

## Summary of Consolidated Financial Results For the Fiscal Year Ended February 28, 2019 [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 regular general meeting of shareholders (tentative): May 29, 2019  
 Date of commencement of dividend payment (tentative): May 30, 2019  
 Date of securities report (tentative): May 29, 2019  
 Supplementary explanatory documents: Yes  
 Earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

### 1. Consolidated financial results for the fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)

## (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 2019	110,175	16.8	15,411	9.0	15,496	10.4	11,391	19.3
Fiscal year ended February 2018	94,342	13.7	14,133	5.4	14,033	19.7	9,547	23.1

(Note) Comprehensive income: FY Feb./2019: 10,780 million yen [+16.3 %], FY Feb./2018: 9,265 million yen [+14.6 %]

	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 2019	238.83	-	15.7	15.8	14.0
Fiscal year ended February 2018	200.20	-	14.9	16.0	15.0

(Reference) Equity in income/losses of affiliates: FY Feb./2019 - million yen FY Feb./2018 - million yen

## (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2019	104,045	77,180	74.2	1,618.11
As of February 28, 2018	91,799	68,106	74.2	1,428.13

(Reference) Shareholders' equity As of February 28, 2019: 77,180 million yen As of February 28, 2018: 68,106 million yen

## (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 2019	8,421	(2,268)	(1,715)	34,464
Fiscal year ended February 2018	10,406	(1,326)	(1,253)	30,411

### 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 2018	-	0.00	-	36.00	36.00	1,718	18.0	2.7
Fiscal year ended February 2019	-	0.00	-	45.00	45.00	2,148	18.8	3.0
Fiscal year ending February 2020 (estimated)	-	0.00	-	50.00	50.00		23.8	

### 3. Forecast for the fiscal year ending February 2020 (Consolidated, March 1, 2019 to February 29, 2020)

(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	64,500	7.8	8,700	(5.3)	8,700	(6.8)	6,200	(10.5)	129.99
Full year	115,000	4.4	14,000	(9.2)	14,000	(9.7)	10,000	(12.2)	209.66

#### \* 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: None

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of February 28, 2019: 48,999,000 As of February 28, 2018: 48,999,000

(b) Treasury shares

As of February 28, 2019: 1,301,198 As of February 28, 2018: 1,309,568

(c) Average number of shares

Period ended February 28, 2019: 47,695,456 Period ended February 28, 2018: 47,688,986

Note: Treasury shares include shares held by the Board Incentive Plan Trust (55,710 shares as of February 28, 2018 and 47,340 shares as of February 28, 2019).

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)

(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 2019	97,566	13.4	10,465	(6.6)	10,501	(15.3)	7,526	(18.0)
Fiscal year ended February 2018	86,048	9.0	11,201	7.8	12,394	23.7	9,180	27.0

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
Fiscal year ended February 2019	157.81		-	
Fiscal year ended February 2018	192.51		-	

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2019	88,519	64,344	72.7	1,349.01
As of February 28, 2018	81,445	58,544	71.9	1,227.62

(Reference) Shareholders' equity As of February 28, 2019: 64,344 million yen As of February 28, 2018: 58,544 million yen

\* This report is exempt from the audit review by certified public accountant or audit firm.

\* 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 "1. Results of Operations (4) Outlook for fiscal year ending in February 2020" on page 4 of the Supplementary Information.

(2) To receive supplementary explanatory documents and contents of earnings presentation

The earnings presentation for institutional investors and analysts will be held on April 19, 2019. Supplementary explanatory documents will be posted promptly on the company's website after the earnings presentation.

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## 1. Results of Operations

### (1) Overview on consolidated business performance

The United States and Europe are the major markets for the Takeuchi Group. Although the U.S. economy continued to grow during the past fiscal year, the higher cost of raw materials caused by tariffs and uncertainty associated with trade policies had a negative impact on the economy. Corporate capital expenditures were down slightly but remained high. In the U.S. housing market, there was a correction involving supply and demand in response to increases in home prices and long-term interest rates. But the U.S. economy remained healthy with the support of solid consumer spending and improvements in the labor market and personal income. In Europe, although there were increasing signs of slowing economic growth in the fiscal year's second half, consumer spending was firm due to improvements in the labor market and personal income. Capacity utilization rates were high in both the manufacturing and service sectors. Capital expenditures and construction expenditures were also strong. In Britain, an extension with certain conditions of the Brexit deadline has made the economic outlook even more uncertain.

Demand for the Takeuchi Group's products was consistently strong in the United States and Europe. A new track loader was launched in January 2018 and sales of a new compact excavator started in March 2018. New products along with extensive sales activities resulted in higher sales volumes of compact excavators, hydraulic excavators and track loaders than in the previous fiscal year.

Sales increased 16.8% to record 110,175 million yen. Earnings were higher as well as sales growth more than offset higher prices for raw materials, an increase in transportation expenses associated with the higher sales volume, and other increases in expenses. Operating income increased 9.0% to 15,411 million yen and ordinary income increased 10.4% to 15,496 million yen. After income taxes of 4,303 million yen, profit attributable to owners of parent increased 19.3% to 11,391 million yen.

Geographic segment performance was as follows.

#### (a) Japan

Sales increased 21.2% to 40,147 million yen. Growth in the sales volume of compact excavators and hydraulic excavators for sale in Europe, resulting in part from the launch of a new compact excavator in March 2018, was a major contributor to the increase in sales. Segment income decreased 5.3% to 11,650 million yen because of the higher cost of raw materials and transportation expenses and a reduction in the prices of products sold to the U.S. sales subsidiary.

#### (b) United States

Sales increased 11.8% to 50,700 million yen mainly because of growth in the sales volume of compact excavators, hydraulic excavators and track loaders. Sales benefited from the January 2018 launch of a new track loader. Segment income increased 76.8% to 2,731 million yen due to higher sales, a reduction in prices of products imported from Japan and other reasons.

#### (c) United Kingdom

Sales increased 12.7% to 12,192 million yen and segment income increased 12.8% to 603 million yen mainly because of growth in the sales volume of compact excavators and hydraulic excavators.

#### (d) France

Sales increased 39.8% to 6,614 million yen mainly because of an increase in the number of compact excavators and hydraulic excavators sold. However, segment income was down 24.5% to 237 million yen. The primary reasons were an increase in the prices of products imported from Japan and higher expenses for sales activities.

#### (e) China

Sales were up 69.3% to 521 million yen because the higher sales volume of compact excavators and hydraulic excavators. Segment income increased 5.4% to 422 million yen, which was mainly the result of growth in the supply of parts to Japan and a reversal of the allowance for doubtful accounts.

(2) Overview of financial condition

Assets were 104,045 million yen at the end of the first year, 12,245 million yen more than at the end of the previous fiscal year. There were increases of 4,082 million yen in cash and deposits, 703 million yen in notes and accounts receivable-trade due to sales growth, and a 6,241 million yen increase in inventories ahead of the spring peak in demand for construction machinery.

Liabilities increased 3,172 million yen to 26,864 million yen primarily because of a 2,989 million yen increase in notes and accounts payable-trade associated with the increase in production volume.

Net assets increased 9,073 million yen to 77,180 million yen. Retained earnings increased 11,391 million yen because of profit attributable to owners of parent, but there was a decrease of 1,718 million yen due to dividends paid and there was a 632 million yen decrease in foreign currency translation adjustments.

(3) Overview of cash flows

Cash and cash equivalents increased 4,052 million yen from the end of the previous fiscal year to 34,464 million yen. Major uses of cash were income taxes paid and the cash dividends paid, 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 1,985 million yen to 8,421 million yen. Major uses of cash were a 6,403 million yen increase in inventories to 7,034 million yen, income taxes paid, which increased 1,088 million yen to 4,393 million yen, and a 940 million yen increase in notes and accounts receivable-trade, which decreased 1 million yen from the previous fiscal year. Major sources of cash were profit before income taxes of 15,694 million yen, 1,661 million yen more than one year earlier, and an increase of 3,697 million yen in notes and accounts payable-trade, which was 3,099 million yen more than the increase in the previous fiscal year.

(Investing activities)

Net cash used in investing activities increased 941 million yen to 2,268 million yen. There was a 1,366 million yen increase in cash used for the purchase of property, plant and equipment to 2,233 million yen and purchases of investment securities increased 1 million yen to 301 million yen. There were proceeds of 386 million yen from the sale of the industrial agitator business.

(Financing activities)

Cash used in financing activities increased 462 million yen to 1,715 million yen. The main use of cash was cash dividends paid of 1,711 million yen, 407 million yen more than one year earlier.

(Reference) Cash flow indices

	FY Feb./2015	FY Feb./2016	FY Feb./2017	FY Feb./2018	FY Feb./2019
Equity ratio (%)	69.5	71.3	72.3	74.2	74.2
Market capitalization equity ratio (%)	113.8	86.8	129.0	134.4	89.3
Cash flow to debt ratio (years)	-	-	-	-	-
Interest coverage ratio (times)	827.0	2,178.9	1,293.4	4,623.0	-

Equity ratio = Shareholders' equity/Total assets

Market capitalization equity ratio = Market capitalization/Total assets

Cash flow to debt ratio = Interest-bearing debts/Operating cash flows

Interest coverage ratio = Operating cash flows/Interest expenses 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 expenses paid are the corresponding figures on the statements of cash flows.
5. No cash flow to debt ratio is shown because there were no interest-bearing debts.
6. No interest coverage ratio for the FY Feb./2019 because there were no interest expenses paid.

(4) Outlook for fiscal year ending in February 2020

	FY Feb./2019	Forecast for FY Feb./2020	Change
	Billion yen	Billion yen	%
Sales	110.1	115.0	4.4
Operating income	15.4	14.0	(9.2)
Ordinary income	15.4	14.0	(9.7)
Profit attributable to owners of parent	11.3	10.0	(12.2)

Exchange rates

	Average in FY Feb./2019	Assumption for FY Feb./2020
	Yen	Yen
US dollar	110.06	108.00
British pound	145.91	140.00
Euro	129.16	122.00
Yuan	16.64	15.90

The Takeuchi Group started its Second Medium-term Business Plan, which covers the three-year period ending in February 2022, in March 2019 (Note). The outlook for the plan's first year, which ends in February 2020, is shown above.

The United States and Europe are the largest markets for the Takeuchi Group. In the United States, the outlook is for unemployment to remain robust and for more growth in personal income. As a result, consumer spending and demand for housing are expected to continue to increase slowly. In Europe, there are increasing signs of slowing economic growth in major countries due to problems involving Brexit, political uncertainty in Germany, Italy and France, and other reasons. Nevertheless, the outlook is for consumer spending and housing demand to be solid as employment and personal income remain firm amid the current labor shortage. In the United States and Europe, there is a large volume of aging highways, water and sewage systems, gas lines, and other basic infrastructure components. As the proper maintenance of these infrastructure is essential, public works for repairs and replacements are expected to take place based on infrastructure upgrade plans.

We anticipate more growth in demand for our products in the United States and Europe. But our sales volume is likely to be limited by the anticipated inability to procure enough components to meet this demand. As a result, we forecast an increase of 4.4% in sales to 115,000 million yen in the fiscal year ending in February 2020.

To strengthen procurement channels, we will reinforce relationships with current suppliers as we seek new suppliers worldwide while preserving our high quality standards. This will diversify risk associated with procurement activities. Our goal is to build a framework capable of conducting procurement, production and sales activities that can consistently meet the demand for our products.

We forecast lower earnings based on the outlook for the yen to appreciate against major currencies, the cost of steel, resins and other raw materials to increase, and selling and transportation expenses to increase. We forecast a 9.2% decrease in operating income to 14,000 million yen, a 9.7% decrease in ordinary income to 14,000 million yen and a 12.2% decrease in profit attributable to owners of parent to 10,000 million yen.

This forecast is based on information that was available when this earnings announcement was released. Actual sales and earnings may differ from the forecast for a variety of reasons because the forecast includes assumptions about changes in demand and other aspects of market conditions, foreign exchange rate movements, and many other factors that can affect the Takeuchi Group's performance.

(Note) For more information about the Second Medium-term Business Plan, please refer "Announcement of the Second Medium-term Business Plan (FY2020 to FY2022)" announced on April 9, 2019.

## 2. Basic stance for the selection of accounting standards

The policy of the Takeuchi Mfg. Group is to continue preparing consolidated financial statements based on Japanese accounting standards for the time being.

For the application of international accounting standards, actions will be taken in an appropriate manner based on all relevant factors in Japan and other countries.

### 3. Consolidated Financial Statements and Important Notes

#### (1) Consolidated balance sheet

(Million yen)

	Fiscal year ended February 2018 (As of February 28, 2018)	Fiscal year ended February 2019 (As of February 28, 2019)
<b>ASSETS</b>		
Current assets		
Cash and deposits	30,990	35,072
Notes and accounts receivable-trade	22,452	23,156
Merchandize and finished goods	19,358	23,283
Work in process	1,522	1,392
Raw materials and supplies	3,017	5,464
Deferred tax assets	2,098	2,015
Other	2,674	2,411
Allowance for doubtful accounts	(1,500)	(1,100)
Total current assets	80,614	91,696
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,330	5,144
Machinery, equipment and vehicles, net	1,268	1,337
Tools, furniture and fixtures, net	415	380
Land	2,104	2,033
Construction in progress	39	1,194
Total property, plant and equipment	9,158	10,089
Intangible assets	713	556
Investments and other assets		
Investment securities	535	810
Net defined benefit asset	352	460
Other	445	452
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	1,313	1,702
Total noncurrent assets	11,185	12,348
Total assets	91,799	104,045

(Million yen)

	Fiscal year ended February 2018 (As of February 28, 2018)	Fiscal year ended February 2019 (As of February 28, 2019)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	17,572	20,561
Income taxes payable	1,966	1,902
Provision for bonuses	214	224
Provision for product warranties	1,178	1,509
Other	1,608	1,619
Total current liabilities	22,540	25,818
Noncurrent liabilities		
Deferred tax liabilities	692	617
Provision for directors' stock benefits	30	28
Provision for loss on guarantees	22	-
Net defined benefit liability	41	52
Other	366	346
Total noncurrent liabilities	1,152	1,046
Total liabilities	23,692	26,864
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,632	3,632
Capital surplus	3,631	3,631
Retained earnings	61,633	71,305
Treasury shares	(1,976)	(1,965)
Total shareholders' equity	66,921	76,605
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22	3
Foreign currency translation adjustment	1,053	420
Remeasurements of defined benefit plans	109	150
Total accumulated other comprehensive income	1,185	575
Total net assets	68,106	77,180
Total liabilities and net assets	91,799	104,045



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

(Million yen)

	Fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)	Fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)
Net sales	94,342	110,175
Cost of sales	72,365	86,328
Gross profit	21,976	23,846
Selling, general and administrative expenses		
Haulage expenses	2,558	3,107
Provision for product warranties	708	1,162
Provision of allowance for doubtful accounts	(123)	(184)
Provision for loss on guarantees	(64)	(21)
Directors' compensations	243	207
Salaries and allowances	1,650	1,697
Provision for bonuses	41	45
Retirement benefit expenses	25	40
Provision for directors' stock benefits	15	10
Other	2,788	2,370
Total selling, general and administrative expenses	7,842	8,435
Operating income	14,133	15,411
Non-operating income		
Interest income	38	66
Dividends income	2	2
Gain on valuation of derivatives	132	-
Insurance premiums refunded cancellation	11	28
Other	67	73
Total non-operating income	252	170
Non-operating expenses		
Interest expenses	2	-
Loss on retirement of noncurrent assets	32	18
Foreign exchange losses	314	55
Loss on valuation of derivatives	-	10
Other	3	0
Total non-operating expenses	352	84
Ordinary income	14,033	15,496
Extraordinary income		
Gain on transfer of business	-	198
Total extraordinary income	-	198
Profit before income taxes	14,033	15,694
Income taxes-current	4,059	4,289
Income taxes-deferred	426	14
Total income taxes	4,485	4,303
Profit	9,547	11,391
Profit attributable to owners of parent	9,547	11,391

## (Consolidated statement of comprehensive income)

(Million yen)

	Fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)	Fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)
Profit	9,547	11,391
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(19)
Foreign currency translation adjustment	(208)	(632)
Remeasurements of defined benefit plans, net of tax	(69)	41
Total other comprehensive income	(281)	(610)
Comprehensive income	9,265	10,780
Comprehensive income attributable to owners of parent	9,265	10,780
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity  
 Previous fiscal year (March 1, 2017 – February 28, 2018)

(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	53,327	(1,978)	58,612
Changes of items during the period					
Dividends of surplus			(1,241)		(1,241)
Profit attributable to owners of parent			9,547		9,547
Disposal of treasury shares				2	2
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	8,306	2	8,308
Balance at end of current period	3,632	3,631	61,633	(1,976)	66,921

	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	26	1,261	178	1,467	60,080
Changes of items during the period					
Dividends of surplus					(1,241)
Profit attributable to owners of parent					9,547
Disposal of treasury shares					2
Net changes of items other than shareholders' equity	(3)	(208)	(69)	(281)	(281)
Total changes of items during the period	(3)	(208)	(69)	(281)	8,026
Balance at end of current period	22	1,053	109	1,185	68,106

Current fiscal year (March 1, 2018 – February 28, 2019)

(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	61,633	(1,976)	66,921
Changes of items during the period					
Dividends of surplus			(1,718)		(1,718)
Profit attributable to owners of parent			11,391		11,391
Disposal of treasury shares				11	11
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	9,672	11	9,683
Balance at end of current period	3,632	3,631	71,305	(1,965)	76,605

	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	22	1,053	109	1,185	68,106
Changes of items during the period					
Dividends of surplus					(1,718)
Profit attributable to owners of parent					11,391
Disposal of treasury shares					11
Net changes of items other than shareholders' equity	(19)	(632)	41	(610)	(610)
Total changes of items during the period	(19)	(632)	41	(610)	9,073
Balance at end of current period	3	420	150	575	77,180

## (4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)	Fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,033	15,694
Depreciation	1,265	1,280
Increase (decrease) in allowance for doubtful accounts	(139)	(308)
Increase (decrease) in provision for bonuses	24	34
Increase (decrease) in provision for product warranties	21	343
Decrease (increase) in net defined benefit asset	(153)	(74)
Increase (decrease) in provision for directors' stock benefits	14	6
Increase (decrease) in provision for loss on guarantees	(64)	(21)
Interest and dividends income	(41)	(69)
Foreign exchange losses (gains)	1,157	22
Interest expenses	2	-
Loss (gain) on sales of noncurrent assets	(1)	(4)
Loss on retirement of noncurrent assets	32	18
Loss (gain) on transfer of business	-	(198)
Decrease (increase) in notes and accounts receivable-trade	(941)	(940)
Decrease (increase) in inventories	(630)	(7,034)
Increase (decrease) in notes and accounts payable-trade	598	3,697
Decrease (increase) in other assets	(1,128)	262
Increase (decrease) in other liabilities	(362)	40
Other, net	(14)	(5)
Subtotal	13,672	12,746
Interest and dividends income received	41	68
Interest expenses paid	(2)	-
Income taxes paid	(3,304)	(4,393)
Net cash provided by operating activities	10,406	8,421
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(0)	(30)
Purchase of securities	(900)	-
Proceeds from redemption of securities	909	-
Purchase of property, plant and equipment	(866)	(2,233)
Proceeds from sales of property, plant and equipment	3	19
Purchase of intangible assets	(159)	(104)
Proceeds from sales of intangible assets	-	1
Purchase of investment securities	(300)	(301)
Collection of loans receivable	0	0
Proceeds from transfer of business	-	386
Other, net	(14)	(5)
Net cash provided by (used in) investing activities	(1,326)	(2,268)

(Million yen)

	Fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)	Fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)
Cash flows from financing activities		
Proceeds from sales of treasury shares	0	3
Cash dividends paid	(1,241)	(1,711)
Repayments of lease obligations	(12)	(7)
Net cash provided by (used in) financing activities	(1,253)	(1,715)
Effect of exchange rate change on cash and cash equivalents	(1,048)	(384)
Net increase (decrease) in cash and cash equivalents	6,778	4,052
Cash and cash equivalents at beginning of period	23,633	30,411
Cash and cash equivalents at end of period	30,411	34,464

(5) Notes to the consolidated financial statements

(Notes to going concern assumptions)

None

(Changes in accounting principles)

None

(Change in presentation method)

(Consolidated statement of income)

The insurance premiums refunded cancellation, which was included in the “other” item of non-operating income in the prior fiscal year, is a separate item in the consolidated statement of income for the fiscal year that ended in February 2019 because the amount of this item became more than 10% of total non-operating income.

(Supplementary information)

(Compensation linked to results of operations)

The Takeuchi has established 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. 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, 2018, treasury shares included 55,710 shares held by the BIP Trust with a book value of 77 million yen, and on February 28, 2019, treasury shares included 47,340 shares held by the BIP Trust with a book value of 66 million yen.

(Segment information, etc.)

a. 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, 2017 – February 28, 2018)

	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)	33,116	45,363	10,822	4,732	308	94,342	-	94,342
(of which inter- segment /transfer)	52,932	0	39	7	1,692	54,671	(54,671)	-
Total	86,048	45,363	10,861	4,739	2,000	149,014	(54,671)	94,342
Segment income	12,308	1,544	534	314	401	15,103	(969)	14,133
Segment assets	56,514	30,716	6,585	4,460	2,470	100,747	(8,948)	91,799
Others								
Depreciation	843	74	27	22	83	1,050	214	1,265
Increase in property, plant and equipment and intangible assets	831	141	2	8	1	986	125	1,112

Notes:

1. The adjustments are as follows.

(1) The 969 million yen negative adjustment for segment income includes a 230 million yen for intersegment transaction eliminations and a 1,200 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 8,948 million yen negative adjustment for segment assets includes a 35,198 million yen deduction for intersegment transaction eliminations and a 26,249 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 214 million yen is corporate expenses that cannot be assigned to specific segments.

(4) The 125 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 are adjusted for consistency with operating income on the consolidated statement of income.



Current fiscal year (March 1, 2018 – February 28, 2019)

(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)	40,147	50,700	12,192	6,614	521	110,175	-	110,175
(of which inter- segment /transfer)	57,419	0	38	50	3,438	60,946	(60,946)	-
Total	97,566	50,701	12,230	6,664	3,960	171,122	(60,946)	110,175
Segment income	11,650	2,731	603	237	422	15,645	(234)	15,411
Segment assets	58,924	31,219	6,325	5,319	3,246	105,035	(990)	104,045
Others								
Depreciation	882	83	23	19	66	1,075	205	1,280
Increase in property, plant and equipment and intangible assets	1,613	65	8	44	471	2,202	83	2,286

Notes:

1. The adjustments are as follows.
  - (1) The 234 million yen negative adjustment for segment income includes a 935 million yen for intersegment transaction eliminations and a 1,169 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 990 million yen negative adjustment for segment assets includes a 31,978 million yen deduction for intersegment transaction eliminations and a 30,988 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 205 million yen is corporate expenses that cannot be assigned to specific segments.
  - (4) The 83 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 are adjusted for consistency with operating income on the consolidated statement of income.

## (Per share information)

	Fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)	Fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)
Net asset per share	1,428.13 yen	1,618.11 yen
Earnings per share	200.20 yen	238.83 yen

- Notes: 1. Earnings per share (diluted) is not presented, since there is no potential stock which has dilution effect.
2. Stock held by the Board Incentive Plan Trust (56,156 shares in the fiscal year that ended in February 2018 and 49,686 shares in the fiscal year that ended in February 2019) is included in treasury shares, which are deducted from the average number of shares during the period used for calculating earnings per share. Moreover, 55,710 shares in the fiscal year that ended in February 2018 and 47,340 shares in the fiscal year that ended in February 2019 are included in treasury shares, which are deducted from the number of shares outstanding at fiscal year end used for calculating net asset per share.
3. The following basis is used for calculating earnings per share.

	Fiscal year ended February 2018 (March 1, 2017 – February 28, 2018)	Fiscal year ended February 2019 (March 1, 2018 – February 28, 2019)
Profit attributable to owners of parent (million yen)	9,547	11,391
Amount not attributed to common shareholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stock (million yen)	9,547	11,391
Average number of shares outstanding of the period (shares)	47,688,986	47,695,456

## (Subsequent events)

None