to customers outside Japan. We plan to upgrade the activities of this center to make more improvements to services provided to overseas customers.

iii. Step up operational support for dealers and distributors by using information and communication technologies (ICT) to create new services and build a strong framework for supplying parts

During the past fiscal year, we started equipping all products sold in the United States with communications and data devices with a GPS capability. These devices allow Takeuchi and dealers to monitor the operations of equipment sold and acquire real-time information about malfunctions and other problems. We plan to improve this service and to use information collected from these devices for the development of new products.

(b) Manufacturing reforms

i. Upgrade the skills of people who develop new products and combine experience with new industrial technologies and other expertise in order to create products that match the differing needs of each market

From the medium to long-term perspective, in the last fiscal year we established a section within the Product Development Department that is responsible for creating plans involving new technology development policies and measures for improving the quality of newly developed products. In addition, we hired more people for technology and product development activities and reinforced these activities.

We will continue to strive to strengthen the Product Development Department and further expand the lineup of our products.

ii. Organize and centralize knowledge and data that are currently in many locations within the Takeuchi Group and establish a framework for using these information in product development and manufacturing operations with the goal of improving productivity and efficiency and adding more value to products.

During the past fiscal year, production management operations, which were part of the Management and Procurement Department, became a separate unit and the Production Management Department was established as a unit that also encompasses production planning operations at manufacturing sites. The goal is to optimize manufacturing activities throughout the Takeuchi Group by centralizing information and data that are currently divided among many factories. The Production Management Department will work with the Product Development Department to accelerate front-loading of development projects.

In addition, we established a next-generation factory network that uses software-defined networking (SDN). We used this network to build an IT system infrastructure for factories that do not stop operating, are easy to manage and are interconnected.

We will continue to conduct research and studies concerning ways to achieve more improvements in the productivity and efficiency of manufacturing operations.

(c) Become more cost competitive and resilient to foreign exchange rate movements

i. Reexamine how materials and parts are purchased for constant activities aimed at cost reductions

In the past fiscal year, we started increasing purchases of assembled components and outsourcing some production tasks in order to make factory operations more efficient. Another accomplishment was a cost reduction of about 600 million yen resulting from ongoing initiatives to lower the cost of manufacturing products. These activities will continue with the aim of achieving more cost reductions and improvements in factory efficiency.

ii. Increase the procurement ratio of parts from outside Japan, including from the subsidiary in China, and improve the group's resilience to changes in foreign exchange rates.

During the past fiscal year, we started procuring more parts from the subsidiary in China and from overseas suppliers. These activities raised the overseas parts procurement ratio to 22% as of the end of February 2017 from 20% one year earlier. Measures to boost overseas procurement are continuing with the goal of raising this ratio to 30% by February 2018.

d) Use a small number of people to perform tasks efficiently
We started examining ways to reform our personnel systems that foster a workforce of people who can identify and solve problems and enable all employees to realize their full potential. We are currently working with a human resources consultant on a plan for reforming our personnel systems.

The medium-term business plan has the following targets for the fiscal year ending in February 2019.

	Year ending February 2019
Net sales	88.6 to 94.0 billion yen
Operating margin	15 to 19%
Assumptions	1 US dollar = 105 to 115 yen 1 British pound = 150 to 167 yen 1 Euro = 120 to 130 yen 1 Yuan = 16.5 to 18 yen

4. Basic stance for the selection of accounting standards

The Takeuchi Group plans to continue using Japanese accounting standards for the consolidated financial statements for the time being.
We will continue to monitor events and trends in Japan and other countries concerning the use of international accounting standards.

5. Consolidated Financial Statements

(1) Consolidated balance sheet

(Million yen)

	Fiscal year ended February 2016 (As of February 29, 2016)	Fiscal year ended February 2017 (As of February 28, 2017)
ASSETS		
Current assets		
Cash and deposits	20,580	24,211
Notes and accounts receivable-trade	21,281	21,490
Merchandize and finished goods	15,975	20,159
Work in process	1,346	1,163
Raw materials and supplies	3,051	2,283
Deferred tax assets	2,694	2,647
Other	2,812	1,915
Allowance for doubtful accounts	(1,731)	(1,593)
Total current assets	66,010	72,278
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,208	5,265
Machinery, equipment and vehicles, net	1,426	1,484
Tools, furniture and fixtures, net	484	340
Land	2,178	2,069
Construction in progress	440	74
Total property, plant and equipment	9,737	9,234
Intangible assets	812	736
Investments and other assets		
Investment securities	152	250
Net defined benefit asset	214	299
Other	312	308
Allowance for doubtful accounts	(24)	(23)
Total investments and other assets	655	835
Total noncurrent assets	11,205	10,806
Total assets	77,216	83,085

(Million yen)

	Fiscal year ended February 2016 (As of February 29, 2016)	Fiscal year ended February 2017 (As of February 28, 2017)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	16,366	16,997
Income taxes payable	1,586	1,324
Provision for bonuses	173	189
Provision for product warranties	1,058	1,174
Other	1,602	1,997
Total current liabilities	20,787	21,683
Noncurrent liabilities		
Deferred tax liabilities	872	806
Provision for directors' retirement benefits	267	-
Provision for directors' stock benefits	-	17
Provision for loss on guarantees	119	86
Net defined benefit liability	-	30
Other	124	379
Total noncurrent liabilities	1,384	1,321
Total liabilities	22,172	23,005
NET ASSETS		
Shareholder’s equity		
Capital stock	3,632	3,632
Capital surplus	3,631	3,631
Retained earnings	46,647	53,327
Treasury shares	(3)	(1,978)
Total shareholder’s equity	53,907	58,612
Accumulated other comprehensive income		
Valuation differences on available-for-sales securities	10	26
Foreign currency translation adjustments	931	1,261
Remeasurements of defined benefit plans	194	178
Total accumulated other comprehensive income	1,136	1,467
Total net assets	55,043	60,080
Total liabilities and net assets	77,216	83,085

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Million yen)

	Fiscal year ended February 2016 (March 1, 2015 – February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 – February 28, 2017)
Net sales	85,218	83,000
Cost of sales	60,861	62,276
Gross profit	24,357	20,724
Selling, general and administrative expenses		
Haulage expenses	2,547	2,178
Provision for product warranties	495	686
Provision of allowance for doubtful accounts	657	0
Provision for loss on guarantees	13	-
Directors' compensations	251	246
Salaries and allowances	1,550	1,564
Provision for bonuses	36	38
Retirement benefit expenses	11	16
Provision for directors' retirement benefits	12	3
Provision for directors' stock benefits	-	17
Other	2,559	2,570
Total selling, general and administrative expenses	8,134	7,320
Operating profit	16,222	13,404
Non-operating income		
Interest income	43	30
Dividends income	4	31
Insurance premiums refunded cancellation	-	26
Other	77	50
Total non-operating income	126	138
Non-operating expenses		
Interest expenses	6	5
Loss on retirement of noncurrent assets	29	25
Foreign exchange losses	1,006	1,657
Other	14	132
Total non-operating expenses	1,056	1,820
Ordinary profit	15,291	11,722
Extraordinary income		
Gain on sales of investment securities	0	5
Total extraordinary income	0	5
Profit before income taxes	15,292	11,727
Income taxes-current	4,663	4,042
Income taxes-deferred	920	(72)
Total income taxes	5,583	3,969
Profit	9,708	7,757
Profit attributable to owners of parent	9,708	7,757

(Consolidated statement of comprehensive income)

(Million yen)

	Fiscal year ended February 2016 (March 1, 2015 – February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 – February 28, 2017)
Profit	9,708	7,757
Other comprehensive income		
Valuation difference on available-for-sale securities	(35)	15
Foreign currency translation adjustment	(139)	330
Remeasurements of defined benefit plans, net of tax	(61)	(15)
Total other comprehensive income	(236)	331
Comprehensive income	9,472	8,088
Comprehensive income attributable to owners of parent	9,472	8,088
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity

Previous fiscal year (March 1, 2015 – February 29, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,632	3,631	37,460	(3)	44,721
Cumulative effects of changes in accounting policies			(80)		(80)
Restated balance	3,632	3,631	37,380	(3)	44,641
Changes of items during the period					
Dividends of surplus			(440)		(440)
Profit attributable to owners of parent			9,708		9,708
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	9,267	(0)	9,266
Balance at end of current period	3,632	3,631	46,647	(3)	53,907

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	45	1,070	255	1,372	46,093
Cumulative effects of changes in accounting policies					(80)
Restated balance	45	1,070	255	1,372	46,013
Changes of items during the period					
Dividends of surplus					(440)
Profit attributable to owners of parent					9,708
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(35)	(139)	(61)	(236)	(236)
Total changes of items during the period	(35)	(139)	(61)	(236)	9,030
Balance at end of current period	10	931	194	1,136	55,043

Current fiscal year (March 1, 2016 – February 28, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,632	3,631	46,647	(3)	53,907
Changes of items during the period					
Dividends of surplus			(1,077)		(1,077)
Profit attributable to owners of parent			7,757		7,757
Purchase of treasury shares				(1,975)	(1,975)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	6,679	(1,975)	4,704
Balance at end of current period	3,632	3,631	53,327	(1,978)	58,612

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	10	931	194	1,136	55,043
Changes of items during the period					
Dividends of surplus					(1,077)
Profit attributable to owners of parent					7,757
Purchase of treasury shares					(1,975)
Net changes of items other than shareholders' equity	15	330	(15)	331	331
Total changes of items during the period	15	330	(15)	331	5,036
Balance at end of current period	26	1,261	178	1,467	60,080

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended February 2016 (March 1, 2015 – February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 – February 28, 2017)
Cash flows from operating activities		
Profit before income taxes	15,292	11,727
Depreciation	1,092	1,429
Increase (decrease) in allowance for doubtful accounts	522	10
Increase (decrease) in provision for bonuses	6	14
Increase (decrease) in provision for product warranties	(13)	138
Decrease (increase) in net defined benefit asset	(128)	(76)
Increase (decrease) in provision for directors' retirement benefits	12	(267)
Increase (decrease) in provision for directors' stock benefits	-	17
Increase (decrease) in provision for loss on guarantees	13	(17)
Interest and dividends income	(48)	(62)
Foreign exchange losses (gains)	970	(1,149)
Interest expenses	6	5
Loss (gain) on sales of investment securities	(0)	(5)
Loss (gain) on valuation of investment securities	(0)	-
Loss (gain) on sales of noncurrent assets	0	(1)
Loss on retirement of noncurrent assets	29	25
Decrease (increase) in notes and accounts receivable-trade	(1,810)	(1,049)
Decrease (increase) in inventories	77	(4,014)
Increase (decrease) in notes and accounts payable-trade	4,916	2,535
Decrease (increase) in other assets	(768)	831
Increase (decrease) in other liabilities	(726)	1,014
Other, net	(16)	(12)
Subtotal	19,426	11,094
Interest and dividends income received	48	62
Interest expenses paid	(5)	(5)
Income taxes paid	(7,194)	(4,327)
Net cash provided by operating activities	12,275	6,823
Cash flows from investing activities		
Decrease (increase) in time deposits	(0)	(0)
Purchase of property, plant and equipment	(3,665)	(1,191)
Proceeds from sales of property, plant and equipment	0	2
Purchase of intangible assets	(339)	(180)
Purchase of investment securities	(19)	(100)
Proceeds from sales of investment securities	20	9
Payments of loans receivable	(0)	(0)
Collection of loans receivable	0	0
Other, net	(7)	17
Net cash provided by (used in) investing activities	(4,011)	(1,442)

(Million yen)

	Fiscal year ended February 2016 (March 1, 2015 – February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 – February 28, 2017)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(1,975)
Cash dividends paid	(440)	(1,076)
Repayments of lease obligations	(15)	(14)
Net cash provided by (used in) financing activities	(456)	(3,066)
Effect of exchange rate change on cash and cash equivalents	(1,035)	1,316
Net increase (decrease) in cash and cash equivalents	6,771	3,630
Cash and cash equivalents at beginning of period	13,231	20,002
Cash and cash equivalents at end of period	20,002	23,633

(5) Notes to the consolidated financial statements

(Notes to going concern assumptions)

None

(Basis of presentation of the consolidated financial statements)

1. Scope of consolidation
   (1) Consolidated subsidiaries: 4
   Takeuchi Mfg. (U.S.) Ltd.
   Takeuchi Mfg. (U.K.) Ltd.
   Takeuchi France S.A.S.
   Takeuchi Qingdao Mfg. Co., Ltd.

   (2) Non-consolidated subsidiaries
   None
2. Scope of the equity method
   (1) Equity-method companies
   None

   (2) Non-equity-method related companies
   None

3. Fiscal year of consolidated subsidiaries

   All four consolidated subsidiaries end their fiscal years on December 31.
   Since the difference between this fiscal year and the fiscal year of Takeuchi Mfg. is not more than three months, the financial statements of these subsidiaries for their fiscal years are used for the consolidated financial statements. However, adjustments are made to the consolidation as needed for any significant transactions between January 1, 2017 and February 28, 2017.

4. Significant accounting policies
   (1) Valuation standard and method for significant assets
   (a) Securities
   Other securities
   Marketable securities
   Fair value based on the market price, etc. as of the fiscal year end (All valuation differences are added to or subtracted from net assets and the cost of securities sold is calculated by using the moving average method.)
   Non-marketable securities
   Cost method with cost determined by the moving average method

   (b) Derivatives
   Market value method

   (c) Inventories
   (i) Finished products
   Takeuchi Mfg. uses the cost method with cost determined by the gross average method (with book value reduced to reflect declines in profitability). The four overseas consolidated subsidiaries use primarily the lower of cost or market method with cost determined by the specific identification method.

   (ii) Work in process and raw materials
   Cost method with cost determined by the gross average method (with book value reduced to reflect declines in profitability)

   (iii) Supplies
   Cost method using the cost of the most recent purchase

   (2) Depreciation method for significant depreciable assets
   (a) Tangible assets (except leased assets)
   Takeuchi Mfg. uses the declining-balance method and the four overseas consolidated subsidiaries use the straight-line method in accordance with accounting standards in their respective home countries.
   However, Takeuchi Mfg. uses the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.
   The useful lives of principal assets are as follows:

Buildings and structures	15 to 31 years
Machinery, equipment and vehicles	7 years
Tools, furniture and fixtures	2 to 10 years

   (b) Intangible assets (except leased assets)
   Takeuchi Mfg. uses the straight-line method and the four overseas consolidated subsidiaries use the straight-line method in accordance with accounting standards in their respective home countries.
   Software for internal use is amortized using the straight-line method over the expected useful economic life (5 years).

   (c) Leased assets
   For leased assets using finance leases other than where ownership is transferred, the straight-line method with no residual value is used and the lease period is the useful life. Finance leases other than where ownership is

transferred that started no later than February 28, 2009 continue to be accounted for as ordinary rental transactions.

(3) Basis of significant allowances

(a) Allowance for doubtful accounts
An allowance is established based on the past rate of losses for normal receivables and on the amount that is not expected to be recovered for doubtful receivables based on examinations to determine the likelihood of receiving payments for individual receivables. The four overseas consolidated subsidiaries establish allowances equal to the amounts that are not expected to be recovered based on the likelihood of receiving payments for individual receivables.

(b) Provision for bonuses
This provision is equal to bonuses to be paid in the current year based on the expected amount of bonuses.

(c) Provision for product warranties
This provision is equal to expected expenses for product warranties after products have been sold based on expenses in the past.

(d) Provision for directors' stock benefits
This provision is based on estimated liabilities for the distribution of stock at the end of each fiscal year associated with the distribution of stock to directors in accordance with rules for granting stock.

(e) Provision for loss on guarantees
This provision is equal to estimated losses on loan guarantees based on the financial condition and other information concerning the borrowers that received guarantees.

(4) Accounting method for retirement benefits

(a) Allocation of retirement benefit estimates to fiscal periods
When calculating retirement obligations, the straight-line attribution standard is used for the allocation of estimated retirement benefit payments to specific periods up to the end of the fiscal year that ended in February 2017.

(b) Amortization of actuarial gains and losses
For actuarial gains and losses, a proportional amount calculated using the straight-line method for a certain period (5 years) that is shorter than the average remaining service of employees in each fiscal year in which a gain or loss occurred is amortized in each year starting with the fiscal year after the year when the gain or loss occurred.

(c) Use of simplified method for small companies
For the determination of net defined benefit liability and retirement benefit expenses, some consolidated subsidiaries utilize the simplified method of using the amount payments for voluntary retirements at the end of the fiscal year as retirement benefit liabilities.

(5) Standard for yen conversions of significant foreign currency-denominated assets and liabilities
Foreign currency-denominated monetary liabilities are converted into yen at the exchange rates as of the balance sheet date and conversion differences are recognized as gains and losses.
Assets and liabilities of overseas consolidated subsidiaries are converted into yen using the exchange rates as of their balance sheet dates and income statement items are converted into yen using the average exchange rates for the applicable period. Conversion differences are included in the foreign currency translation adjustments item of net assets.

(6) Scope of cash and cash equivalents in the cash flow statement
In the statement of cash flows, funds (cash and cash equivalents) include cash, bank deposits that can be withdrawn at any time and short-term investments that can be converted to cash easily and mature within three months of the acquisition date with negligible risk of price fluctuations.

(7) Other important items concerning preparation of the consolidated financial statements
Accounting for consumption tax
Transactions subject to consumption taxes do not include these taxes.

(Changes in accounting principles)

(Application of accounting standard for business combinations)

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 profit and other items. To reflect these changes in the presentation of the financial statements, the 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 ended in February 2017. As a result, the depreciation method for facilities attached to buildings and structures 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 current fiscal year.

(Change in presentation method)

(Consolidated balance sheet)

Long-term loans receivable, which was a separate balance sheet item in the fiscal year that ended in February 2016, is included in the other item of investments and other assets starting with the fiscal year that ended in February 2017 because the amount of these loans has become insignificant (0 million yen as of February 2017).

(Consolidated statement of income)

Rent income, which was a separate income statement item in the fiscal year that ended in February 2016, is included in the other item of non-operating income starting with the fiscal year that ended in February 2017 because the amount of this income has become insignificant (2 million yen in the fiscal year ended February 2017).

(Supplementary information)

(Compensation linked to results of operations)

The Takeuchi board of directors approved a resolution on April 8, 2016 to establish a compensation system for directors (except outside directors and directors who are members of the Audit and Supervisory Committee, same hereafter in this section) that is linked to results of operations. A resolution to establish this system was subsequently approved by shareholders at the annual meeting held on May 27, 2016. The purpose is to increase the directors' commitment to the medium to long-term growth of Takeuchi's corporate value and earnings by more clearly linking their compensation with the company's stock price.

1) Summary

   This compensation system uses a trust called the Board Incentive Plan (BIP) Trust, which is based on the Performance Share system and Restricted Stock compensation system in the U.S. When a director's term of office ends, the individual receives an amount of Takeuchi stock and a payment resulting from the conversion of stock to cash that are based on the degree to which a consolidated operating margin was reached and the individual's executive position at Takeuchi.

2) Takeuchi stock in the BIP Trust

   Takeuchi stock in the BIP Trust is included in treasury shares, which is part of net assets, at the book value of the stock (excluding associated expenses). On February 28, 2017, treasury shares included 57,300 shares held by the BIP Trust with a book value of 80 million yen.

(Note concerning significant changes in shareholders' equity)

Takeuchi repurchased 1,250,000 shares of stock in accordance with a resolution approved by the board of directors on April 8, 2016. The acquisition of this stock increased treasury shares by 1,894 million yen.

Stock repurchases in accordance with this resolution ended on April 18, 2016.

In addition, the purchase of Takeuchi stock by the newly established Board Incentive Plan Trust increased treasury shares by 80 million yen.

Due to the April 2016 stock repurchase and the purchase of stock by this trust, treasury shares was 1,978 million yen at the end of February 2017.

(Segment information, etc.)

Segment information

1. Summary of reportable segments

   The reportable segments of the Takeuchi Group are based on the constituent units of the group for which separate financial information is available and the Board of Directors performs periodic examinations for determining the allocation of resources and the evaluating performance.

   The manufacture and sale of construction machinery is the primary business of the Takeuchi Group. Takeuchi Mfg. operates in Japan and Takeuchi Mfg. and its subsidiaries operate in other countries. Each subsidiary is managed as an independent unit, conducting business operations based on its own regional comprehensive strategy for the products handled.

   Consequently, there are five reportable geographic segments based on manufacturing and sales operations: Japan, United States, United Kingdom, France and China

2. Method for determining sales, earnings/losses, assets, liabilities and other items for reportable segments

   The accounting method for reportable segments is the same as the Basis of Presentation of the Consolidated Financial Statements.

   Reportable segments earnings are operating income and intersegment sales and transfers are based on market prices.

3. Reportable segment sales, earnings/loss, assets, liabilities and other items

Previous fiscal year (March 1, 2015 – February 29, 2016)

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	31,432	40,759	9,420	2,893	712	85,218	-	85,218
(of which inter-segment /transfer)	44,301	0	59	26	1,314	45,701	(45,701)	-
Total	75,733	40,759	9,479	2,919	2,027	130,919	(45,701)	85,218
Segment income (loss)	15,470	2,215	375	84	(898)	17,246	(1,024)	16,222
Segment assets	44,713	26,787	5,607	2,452	3,369	82,930	(5,714)	77,216
Others								
Depreciation	633	81	31	37	153	937	155	1,092
Increase in property, plant and equipment and intangible assets	2,824	401	7	8	36	3,278	682	3,960

Notes:

1. The adjustments are as follows.

   (1) The 1,024 million yen negative adjustment for segment income (loss) includes a 22 million yen deduction for intersegment transaction eliminations and a 1,047 million yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily selling, general and administrative expenses that do not belong to specific segments.

   (2) The 5,714 million yen negative adjustment for segment assets includes a 26,490 million yen deduction for intersegment transaction eliminations and a 20,775 million yen addition for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily unused funds (cash and deposits) at Takeuchi Mfg. and assets associated with administrative departments.

   (3) The depreciation adjustment of 155 million yen is corporate expenses that cannot be assigned to specific segments.

   (4) The 682 million yen adjustment for increase in property, plant and equipment and intangible assets is corporate assets that cannot be assigned to specific segments.

2. Segment income and losses are adjusted for consistency with operating income on the consolidated statement of income.

Current fiscal year (March 1, 2016 – February 28, 2017)

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	30,934	39,684	8,312	3,558	510	83,000	-	83,000
(of which inter-segment /transfer)	48,010	0	79	11	1,171	49,274	(49,274)	-
Total	78,944	39,685	8,392	3,569	1,682	132,274	(49,274)	83,000
Segment income (loss)	11,597	2,347	320	194	90	14,549	(1,145)	13,404
Segment assets	51,821	32,832	5,182	3,351	2,324	95,511	(12,426)	83,085
Others								
Depreciation	938	85	27	23	129	1,203	225	1,429
Increase in property, plant and equipment and intangible assets	921	143	10	3	10	1,089	82	1,171

Notes:

1. The adjustments are as follows.
   (1) The 1,145 million yen negative adjustment for segment income (loss) includes a 30 million yen deduction for intersegment transaction eliminations and a 1,114 million yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily selling, general and administrative expenses that do not belong to specific segments.
   (2) The 12,426 million yen negative adjustment for segment assets includes a 33,588 million yen deduction for intersegment transaction eliminations and a 21,162 million yen addition for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily unused funds (cash and deposits) at Takeuchi Mfg. and assets associated with administrative departments.
   (3) The depreciation adjustment of 225 million yen is corporate expenses that cannot be assigned to specific segments.
   (4) The 82 million yen adjustment for increase in property, plant and equipment and intangible assets is corporate assets that cannot be assigned to specific segments.
2. Segment income and losses are adjusted for consistency with operating income on the consolidated statement of income.

(Per share information)

	Fiscal year ended February 2016 (March 1, 2015 – February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 – February 28, 2017)
Net asset per share	1,123.46 yen	1,259.86 yen
Earnings per share	198.14 yen	162.07 yen

Notes:
1. Earnings per share (diluted) is not presented, since there is no potential stock which has dilution effect.
2. There was a 3-for-1 stock split of common stock on September 1, 2015. Net assets per share and earnings per share are presented as if this split had taken place on the beginning of the previous fiscal year.
3. Stock held by the Board Incentive Plan Trust (35,008 shares in the fiscal year that ended in February 2017) is included in treasury shares, which is deducted from the average number of shares used for calculating earnings per share.
4. The following basis is used for calculating earnings per share.

	Fiscal year ended February 2016 (March 1, 2015 – February 29, 2016)	Fiscal year ended February 2017 (March 1, 2016 – February 28, 2017)
Profit attributable to owners of parent (million yen)	9,708	7,757
Amount not attributed to common shareholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stock (million yen)	9,708	7,757
Average number of shares outstanding of the period (shares)	48,995,264	47,868,522

(Subsequent events)

None